



April 2, 2020

**TO:** LOCSO Board of Directors

**FROM:** Ron Munds, General Manager

**SUBJECT: Item 2A – 4/2/2020 Board of Directors Meeting**

Adoption of a Resolution 2020-03 to Establish a Utility Billing Adjustment Committee and Revisions to the District's Leak Adjustment Policy

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### **DESCRIPTION**

Current District code only allows for an adjustment on the customer's water bill if the leak is on the customer service line and repaired in a timely manner. After a number of high water bill adjustment request came to the Board which were outside the restrictions of the water bill adjustment policy, at the January 9, 2020, the Board directed staff to review and develop options of allowing an alternative credit adjustment policy for customers who experience unanticipated high water usage.

### **STAFF RECOMMENDATION**

***Motion: I move that the Board of Directors adopt Resolution 2020-03 establishing Utility Billing Adjustment Committee and revisions to the District's leak adjustment policy and procedures.***

### **DISCUSSION**

Current District code only allows for an adjustment on the customer's water bill if the leak is on the customer service line and repaired in a timely manner. The adjustment is reviewed and approved at staff and General Manager level. Customers have the option to present their concerns to the Board of Directors and request a billing adjustment if they do not agree with the policy. At the January 9, 2020, staff received direction from the Board to review and develop options for allowing an alternative credit adjustment policy for customers who experience unanticipated high water usage, provide flexibility for staff to make certain billing adjustment decisions and retain the integrity of the process while being fair to all customers.

To this end, staff, with input from the Utilities Advisory Committee (UAC) and the public, developed a policy (Exhibit A to the attached resolution) to continue to provide routine billing adjustments for water service line leaks but will also allow credits for other types of leaks and unexplained water use.

As stated, the Utilities Advisory Committee had two separate discussions regarding the policies and procedures at which time the attending public provided valuable input as well. Since the March UAC was cancelled, staff solicited final input from the committee members via email which was incorporated into the final draft.

The following are the key provisions of the policies and procedures:

- Establishment of a Utility Billing Adjustment Committee with the members being the Utility System Manager, Administrative Services Manager and the General Manager.
- Increasing the standard adjustment period from 12 months to 24 months
- Changing the billing adjustment methodology from adjusting the amount of the bill by *50% of the differential of the highest billing period invoice during the tenure of the leak* to charging all excess water usage (above normal water use) due to the leak being billed at the Tier 1 rate.
- Adding a billing adjustment option for high water use other than for standard leaks and establishing the thresholds of frequency and level of water usage to qualify.

### **FINANCIAL IMPACT**

There is no direct fiscal impact for changes to the policy at this time.

Attachment

**RESOLUTION NO. 2020-03**

**A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE LOS OSOS COMMUNITY SERVICES DISTRICT  
ESTABLISHING A UTILITY BILLING ADJUSTMENT COMMITTEE AND POLICIES AND  
PROCEDURES**

**WHEREAS**, the Board of Directors of the Los Osos Community Services District wishes to establish policies that encourage conservation of water and prompt repair of known water leaks on customers' property; and

**WHEREAS**, it is in the public interest to establish a clear method of effectively and fairly resolving customer billing concerns on a timely basis; and

**WHEREAS**, the Board of Directors also wishes to establish a clear and equitable policy to provide for billing adjustments credits following repair of water leaks occurring beyond a customer's control; and

**WHEREAS**, the Board of Directors directed staff to develop and implement policies and procedures that are fair and equitable to all customers.

**NOW, THEREFORE, BE IT RESOLVED** by the Los Osos Community Services District Board of Directors as follows:

SECTION 1: A Utility Billing Adjustment Committee (Committee) is hereby established composed of the Utilities Services Manager, Administrative Services Manager and the General Manager.

SECTION 2. The Committee shall have the authority to resolve customer billing concerns, including the reduction of utility bills.

SECTION 3. The Committee is granted the authority to resolve utility billing concerns; their decision is final.

