



City of Huntington Beach

File #: 19-1141

MEETING DATE: 11/18/2019

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Oliver Chi, City Manager

PREPARED BY: Dahle Bulosan, Interim Chief Financial Officer

Subject:

Adopt Resolution No. 2019-88 establishing City policy on termination of residential water service; adopt Resolution No. 2019-87 amending the Consolidated Comprehensive Citywide Master Fee and Charges Schedule to allow reduced water service reconnection fees for households earning less than 200% of the Federal poverty line, and establish a deposit schedule for new water service customers; and, increase appropriations and professional services authority by \$60,000 to fund utility billing software updates and part time contract staffing and other related costs for implementation and administration of Senate Bill No. 998

Statement of Issue:

Senate Bill No. 998 (SB 998) requires the City of Huntington Beach, as a municipal water provider to more than 3,000 customers, to establish (by February 1, 2020) policies and procedures for terminating residential water service in accordance with the new state legislation. The City will be compliant with SB 998 with the approval of Resolution No. 2019-88 establishing City policy on termination of residential water service.

Approval of Resolution No. 2019-87 amending the consolidated comprehensive Citywide Master Fee and Charges Schedule to allow reduced water service reconnection fees for households earning less than 200% of the federal poverty line and establishing a deposit schedule for new water service customers. In addition, \$60,000 in appropriations and professional authority is requested to fund utility billing software updates and part time contract staffing and other related costs for implementation and administration of SB 998.

Financial Impact:

Revenue from residential water billing is posted into the Water Fund (Fund 506). The estimated annual revenue impact from the reduced water reconnection fees as required by SB 998 for household incomes below 200% of the federal poverty line is a decrease of \$16,000 to \$76,000 depending on whether reconnections occur during regular business hours or after hours. In addition, expenditure appropriations of \$60,000 is requested in Fund 506 in FY19/20 for utility billing software updates, temporary contract staffing, and other related costs to implement and manage SB 998 compliance. Additional ongoing funding of SB 998 administrative costs will be evaluated as a part of

the FY20/21 budget development process.

Recommended Action:

A) Adopt Resolution No. 2019-88, "A Resolution of the City Council of the City of Huntington Beach Establishing City Policy on Termination of Residential Water Service," and

B) Adopt Resolution No. 2019-87, "A Resolution of the City Council of the City of Huntington Beach Amending the Consolidated Comprehensive Citywide Master Fee and Charges Schedule to Allow Reduced Water Service Reconnection Fees for Households Earning Less Than 200% of the Federal Poverty Line, and to Establish a Deposit Schedule for New Water Service Customers, All As Established Pursuant to Resolutions Nos. 2016-59, 2017-46, 2018-01, 2018-29, 2018-48, 2018-55, 2019-07, and 2019-19 (Supplemental Fee Resolution No. 10)," and

C) Increase Appropriations and Professional Services Authority by \$60,000 in the Water Fund (Fund 506).

Alternative Action(s):

Do not approve the recommended action and direct staff accordingly.

Analysis:

The City of Huntington Beach (City) provides residential water service to over 45,000 single-family customers and 4,600 multi-family customers, in compliance to Chapter 14.12 of the Huntington Beach Municipal Code. With the passing of Senate Bill No. 998 (SB 998) in September of 2018, each urban and community water system is required to adopt and post on its website a written policy on procedures for discontinuation of residential service. Based on the City's customer base for residential water, compliance to SB 998 is required by February 1, 2020, and subject to a violation fee of up to \$1,000 per day for noncompliance.

