

<b>REQUEST FOR COUNCIL ACTION</b> CITY OF SAN DIEGO				CERTIFICATE NUMBER (FOR COMPTROLLER'S USE ONLY)	
TO: CITY COUNCIL		FROM (ORIGINATING DEPARTMENT): Public Utilities		DATE: 7/15/2014	
SUBJECT: Water Utility Service Disconnection and Low Income Assistance Informational Update					
PRIMARY CONTACT (NAME, PHONE): Michael Vogl, 619-533-7596 MS 911			SECONDARY CONTACT (NAME, PHONE): Lee Ann Jones-Santos, 858-614-4042 MS 901		
COMPLETE FOR ACCOUNTING PURPOSES					
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
FUND					
FUNCTIONAL AREA					
COST CENTER					
GENERAL LEDGER ACCT					
WBS OR INTERNAL ORDER					
CAPITAL PROJECT No.					
AMOUNT	0.00	0.00	0.00	0.00	0.00
COST SUMMARY (IF APPLICABLE):					
ROUTING AND APPROVALS					
CONTRIBUTORS/REVIEWERS:		APPROVING AUTHORITY	APPROVAL SIGNATURE	DATE SIGNED	
Liaison Office		ORIG DEPT.	Wright-Travis, Marie	07/15/2014	
		CFO			
		DEPUTY CHIEF	Heinrichs, Tony	07/15/2014	
		COO			
		CITY ATTORNEY	Palmucci, Ray	07/16/2014	
		COUNCIL PRESIDENTS OFFICE			
PREPARATION OF:	<input type="checkbox"/> RESOLUTIONS	<input type="checkbox"/> ORDINANCE(S)	<input type="checkbox"/> AGREEMENT(S)	<input type="checkbox"/> DEED(S)	
Informational Item Only.					
STAFF RECOMMENDATIONS: This is an information item only. No action is required by the Committee or Council.					
SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION)					
COUNCIL DISTRICT(S):	All				
COMMUNITY AREA(S):	All				
ENVIRONMENTAL IMPACT:					
CITY CLERK					

INSTRUCTIONS:	
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**COUNCIL ACTION  
EXECUTIVE SUMMARY SHEET  
CITY OF SAN DIEGO**

DATE: 7/15/2014

ORIGINATING DEPARTMENT: Public Utilities

SUBJECT: Water Utility Service Disconnection and Low Income Assistance Informational Update

COUNCIL DISTRICT(S): All

CONTACT/PHONE NUMBER: Michael Vogl/619-533-7596 MS 911

**DESCRIPTIVE SUMMARY OF ITEM:**

Update to the Environment Committee on water utility service disconnection policies and low income customer assistance options.

**STAFF RECOMMENDATION:**

This is an information item only. No action is required by the Committee or Council.

**EXECUTIVE SUMMARY OF ITEM BACKGROUND:**

The City of San Diego provides high quality reliable water services to approximately 275,000 service locations Citywide. These services are funded by the fees charged to account holders accepting responsibility for these charges and benefitting from the services provided. City staff members perform a wide variety of activities to support this customer/service provider relationship. These activities include customer service and account management activities such as meter reading and billing, payment processing and collections and ensuring fees charged are fairly allocated, accurately calculated, timely billed and collected from those responsible.

Like almost all utility service providers, the Department periodically performs both temporary and permanent disconnections. Service disconnections are performed for the following reasons:

- Requested by customer
- Customer fails to pay
- No active customer for more than 30 days
- Unauthorized turn-on/use
- Non-compliance with backflow device annual testing requirements

The most common reason for disconnection is the customer's failure to pay for services provided. Most customers are billed immediately after their meter is read bi-monthly. The bill is subsequently due 15 days later. On day 25, a reminder notice is mailed. If the bill remains unpaid, a shut-off or service disconnection notice is mailed on day 38 and if the customer does not reside at the service location, a copy is also provided to the occupant(s) at the service address. On day 45-51, a disconnection order is generated and dispatched to the field and on day 75, the account is referred to the City Treasurer for collections. Non-payment service disconnections are only performed when the unpaid balance due is \$60 or more. Currently the Department performs approximately 20,000 non-payment service disconnections annually. In Fiscal Year 2014, forty-five percent of non-payment disconnections were performed for customers with two or more disconnections during that period. Once dispatched for

disconnection, the customer is charged \$30 to recover the associated cost. The customer also pays \$25 to recover the cost of restoring the service once the unpaid balance is resolved.

