

September 18, 2019

## **MEMO TO THE BOARD OF DIRECTORS**

Subject: Agenda Item No. 9k

Title: Consider Revisions to the District's Collections and Shut off Policy and Associated Fees to comply with SB998

Attachment(s):

1. Policy 3100: Collection Policy
2. Collection Process Flow Diagram
3. Senate Bill 998
4. Schedule A Delinquent Charge and Charge for Re-Establishment of Service

### **Background**

Senate Bill 998 (SB998) for the Discontinuation of Residential Water Service was signed into law on September 2018. The statute requires urban and community water systems that supply water to more than 200 service connections, which includes River Pines Public Utility District, to comply with the following mandates:

- Adopt written discontinuation policies that are available in multiple languages and are made available on the District's website.
- Refrain from discontinuing residential water service due to non-payment until the payments are delinquent for at least 60 days (82 days from bill issuance for the District), and provide information about appeals, extensions and alternative repayment options. The District currently discontinues water service when payments are delinquent for at least 39 days from bill issuance.
- Provide a copy of discontinuation policy to customer no less than seven (7) business days before water service is shut off.
- Avoid discontinuing residential water service if all the following conditions exist:
  - a primary care provider certifies the discontinuation of water service will pose a serious or potentially fatal threat to a resident
  - the customer demonstrates an inability to pay based on receipt of public assistance or a declaration that the household is below 200 percent of the federal poverty level
  - the customer is willing to establish an alternative payment arrangement
- Limit reconnection fees for low-income customers whose household income is less than 200 percent of the federal poverty level to no more than \$50 during regular business hours and \$150 after business hours and waive interest charges on delinquent bills.
- Attempt to provide notice to renters and mobile home or multi-family residents that their service may be discontinued due to non-payment by their landlords, and the residents have the right to become customers of the District without paying the past-due amounts owed by the landlord.
- Annually post the number of times the District has discontinued service for non-payment on the District's website and provide an annual report to the Board of Directors.

These mandates are in addition to any other provisions of existing law, including but not limited to a notice of discontinuance of 48 hours in advance of disruption of service.

### Discussion

District currently does not have policy for delinquent accounts; however, a delinquent outline is stated in District's Bylaws. District Policy and revision to Bylaws are required to comply with the requirements of SB998. A draft of the new collection policy has been included with this memo, along with proposed changes to the procedures for After-Hours Turn-On.

The District's timeline for collection action under the new law will increase from 39 days to 82 days and requires additional notifications and procedures to ensure the delinquent customer is apprised of their rights and is informed of impending collection actions. Under the new policy, customers will be informed of the due date and the application of a late on their bill, eliminating the need for a separate late fee reminder notice. However, customers will receive a phone/email/text reminder through Database Systems Corp 2 days before their bill is due, a second phone/email/text reminder 60 days after the bill has been issued, a written disconnection notice two weeks prior to disconnection, and a phone/email/text reminder 48 hours before disconnection. If the written disconnection notice is returned by the US Postal Service, a door hanger will need to be delivered to the customer's address by customer service field personnel.

The expanded timeline poses an increased risk to the District for uncollectible accounts because customers will have three bills on file before water service can be discontinued for non-payment. The District currently sends to Tax Roll between \$12,000 - \$14,000 a year for uncollectible accounts, and this amount could potentially double or even triple under SB998. The following changes are being recommended to the fees charged for delinquent accounts:

Description of fee	Current date Applied	Proposed date Applied	Current Fee	Proposed fee
Late Fee	Day 21	Day 21	10% balance	10% balance
Service re-connect fee	Day 39	Day 82	\$60.00	\$50.00
Service re-connect fee After business house	Day 39	Day 82	\$160.00	\$150.00

The District currently issues approximately 420 late fees a year, which is expected to increase under SB998, and about 36 service re-connect fees. Under SB998, the District's fees are above what can be assessed; therefore, the proposed fees are being proposed at the highest rate allowed by SB998. Fees may be adjusted beginning 2021 in accordance with the Consumer Price Index.

For water systems the size of River Pines Public Utility District, the deadline for compliance with SB998 is February 1, 2020. It is recommended that the delinquent fee schedule be revised effective January 1, 2020. The reason for the early adoption of SB998 is to streamline billing changes for both the District and customers through consolidation and to maximize outreach messaging.

### Summary of Recommendations

The recommendation contained in this memo for the implementation of SB998 are as follows:

- Keep current late fee at 10% and display the late

- fee and applicable due date on the water bill
- Decrease the service re-connection fee during business hours from \$60 to \$50, which is the limit set by SB998 for low income customers
- Decrease the service re-connection fee for after-hours from \$160 to \$150, which is the limit set by SB998.

**Possible Board Action (s)**

1. By Motion, approve District's Collection and Shut-off Policy to comply with SB998 effective January 1, 2020; and
2. By Motion, establish the amount to be charged for re-connection service during business hours from \$60 to \$50; and
3. By Motion, establish the amount to be charged for re-connection service after business hours from \$160 to \$150; and
5. By Motion, approve Schedule A for A Delinquent Charge and Charge for Re-Establishment of Service

By \_\_\_\_\_  
Candi Bingham  
General Manager