

**City of Morgan Hill – Utility Billing
Discontinuation of Residential Water Service Policy
Senate Bill No. 998
Health and Safety Code Sections 116900 - 116926**

Purpose/Background:

This policy enumerates City of Morgan Hill Utility Billing's administrative actions for the collection of delinquent accounts, including notifications, fee assignments and discontinuation of service. This policy will be made available to the public on the City's website. The City can be contacted by phone at 408-779-7221 to discuss options for averting discontinuation of water service for nonpayment under the terms of this policy.

Text of policy:

City of Morgan Hill, as an urban and community water system that supplies water to more than 200 service connections, is governed in the execution of the collection of delinquent accounts by Senate Bill No. 998, effective February 1, 2020, as amended by Senate Bill No. 3 (2023).

Delinquent Account:

Delinquent accounts are hereafter identified as any account that remains unpaid (and without having made payment arrangements or established an alternative payment schedule) by close of business 25 days after issuance of the water bill. The following rules apply to the collection of delinquent accounts:

1. Late Fee:

If payment for a bill is not received by close of business on the 25th day after the bill is issued, a late fee of 1.5% will be assessed. The due date and late fee will be displayed on the bill. A 1.5% late penalty will be assessed on outstanding balance on the 26th day. If payment for a bill is not received by the close of business on the 39th day after the bill is issued, a \$19 shut off notice fee is assessed.

2. Alternative Payment Arrangements:

Any customer who is unable to pay for water service within the normal payment period may request an alternative payment arrangement to avoid late fees or disruption of service. The City will consider all circumstances surrounding the request to make a determination as to the payment arrangement. To request a payment arrangement, call 408-779-7221 (option #3) or email utilitybilling@morganhill.ca.gov within 15 days after original due date.

3. The City shall not shut off water service if all of the following conditions are met:

- a. Customer provides a certification by a Primary Care Provider (Internist, General Practitioner, Obstetrician/Gynecologist, Pediatrician, Family Physician, Primary Care Clinic, Hospital, or Outpatient Clinic) who certifies that the termination of service will be life-threatening or pose a serious threat to the health and safety of any resident of

the premises where water service is provided.

- b. Customer demonstrates financial inability to pay by providing proof that the household's income is below 200 percent of the federal poverty level, including verification that any member of the household receives public assistance or a written declaration under penalty of perjury.
- c. Customer enters into an amortization agreement or alternative payment schedule.

The service shall be discontinued five days after posting a final notice at the property if:

- i. The customer fails to comply with the amortization agreement; or
- ii. The customer fails to pay current residential charges for 60 days or more.

Payment arrangements that extend into the next billing period are considered an amortization plan, which must be in writing and signed by the customer. An amortization plan will amortize the unpaid past due balance over a period defined by the customer, not to exceed 12 months from the original date of the bill. The amortized payments will be combined with, and subject to the due date of, the customer's regular bill. The customer must comply with the terms of the amortization plan and remain current as charges accrue in each subsequent billing period. The customer may not request further amortization of any subsequent unpaid charges while paying delinquent charges pursuant to an amortization plan. Failure to comply with the terms of an amortization plan will result in the issuance of a written disconnection notice. The disconnection notice will be in the form of a door hanger delivered to the premises, phone call, or email no less than 5 business days in advance of discontinuance of service.

4. Written Disconnection Notice:

- a. The City shall not discontinue water service for non-payment until payment by the customer has been delinquent for at least 60 days. The City will contact the customer in writing or by phone at least 7 business days before discontinuation of water service for non-payment. The written disconnection notice will be mailed to the mailing address designated on the account. If the mailing address and the address of the property to which water service is provided are different, a copy of the notice will be mailed to the service address and addressed to "Occupant".

The written disconnection notice will include:

- Customer's name and address
- Amount that is past due
- Date by which payment or payment arrangements are required to avoid discontinuation of service
- Process to apply for an extension of time to pay the delinquent charges
- Process to request bill review or an appeal

- Procedure to request an alternative payment plan
- City phone number

If the City is unable to make contact with the customer via telephone or mail, the City shall make a good faith effort to visit the residence and leave the notice of imminent discontinuation for nonpayment and a copy of this policy.

b. Notice to Residential Tenants/Occupants in an Individually Metered Residence

The City will make a reasonable, good faith effort to inform the occupants, by means of written notice, when the water service account is in arrears 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.

c. Notice to Tenants/Occupants in a Multi-Unit Complex Served through a Master Meter

The City will make a reasonable, good faith effort to inform the occupants, by means of written notice hung on the door of each residence, when the water service account is in arrears 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 the address(es) served by the master meter. If one or more of the occupants are willing and able to assume responsibility for the subsequent charges for water service to the satisfaction of the City, or if there is a physical means, legally available to the City, of selectively terminating service to those occupants who have not met the requirements for service, the City will make service available to the occupants who have met those requirements. If the written disconnection notice is returned through the mail as undeliverable, the City will make a reasonable, good faith effort to visit the residence and leave a notice of discontinuance for non-payment.

