

## **Delinquent Account Policy**

### **Purpose**

This policy is intended to provide utility customers with information regarding the billing and account termination policies and is consistent with the utility's responsibilities under the Water Shutoff Protection Act, Health & Safety Code section 116900 et seq. This policy does not apply to unauthorized uses of accounts, which may result in summary termination upon placement of a door tag notifying the customer 24 hours before water service will be disconnected.

All utility accounts are billed on the 1<sup>st</sup> day of the month and are due 28 days later with a 2-day grace period for processing. An account becomes **delinquent** if all or part of the balance remains unpaid by the stated billing due date. The following rules apply to delinquent accounts:

### **Small balance accounts**

Any balance on a bill of \$40 or less may be carried over and added to the next billing period without being assessed a late fee or incurring further penalties.

### **Delinquent Notice**

If an account remains delinquent through the next billing cycle, the following bill will contain a delinquent notice alongside the new balance. The notice will contain a prominently displayed due date, the outstanding balance and a 6% penalty on any delinquent amounts.

### **Disconnection Notice**

**Any delinquent account that remains unpaid for 60 days (without having made a payment arrangement) is subject to a disconnection of service and water may be shut off.**

At least 7 days before discontinuation of water service, the City will contact the customer in writing and provide information about appeals, extensions, and alternative payment options if the customer has not already been informed of these services.

The disconnection notice will be sent to the mailing address designated on the account. If the customer's mailing address is not the same as the property to which residential service is provided, the notice also shall be sent to the property where residential service is provided, addressed to "Occupant."

The notice shall include, clearly and legibly stated, all of the following information:

- a. The customer's name and service address.
- b. The amount of the delinquency.
- c. The date by which payment or arrangement for payment is required in order to avoid discontinuation of residential service.

- d. A description of the process to apply for an extension of time to pay the delinquent charges.
- e. A description of the procedure to petition for bill review and appeal.
- f. A description of the procedure by which the customer may request a deferred, reduced, or alternative payment schedule, including an amortization of the delinquent residential service charges, consistent with the written policies provided pursuant to subdivision.

**If the delinquent account remains unpaid, or the customer has failed to contact the City to establish a payment arrangement by the end of the 7 day notice, a door hanger will be placed at the property notifying the customer 24 hours before disconnection of service.**

### **Reconnection Fees**

If services are disconnected, the City will provide the customer with a copy of this policy and the customer must pay the account balance in full in order to reestablish services. These fees include but are not limited to:

- a. The unpaid portion
- b. Related penalties, and
- c. A reconnection fee

### **Deferred and Reduced Payments**

The City *will not* discontinue water service for a delinquent account if all of the following conditions are met:

- a. The customer submits to the City the certification of a primary care provider that the discontinuation of water service will pose a serious or potentially fatal threat to the resident,
- b. The customer demonstrates an inability to pay, and
- c. The customer is willing to enter into an alternative payment arrangement.

A customer can demonstrate an inability to pay based on a declaration of annual household income below 200 percent of the federal poverty line. The City shall also deem a customer to have a household income below 200 percent of the federal poverty line if any member of the household is a current recipient of CalWORKS, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Supplemental Nutrition Program for Women, Infants, and Children.

For customers who demonstrate an inability to pay as described in the paragraph above, the City shall:

- a. Limit the reconnection fee for water service during normal business hours at fifty dollars (\$50), and one hundred fifty dollars (\$150) during non-business hours, but not to exceed the actual cost of reconnection if it is less.

- b. Waive penalty charges on delinquent bills once every 12 months.

### **Payment Arrangements**

The City of Sierra Madre may choose to permit payment arrangements for customers who are unable to pay their account in full due to financial difficulties or extenuating circumstances. Customers may enter into a payment arrangement only after filling out a Payment Arrangement Form and receiving approval from the Finance Director. A number of factors will be considered in determining payment arrangements including but not limited to the following:

- a) Size of the delinquent bill,
- b) The length of time the bill has been unpaid,
- c) The customer's financial situation.

Payment arrangements on delinquent accounts may be allowed based on the following policies:

- a) A signed payment agreement is required for all arrangements.
- b) Payment plans are set up to ensure that the delinquent bill is paid in full.
- c) Payment plans may be set up to be weekly, biweekly, monthly, or bimonthly, provided the outstanding balance will be paid in full within 12 months.
- d) **ALL** payment arrangements must be kept or the bill will become immediately due and disconnection of service may result.

If an account is subject to a City-approved payment arrangement, the City may discontinue residential service no sooner than 7 business days after the City posts a door hanger providing final notice of intent to disconnect service under either of the following circumstances:

- a) The customer fails to comply with a payment arrangement for 60 days or more; or
- b) The customer fails to pay his or her current residential service charges for 60 days or more.

### **Residential Tenants/Occupants in an Individual Residence or Multi-Unit Complex**

If the owner, manager, or operator of the residence is the customer on record, the City will make a reasonable, good faith effort to inform the occupants, by means of written notice, when the water service account is delinquent and subject to disconnection at least 10 days before water service is shut off.

The written notice will advise the tenant/occupant that they have the right to become customers of the City without being required to pay the amount due on the delinquent account, as long as they are willing to assume financial responsibility for subsequent charges for water service at that address. In order for the amount due on the delinquent account to be waived, the tenant/occupant must provide verification of tenancy in the form of a rental agreement or proof of rent payments.

In a multi-unit complex or residential structure served through a master meter, each residential occupant must provide verification of tenancy, agree to the terms and conditions of service, and meet the requirements of law and the City's rules and tariffs.

### **Returned Checks**

A service fee is charged for all checks returned by the customer's bank. The City cannot redeposit returned checks. Returned checks must be replaced within 5 business days of notification from the City.

### **Disputing a Bill**

Customers should contact City Hall if they have any questions about their bill or concerns that their fees are incorrect. Staff will analyze the account and explain the bill to the customer. If the water usage appears to be too high or too low, the City will, upon request, re-read the water meter within 24 business hours. Within 48 business hours of their request, the customer will be informed of the findings, and whether the disputed bill is to be upheld, reduced, or reversed. The City will not discontinue water service during the pendency of the appeal.

### **Collections**

The City will continue to contact customers with delinquent accounts to collect unpaid balances and additional penalties for 12 months following the delinquency. If, after 12 months, the City has failed to collect outstanding balances from the customer, the City may send the account to be collected by a licensed collection agency, or written off subject to review under the Write Off of Uncollectible Accounts Receivable Policy.

### **Information**

This policy will be made available to the public at City Hall and on the City's website. Versions of the policy will be made available in English, Spanish, Chinese, Tagalog, Vietnamese, and Korean. Payment Arrangement Forms and additional information will also be available at City Hall.

### **Reporting**

The City will report the number of annual discontinuations of residential service on its website and to the State Water Resources Control Board at the end of each calendar year.

### **Contact Us**

All inquiries related to customer accounts may be directed to City Hall at 626-355-7135