

ITEM 4.5

CITY MANAGER'S REPORT DECEMBER 11, 2023 CITY COUNCIL REGULAR MEETING

ITEM: **AUTHORIZE THE POSTPONEMENT OF DELINQUENT UTILITY TURN-OFFS**

RECOMMENDATION: **Adopt a Resolution Approving the Suspension of Service Disconnections in the Month of December 2023 for All Delinquent Accounts**

SUMMARY:

Since 1996, Council has suspended utility service disconnections during the month of December. As in years past, Council can authorize staff to forgo utility disconnections to residents scheduled in the month of December 2023. The City will still assess a 10% late fee to all accounts with balances not paid by December 31, 2023.

BACKGROUND:

The Finance Department produces monthly utility invoices for its water and wastewater customers. The cycle of the utility bills is as follows:

- **Invoice Production:** Utility invoices are created and mailed to City residents at the beginning of each month. Utility invoice payments are due by the 25th of each month. A 10% penalty fee is assessed to all outstanding accounts on the last working day of the month.
- **10-Day Notice:** 10-Day notices are sent to City residents ten (10) days before the disconnection date for all accounts with an outstanding balance more than 60 days past due. 10-Day Notices inform the resident that their account is subject to disconnection.
- **48 Hour IVR Phone Campaign:** An automated phone call is made to notify the residents of the pending disconnection if payment is not received in the 48-hour timeframe. Multiple options are given to residents to submit payment or make payment arrangements.
- **Disconnection:** Accounts with past due balances after the 10-Day Notice deadline are subject to disconnection. Disconnected accounts are assessed a \$60 reconnection fee.

The City's process for utility service disconnections is in compliance with Senate Bill 998, the State of California's mandated process for discontinuation of residential water service. The State legislature has enacted Senate Bill 998 ("SB 998") known as the Water Shut Off Protection Act. It is intended to help residential water users who lose access to water service due to their inability to pay. It requires procedural protections before residential water service can be discontinued for non-payment. The City's SB 998 policy can be found on the City's website in seven languages. The policy is currently available in English, Chinese, Korean, Punjabi, Spanish, Tagalog

**CITY MANAGER'S REPORT
DECEMBER 11, 2023 CITY COUNCIL REGULAR MEETING
POSTPONEMENT OF DELINQUENT UTILITY TURN-OFFS**

and Vietnamese. Any account disconnected for non-payment is assessed a \$60 reconnection fee to cover the staff costs associated with this process.

Suspension of turn-offs in the month of December may increase account delinquency and potentially increase the amount of uncollectible accounts written-off (referred to a collections agency) at the end of the fiscal year. Instead of disconnecting unpaid accounts in mid-December through the turn-off process, unpaid accounts are not disconnected until mid-January.

If Council decides to suspend turn-offs in the month of December, the service reconnection charges would not be assessed. However, the City will still apply a 10% late fee to all delinquent accounts if their balance is not paid by December 31, 2023.

REASON FOR RECOMMENDATION:

Interruptions of essential City services such as water service due to non-payment can be disruptive during the holidays. Therefore, Council may decide to suspend service disconnections during the month of December. This action has been approved by Council since 1996.

FISCAL IMPACT:

Suspension of turn-offs in the month of December has fiscal impacts, as noted below:

- Potentially increases the number of customers who fail to pay their bills timely.
- Service reconnection charges would not be assessed or collected.
- Increases the likelihood of having a higher number of unpaid accounts referred to collections.

ATTACHMENTS:

- A. Adopt a Resolution Approving the Suspension of Service Disconnections in the Month of December 2023 for All Delinquent Accounts.

**CITY MANAGER'S REPORT
DECEMBER 11, 2023 CITY COUNCIL REGULAR MEETING
POSTPONEMENT OF DELINQUENT UTILITY TURN-OFFS**

APPROVALS:



Chia Lor
Senior Accountant

11.16.23

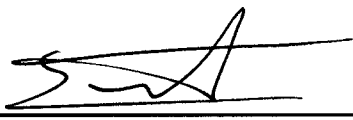
Date



Cari James
Director of Finance

11/16/2023


Date



Salvador Navarrete
City Attorney

11-17-2023

Date



Stephen J. Salvatore
City Manager

11-20-23

Date

RESOLUTION NO. 23-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP TO
SUSPEND SERVICE DISCONNECTIONS IN THE MONTH OF DECEMBER
2023 FOR ALL DELINQUENT ACCOUNTS**

WHEREAS, since 1996, the City has allowed utility services to remain uninterrupted during the month of December for all utility accounts, including delinquent accounts; and

WHEREAS, the City's process for utility service disconnections is in compliance with Senate Bill 998, the State of California's mandated process for discontinuation of residential water service; and

WHEREAS the City's SB 998 policy can be found on the City's website in seven languages. The policy is currently available in English, Chinese, Korean, Punjabi, Spanish, Tagalog and Vietnamese; and

WHEREAS, the fee to reconnect water service after disconnection for non-payment is \$60 to cover the staff costs associated with this process; and

WHEREAS, the City will still apply a 10% late fee to all delinquent accounts if their balance is not paid by December 31, 2023;

NOW, THEREFORE, BE IT RESOLVED that this City Council does hereby suspend turn-offs of water services in the month of December for all delinquent accounts.

The foregoing resolution was passed and adopted this 11th day of December 2023, by the following vote of the City Council:

AYES:

NOES:

ABSTAIN:

ABSENT:

Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

Teresa Vargas, City Clerk



Salvador Navarrete, City Attorney

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