5. Additional Notifications:

As a courtesy, the City will make a reasonable, good faith effort to notify the customer that the account remains past due and further collection action will be forthcoming approximately 60 days after bill issuance by the following notices.

- Past due balance and due date is noted on subsequent bill.
- At least fifteen days after the original due date, written notification of delinquency with a date to pay to avoid service interruption will be mailed.
- Courtesy email will be sent at least 48 hours prior to scheduled shutoff for accounts with email addresses provided.

The City assumes no responsibility for phone or email contact information that has not been kept up to date by the customer.

6. Small Balance Accounts:

Any balance on a bill of \$39 or less may be carried over, and added to, the next billing period.

7. Disconnection Deadline:

All delinquent water service charges and associated fees must be received by the City by 5:00 p.m. on the day specified in the written disconnection notice.

8. Disconnection of Water Service for Non-Payment:

After 60 days of delinquency/non-payment, the City will disconnect water service by turning off and locking the meter. The customer will be charged a delinquent shut off fee to re-establish service in the billing system regardless of whether the meter has physically been turned off.

9. Re-establishment of Service:

In order to resume or continue service that has been disconnected for non-payment, the customer must pay the delinquent shut off fee. The City will endeavor to reconnect service as soon as practicable but, at a minimum, will restore service before the end of the next regular working day following payment of any past due amount and delinquent fees attributable to the termination of service. Reconnection fees for households demonstrating income below 200 percent of the federal poverty level shall be as described in Health and Safety Code section 116914, as may be amended from time-to-time. Water service that is turned on by any person other than City personnel or without City authorization may be subject to fines or additional charges or fees. Any damages that occur as a result of unauthorized restoration of service are the responsibility of the customer.

10. Re-establishment of Service After Business Hours:

Service restored after 3:00 pm Monday through Friday, weekends, or holidays will be charged an after-hours re-establishment fee. Service will not be restored after regular business hours unless the customer has been informed of the after-hours delinquent shut off fee and has to acknowledge the fee and agree to contact the City's billing department no later than noon the following business day to pay the subject fee. City staff responding to service calls are not permitted to collect payment but will instruct the customer to contact the billing department before noon the following business day.

Sometimes water service is discontinued because the service is a new account and the City has not received a request to establish service. If service is being restored after regular business hours because the customer has yet to establish service, the customer must agree to contact the utility billing department to establish service the next business

day and the after-hours re-establishment fee will be assessed. If service is discontinued for any reason not identified above, the service should be restored as quickly as possible and the customer advised to contact the billing department to resolve the issue.

11. Notification of Disposition of Returned Check:

Upon receipt of a returned check taken as payment of water service or other charges, the City will consider the account not paid and subject to disconnection terms above. The City will send out a 24-hour notice door hanger or an email to notify the customer of the returned check. All amounts paid to redeem a returned check and to pay the returned check charge must be in cash or certified funds.

12. Returned Checks for Previously Disconnected Service:

In the event a customer tenders a non-negotiable check as payment to restore water service previously disconnected for non-payment and the City restores service, the City may promptly disconnect service without providing further notice. No 24-hour notice of termination will be given in the case of a non-negotiable check tendered for payment of water charges that were subject to discontinuance. Any customer issuing a non-negotiable check as payment to restore service turned off for non-payment will be required to pay cash or certified funds to restore future service disconnections for a period of 12 months from the date of the returned payment.

13. Appeal Bills:

Account holders with questions about charges on their utility bills have the right to contact Customer Service for clarification or correction of charges. Representatives are available Monday-Friday 8:00 a.m. - 5:00 p.m. over the phone at 408-779-7221 (option #3) or via email at utilitybilling@morganhill.ca.gov.

Account holders may appeal a bill by filing a written notice of appeal on the Utility Bill Appeal Form. The form may be obtained in person or on-line at <http://www.morganhill.ca.gov/> and should be filed with the City's Finance Director in person at 17575 Peak Avenue, Morgan Hill or by email to utilitybilling@morganhill.ca.gov within 20 days of receiving the original bill. If a customer disputes the water bill and exercises their right to appeal to the City's Finance Director, the City will not disconnect water service for non-payment while the appeal is pending.