The best way to prevent disconnection is to pay the bill on-time. However, when exceptional situations occur, the Department does everything possible to work with the customers making reasonable efforts to avoid the disconnection. For instance, when a customer's bill is exceptionally high, the Department can allow deferred payments (payment plan) allowing the customer to spread the expense over a longer period (up to a year). With limitations, the Department may also adjust a customer's consumption when it results from a leak in the customer's water system. The Department may extend the due date for payment in some situations (health, safety, legal negotiations). The Department also refers customers to San Diego 211 when financial/social services help is needed. Although customers contacting 211 will not generally receive water utility bill assistance specifically, 211 can often connect clients with other services/programs that provide relief in other areas and indirectly help the customer with their utility bill.

The Department has looked closely at options for assisting low-income customers with the rising cost of water utility services. The Department has compiled extensive information on a wide variety of programs currently in place in other utility agencies across the State. However, the key challenge remains the same. Funding for a Low-Income Assistance Program must comply with Prop 218 which requires that revenues from fees charged not "exceed the funds required to provide the service" and precludes revenues from being "used for any purpose other than that for which the fee was imposed." As a result, ratepayer funds cannot be used to fund such a program. The Department continues to explore opportunities to implement a program using voluntary tax deductible contributions but has been unable to identify sustainable funding to date.

FISCAL CONSIDERATIONS: None with this action

EQUAL OPPORTUNITY CONTRACTING INFORMATION (IF APPLICABLE):

PREVIOUS COUNCIL and/or COMMITTEE ACTION (describe any changes made to the item from what was presented at committee):

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Wright-Travis, Marie  
Originating Department

Heinrichs, Tony  
Deputy Chief/Chief Operating Officer



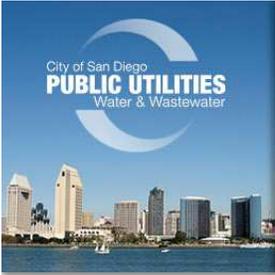
Committee on the Environment

# Service Disconnection and Low-Income Assistance Options

Michael Vogl, Deputy Director

July 23, 2014

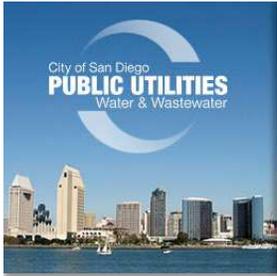




# Service Disconnection

- Temporary service disconnections are performed when:
  - Requested by customer
  - Customer fails to pay
  - No active customer for more than 30 days
  - Unauthorized Turn-on/use
  - Non-compliance with Backflow maintenance/testing requirements





# Billing Timeline

Day 0      Meter read

Day 1      Bill sent

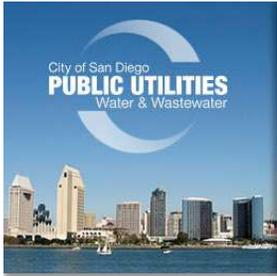
Day 15     Bill due

Day 25     Reminder notice sent

Day 38     Disconnection notice sent to customer  
and occupant

Day 45-51   Disconnection order generated

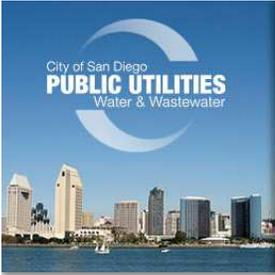
Day 75     Account referred to City Treasurer



# Non-Payment Disconnections

Fiscal Year	Number Performed
2014	19,514
2013	19,533
2012	22,359

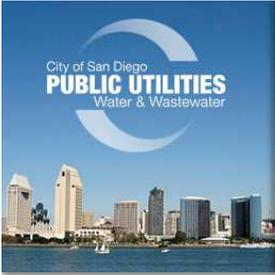
Frequency (Fiscal Year 2014)	Number of Customers
1 Disconnection	10,676
2 Disconnections	2,609
3 Disconnections	741
4 or more Disconnections	302



## Disconnection Fees

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- Disconnection \$30, Restore = \$25
  - Waived one time upon request (courtesy)
- Current Account Management Options:
  - Deferred payments (High bill)
  - Adjustment (concealed leak), deposit waiver
  - Temporary extensions (health, safety, legal, negotiations)
  - 211



## Compliance with Proposition 218

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- Funding for a Low-Income Assistance Program must comply with Prop 218
- Prop 218 requires that revenues from the fee/charge **shall not:**
  - “exceed the funds required to provide the service”
  - “be used for any purpose other than that for which the fee was imposed”
- Compliance via voluntary/tax deductible contributions