SECTION 4: The Los Osos Community Services District Board of Directors does hereby adopt the Utility Billing Adjustment Policy and Procedures in Exhibit A.

On the motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, and on the following roll call vote, to wit:

Ayes: \_\_\_\_\_  
Nays: \_\_\_\_\_  
Absent: \_\_\_\_\_  
Conflicts: \_\_\_\_\_

The foregoing resolution is hereby passed, approved, and adopted by the Board of Directors of the Los Osos Community Services District this 2<sup>nd</sup> day of April, 2020.

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Charles L. Cesena  
President, Board of Directors  
Los Osos Community Services District

ATTEST:

APPROVED AS TO FORM:

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Ron Munds  
General Manager and Secretary to the Board

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Jeffery Minnery  
District Legal Counsel

**Los Osos Community Services District  
Utility Billing Adjustment Policy and Procedures**

**I. DEFINITIONS**

As used in this policy, the following terms shall have the meanings specified below:

- a. "Customer" means the person or entity under whose name a water account is created and/or who is ultimately responsible for payment of all charges incurred on the account per Title 2 of the District Code.
- b. "Water service line leak" means water loss from the water service line, the existence of which is known or unknown to the property owner or tenant (customer), beginning at the meter coupling on the customer's downstream side of the meter to the customer's home or business.
- c. "Non-water service line leak" means all water loss, other than from a water service line leak, due to deterioration of pipes, fittings, or equipment, the existence of which is known or unknown to the property owner or tenant (customer), and said loss emanates from the coupling / pipe fitting / appurtenance (example: toilet, irrigation valve) / junction on the customer's side of the water meter serving the customer's property.
- d. "Committee" means the Utility Billing Adjustment Committee
- e. "District" means Los Osos Community Services District

**II. BACKGROUND**

The Board of Directors through Resolution 2020-03 created the Utility Billing Adjustment Committee and gave the Committee the authority to resolve customer billing concerns, including the reduction of any amounts billed, as the Committee deems appropriate. The Committee is composed of Utilities Services Manager, Administrative Services Manager and the General Manager. The Committee has the authority to establish the policies necessary for performing its duties. The policies established by the Committee will be reviewed from time to time by the Board of Directors and, updated and approved accordingly.

**III. PURPOSE**

The purpose of this document is to establish a written policy for extending billing adjustments to water customers in the Los Osos Community Services District's water service area. The policy includes the requirements to request an adjustment and billing adjustment that will be granted if all the requirements are met.

**IV. POLICY**

**A. Water and Non-Water Service Line Leaks**

Customers are responsible for the service and fittings attached to the Water Utility system beginning at the meter coupling on the customer's downstream side of the meter. Any leaks in the line/pipe, which are the responsibility of the customer, must be maintained and repaired by the customer solely and at his/her expense per the District's Code, 2.02.13.

The customer's water service line, including the fittings on the customer's side of the meter, are to be maintained in a state of repair sufficient to allow the removal and replacement of the meter for maintenance. No adjustment or credits will be given for leaks which develop because of changing or maintaining the water meter, unless it can be shown that the Utility was negligent in performing the meter change or maintenance.

The customer is responsible for monitoring higher than expected usage as reflected on the customer's bill.

**1. Customer Adjustment Request Requirements for Water Service Line Leaks:**

The Committee, or a designee of the Committee is delegated the responsibility for adjusting water billings, may adjust the water usage portion (excluding service charges) on a customer’s bill for a water service line leak when all the following requirements are met:

