



# Memorandum

**TO:** TRANSPORTATION AND ENVIRONMENT COMMITTEE

**FROM:** Kerrie Romanow  
Julia H. Cooper

**SUBJECT: REGULATIONS RELATED TO DISCONTINUATION OF WATER SERVICE**

**DATE:** August 21, 2019

Approved

Date

8-28-19

**COUNCIL DISTRICT: 2,4,7,8**

## **RECOMMENDATION**

Accept this update on the requirements of California Senate Bill 998 and refer to the full City Council on October 8, 2019, to consider to:

- 1) Adopt a resolution repealing Resolution 77004 and revising the Rules and Regulations for operation of the San José Municipal Water System; and,
- 2) Approve an Ordinance amending Part 2.5 of Chapter 15.08 of Title 15 of the San José Municipal Code to modify provisions related to water utility billing and authorize the City Manager to adopt an administrative policy on billing and disconnection processes.

## **OUTCOME**

Council approval of the recommended actions will update the San José Municipal Water System ("SJMWS") Rules and Regulations and San José Municipal Code as necessary for the City to comply with the requirements of Senate Bill 998.

## **BACKGROUND**

The City utilizes a water customer disconnection process based on current State law to ensure that the water utility continues to operate as a cost-recovery operation. In conformity with State law, a customer receives notifications and outreach alerting of delinquent bills and pending disconnection of water service. Should a delinquent bill remain unpaid, the customer's water service is disconnected until payment is received.

Currently, the City's disconnection process is described in Municipal Code Title 15 and the Council-adopted SJMWS Rules and Regulations, and less formalized processes such as billing operating procedures and configuration within the City's customer information and billing system ("CIS Infinity"). SJMWS will utilize this opportunity to create a more transparent, straight-forward reference for customers.

California Senate Bill 998, effective January 1, 2019, amends the California Health and Safety Code to incorporate new and revised requirements related to disconnection of water service as a result of customer non-payment. Both public and private water utilities must comply with the new requirements by February 1, 2020.

### **ANALYSIS**

The California Legislature adopted Senate Bill 998 to recognize that all Californians have the right to safe, accessible, and affordable water, and to minimize the number of Californians who lose access to water service due to inability to pay. SB998 requires water utilities to revise their practices by February 2020 to meet and report on that goal, including:

- Creation of a written disconnect policy, published online and made accessible to customers, including a plan for alternative payment schedules and a formal mechanism for a customer to appeal a bill;
- Translation of disconnect-related notices into multiple languages;
- Creation of a disconnection exemption process and other specific practices for low-income households; and
- Annual reporting of the number of disconnections made, published on the City website and reported to the State.

Staff from the Environmental Services, Finance, and Information Technology Departments are collaborating to consolidate and revise existing procedures in order to create a single cohesive Administrative Policy titled "Water Customer Payment Option Policy" ("Policy") that will increase transparency and improve customer service. The final Policy will be published on the City of San José website in accordance with State regulations. Staff will also modify the configuration of the customer information and billing system, CIS Infinity, as necessary to implement the Policy.

In addition, Municipal Code Chapter 15 and SJMWS' Rules and Regulations will be revised to remove miscellaneous billing and disconnection-related text, which will be incorporated into the Policy. This text consolidation will help to provide clarity to customers regarding the implications of nonpayment of bills, as well as the resources, alternatives, and options they have to avoid water service disconnection. Additional edits are included within the Rules and Regulations to reflect current practices and ensure that operation of SJMWS meets current public health standards and State legal requirements.

### **EVALUATION AND FOLLOW-UP**

In order to meet the legal requirements, the Ordinance must be taken to City Council for its consideration and adoption.

### **PUBLIC OUTREACH**

This memorandum will be posted on the City's website for the September 9, 2019 Transportation and Environment Committee agenda and on the October 8<sup>th</sup>, 2019 City Council's Agenda website. The new Policy will be posted on the City's website and translated into multiple languages including Spanish, Chinese, Tagalog, Vietnamese, and Korean.

### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office.

### **COMMISSION RECOMMENDATION/INPUT**

No commission recommendation or input is associated with this action.

### **FISCAL/POLICY ALIGNMENT**

As stated above, SJMWS's Rules and Regulations will be amended to align with the state law requirements.

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**CEQA**

Not a Project, File No. PP17-008, General Procedure & Policy Making resulting in no change to the physical environment.

/s/

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/s/

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Director of Finance

For questions, please contact Jeff Provenzano, Environmental Services Deputy Director, at (408) 277-3288.