Policy on Discontinuation of Water Service

SB 998 requires the following to be included in the City's written policy on discontinuation of water service:

- Residential water service cannot be discontinued until an account has been delinquent for at least sixty (60) days.
- The customer must be contacted by telephone or written notice no less than seven (7) business days before residential water service is shut down for nonpayment.
- Alternative payment plan options must be made available.
- An appeal process must be outlined with no discontinuation of water service during the appeal period.
- The policy must also allow for special medical and financial circumstances under which water services will not be discontinued.
- Residential water services can be shut down no sooner than five (5) business days after posting a final notice of intent to disconnect.
- The policy must outline the procedures for restoring service, including offering reduced water reconnection fees for household incomes below 200% of the federal poverty line.

- Procedures for providing notice must comply with SB 998, including a good faith effort to visit the address if written notice is undeliverable and no contact by phone has been successful.
- Procedures are required to allow occupants to become customers (in landlord-tenant cases) without having to pay any delinquent balances from a landlord's account.

Resolution No. 2019-88 fully complies with the legal requirement of SB 998 and is recommended for City Council approval (Attachment 1).

Master Fee and Charges Schedule Updates

Resolution No. 2019-87 amends the Citywide Master Fee and Charges Schedule to 1) reduce the same day reconnection service fees for household incomes below 200% of the federal poverty line to comply with maximum fees allowable under SB 998 and 2) formalize a deposit schedule for new water service customers (Attachment 2).

Reconnection Service Fees

Reconnection service fees are assessed on customers who wish to reconnect their water service after service has been shutoff due to delinquent payment. Current same day reconnection service is \$70 for regular hours and \$248 for after hours. SB 998 limits the amount that may be charged to \$50 for regular hours and \$150 for after hours for households with incomes below 200% of the federal poverty line. Household income at 200% of the federal poverty line is \$42,660 for a three-person household. Huntington Beach has an average of 2.6 persons per household. 18.8% of households in Huntington Beach have a household income below 200% of the federal poverty line. There were 775 water shut offs in FY 18/19. Based on this data, revenue from water reconnection fees is estimated to decrease by \$16,000 to \$76,000 depending on whether reconnections occur during regular business hours or after hours.

Water Service Deposits

Water service deposits are currently assessed on new water customers and may be waived or refunded for creditworthy customers. Deposits range from \$75 to \$1,600 depending on the meter size and type of service. There are no recommended changes to the deposit amounts. This resolution will formalize the deposit amounts assessed on new customers.

Implementation and Administration Costs

Utility billing software (Advanced CIS) updates are necessary to implement SB 998. Advanced CIS will need to be updated to reflect modified terms, revised fees, change in due dates, translation of policies and other modifications. Software update costs is estimated to be \$9,000. In order to manage these new requirements for SB 998 compliance, additional contract staffing at the Accountant Technician II level is requested. Contract staff is necessary to administer payment plans, evaluate program eligibility, answer customer calls, assist in additional noticing requirements, and other related duties.

Contract staffing is estimated to be \$47,000. Other related costs such as noticing supplies, policy translation, and contingent costs are estimated to be \$4,000. Total overall costs for implementation and administration is \$60,000 in FY 19/20. City Council approval is requested for \$60,000 in

appropriations and professional services authority. Additional ongoing funding of SB 998 administrative costs will be evaluated as a part of the FY20/21 budget development process.

Environmental Status:

Not applicable.

Strategic Plan Goal:

Enhance and maintain high quality City services
Improve Quality of Life

Attachment(s):

1. Resolution No. 2019-88 "A Resolution of the City Council of the City of Huntington Beach Establishing City Policy on Termination of Residential Water Service"
2. Resolution No. 2019-87 "A Resolution of the City Council of the City of Huntington Beach Amending the Consolidated Comprehensive Citywide Master Fee and Charges Schedule to Allow Reduced Water Service Reconnection Fees for Households Earning Less Than 200% of the Federal Poverty Line, and to Establish a Deposit Schedule for New Water Service Customers, All As Established Pursuant to Resolutions Nos. 2016-59, 2017-46, 2018-01, 2018-29, 2018-48, 2018-55, 2019-07, and 2019-19 (Supplemental Fee Resolution No. 10)"