- a. **WITHIN 60 DAYS OF BILL ISSUANCE:** Customer shall notify District, in writing, of water loss and repair of a water service line leak within 60 days from the bill issuance date for the period in which the loss occurred.
- b. **ONE ADJUSTMENT EVERY 24 MONTHS:** The customer has not received a water service line leak billing adjustment in the past 24 months. The 24-month period begins the first month of the billing period following the last billing period for which a leak billing adjustment was received.
- c. **PAYMENT OF BILL:** The District shall not extend the due date of a water bill because of the customer submitting a request for an adjustment of a bill for a water service line leak. Customer shall pay at least the uncontested portion of the bill to prevent discontinuation of service as determined by the Committee or their designee.
- d. **NO NEGLIGENT ACTS:** There must be evidence that excessive use of water was not due to the customer, his/her agents, or tenants’ willful or neglectful acts.
- e. **LEAK MUST BE REPAIRED OR RESOLVED:** If the excess usage is due to a water service line leak, the District must be satisfied that the problem that resulted in a request for a billing adjustment has been properly repaired or resolved.
- f. **EVIDENCE OF REPAIR OR RESOLUTION:** The District shall require repair bills or other appropriate documentation substantiating the repair of the water service line leak prior to approving a claim for adjustment. The written request shall be accompanied by either a plumber or landscaper’s invoice including a description of the repair work performed or a letter from the customer certifying:
  - a. The name, address, and telephone number of the person discovering the leak;
  - b. The date the leak was discovered;
  - c. The nature and location of the leak;
  - d. The date the leak was repaired;
  - e. The name, address, and telephone number of the person repairing the leak.

**2. Water Service Line Leaks Billing Adjustments**

The Committee or their designee has been delegated the authority to initiate the utility bill adjustment if all of the above requirements are met for a water service line leak. Each billing adjustment will be submitted to General Manager for review and final approval. The following requirements will be applied:

- a. **50% HIGHER THAN NORMAL:** Customers water, because of a service line leak, must be at least 50% higher than the average or normal water use as determined by the Committee to qualify for a billing adjustment.
- b. **ALL EXCEEDS USAGE BILLED AT TIER 1 RATE:** If the committee or their designee grants a water line leak adjustment, all the amount of excess usage (above the normal/average bill) due to the leak will be billed at the Tier 1 rate.

<b>Example: Water Service Line Leak Adjustment</b>			
	Water Use	Water Charges	Total Bill w/ Base Fee
Normal/Average Bill	10 units	\$68.75*	\$138.75
High Water Bill	30 units	\$276.25	\$346.25
Leak Adjustment @ Tier 1 rate of \$6.00/unit	20 units (30 units – 10 units)	\$120.00**	
Adjusted Water Bill		\$188.75	\$258.75

Example adjusted Water Bill Calculation: \$68.75\* + \$120.00\*\* + \$70.00 (base fee) = \$258.75

**3. Non-water Service Line Leaks or Unexplained High Water Usage Billing Adjustment**

Customers can apply for one non-water service line leak (i.e. high bill due to leak other than a water service line leak) or “unexplained” usage billing adjustment to the Committee once every 48

months. The usage must be at least 100% higher than usage compared to the average or normal water use as determined by the Committee to qualify for a high bill or unexplained water usage billing adjustment. The billing adjustment will be calculated similarly as described under Section IV.A.2 above.

### **B. Waiving Restore Fees**

The Utility Billing Adjustment Committee will not waive restore fees assessed when a customer's water is properly shut off for non-payment. The restore fee is intended to recover the cost to the District for Utility Billing preparing the shut off and water operations turning the water off and then back on so, because the District staff work has already been completed, the fee will not be waived.

### **C. Variance Procedures**

Variances will be granted, on a case-by-case basis, at the discretion of the Committee. The following conditions are among those that may be given consideration in the variance process:

- Granting a water service line leak adjustment more often than once every 24 months;
- Granting a non-water service line leak or unexplained water usage adjustment more often than once every 48 months;
- Granting a credit for more than one billing periods;
- Granting a credit that exceeds the standard billing adjustment;
- Granting a billing adjustment not addressed in the Billing Adjustment Policies and Procedures.

The customer must request a variance in person, during a meeting with the Committee.

### **D. Committee Decisions are Final**

With the Committee having been granted the authority to resolve utility billing concerns, their decision is final.