
Law on water bills spurs debate

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Crescent City staff and elected officials on Monday were discussing the unintended consequences of a new state law prohibiting municipalities from shutting off water service to delinquent payers.

“This really seems like while it’s trying to keep everyone’s water from getting shut off,” said Mayor Blake Inscore, “we’re creating a potentially bigger problem by delaying the requirement they get up to date on their bill.”

In debate is SB 998, also known as the Water Shutoff Protection Act, approved by Gov. Gavin Newsom in September 2018. The act declares that all Californians have the right to safe, accessible and affordable water, and its intent is to minimize the number of Californians who lose access to water service because of their inability to pay for it.

Linda Leaver, Crescent City’s director of finance, said SB 998 applies only to residential and not commercial water accounts, and only to service that’s shut off for non-payment.

The problem, Leaver said, is that SB 998 places several new requirements on water systems that provide more than 200 service connections, and that the new policies must go into effect by Feb. 1, 2020. To comply, she said, Crescent City must update its municipal code and develop a written policy for discontinuation that in sync with provisions of the act.

The bigger problem Inscore had with the legislation is the potential to get low-income customers into a financial hole that’s hard for them to climb out of.

“Under 998, customers will owe us 3.5 to 4 months before we can shut them off,” said Leaver. “If they get all the way to 60 days of delinquent status, (and) then (they) request payment options, we have to give them another 60 days. So, they could potentially owe six months.”

Yet another problem cited by the city is making wholesale changes to its municipal code for potentially just a handful of delinquents. Mayor pro tem Heidi Kime wanted to know, “How many people are we talking about that run into this issue?”

“I can tell you that when we mail out the 10-day notice, we mail out hundreds a month, but almost all pay their bill within that 10 days,” said Leaver. “How many who don’t pay much later into the process, we don’t know yet.”

Under the city's current code, water bills are due and payable when presented, and are delinquent if not paid on or before the 20th day. Service may be shut off for delinquent accounts with 10 days' written notice.

"So, technically, in our muni code, if we bill somebody on July 1, if they don't pay by July 21, we send them a 10-day notice and shut off their service on July 31," Leaver said. "So, basically, within a month of getting that bill, you could have your service shut off."

But that hasn't been the city's actual practice for some time, she added.

As it stands now, customers who get their bill July 1 will have 21 days to pay. Then, on Aug. 1, they get the next monthly bill for the water service they received in July. That bill would be due Aug. 22. Ten days before that bill is due, or Aug. 12, if they haven't paid that first bill yet, the city sends a 10-day notice that the water will be shut off.

"So, by the time your second monthly bill is due, if you haven't paid that first month, you get shut off. It basically works out to about 52 days," Leaver said.

She said SB 998 is going to require the city to change that timing. The measure states that residential service cannot be disconnected for nonpayment until the bill has been delinquent for 60 days - or 81 days after originally billed. So, for July 1, you cannot be disconnected until Sept.19.

Leaver said Crescent City officials also must:

- Have a written water policy
- Provide payment options
- Update notice procedures
- Have the policy and forms in multiple languages
- Provide an annual report to the State of California.

And if a delinquent city customer qualifies in three ways – with a medical necessity, financial need and a willingness to enter into a payment agreement - SB 998 requires the city to offer one or more of the following options:

- Amortization of the unpaid balance, or spreading out a loan into a series of fixed payments over time
- An alternative payment schedule
- A partial or full reduction of the unpaid balance
- A temporary deferral of payment.

The city may choose which of those options it will offer, and the specific terms.

If customers don't meet all three criteria, they must be allowed to either request alternative payment schedule or a deferred or reduced payment.

A customer must repay the entire past-due amount before the city will reconnect them. So, the longer the customer receives service without paying for it, the higher their balance will be.

Leaver said the revised municipal code was introduced on Nov. 18, so it could be adopted at the city's next meeting, because it needs 30 days to go into effect to meet the state's Feb. 1 deadline.