

CITY OF SEBASTOPOL CITY COUNCIL
AGENDA ITEM REPORT FOR MEETING OF:

March 18, 2025

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To: Honorable Mayor and City Councilmembers
From: Ana Kwong, Administrative Services Director
Mark Rincon, Public Works Director/City Engineer
Subject: Ordinance Amending Municipal Code Section 13.08.110, Basis of Sewer Service Charges

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RECOMMENDATIONS:

It is recommended that Council introduce and waive the first reading of an Ordinance amending Municipal Code Section 13.08.110. Additionally, staff recommends that the Council provide direction on changes to be made to the City’s Utility Billing Collection Policy/Procedures (Policy No. 94).

EXECUTIVE SUMMARY:

The item before the City Council involves introducing and conducting a public hearing on the Ordinance amending Section 13.08.110, Basis of Sewer Charges, of the Sebastopol Municipal Code, and waiving its first reading.

The proposed ordinance removes the codified text in Section 13.08.110, Basis of Sewer Service Charges. Separately, similar text will be added to the City’s Policy #94, Utility Billing Collection Policy/Procedures. This change is intended to ensure consistency with current utility billing collection procedures.

BACKGROUND AND DISCUSSION:

Sebastopol Municipal Code section 13.08.110 establishes the regulations regarding the basis of sewer service charges. The proposed ordinance (Attachment 1) will amend Section 13.08.110 to remove the specific regulations, and instead reference the City’s utility billing collection policy #94, which was adopted by Resolution 6497-2022. This is being done to ensure the utility billing collection procedures are established by resolution, rather than codified in the Municipal Code.

Additionally, modifications to the City’s Utility Billing Collection Policy/Procedures (Policy #94) are proposed to reflect current practices and ensure consistency with the recently approved Water Rates Resolution No. 6599-2024.

STAFF ANALYSIS:

This action will facilitate the inclusion of more detailed procedures for the collection of water and sewer fees. If the Council approves this first Reading, the second Reading and adoption will be scheduled for the next regular Council meeting. The approval of the updates to Policy #94 will also be scheduled for the next regular Council meeting and will take effect simultaneously with the Ordinance amendment. A draft of the Policy changes is attached for consideration.

A summary of the changes to the Basis of Sewer Service Charges is listed below, with detailed markups available in Attachment 2:

- The wording changes from “bimonthly” to “monthly” since meters reads are now available monthly with the new Smart meter readers. Monthly reads are more accurate compared to bimonthly reads. Additionally, the four month water metering period used for sewer basis is updated from November 1–

April 1 to December 1– March 31. The updated period reflects the lowest water usage and aligns with Water Rate Resolution 6599-2024.

- Further clarifies that for non-residential and industrial customers without any outdoor irrigation, the sewer charge will be based on actual metered water use.
- The current paragraph F, which bases industrial users sewer service on pounds of BOD (biological oxygen demand) and SS (suspended solids) has been deleted. This information is outdated and not applicable to Sebastopol’s customers as there are no industrial customers. Even if there were, basing sewer service charge on such a complicated formula and measurement of BOD and SS would not be feasible for the City.
- Provides a detailed explanation of Winter Average, including how it is calculated and a provision for residential customers who forget to shut off their irrigation and seek a revised determination of their Winter Average. This new paragraph F reflects the current practice of Utility Billing. .

In addition to changes to the basis of sewer charges in the new paragraph 6, there are also additional minor “cleanup” changes to Policy #94. These changes pertain to paragraph 3 (Billing and Back Billing) and paragraph 4 (Late and/or Returned Payments). The updates provide clarifying statements and align with current billing practices.

COMMUNITY OUTREACH:

This item has been noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date.

As of the writing of this staff report, the City has not received any public comment. However, staff anticipate receiving public comments from interested parties following the publication and distribution of this staff report. Such comments will be provided to the City Council as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of the agenda item.

FISCAL IMPACT:

There is no fiscal impact pertaining to the passage of this ordinance.

OPTIONS:

1. Approve the 1st reading and introduction of the Ordinance Amending Section 13.08.110 and receive comments to the Policy.
2. Do not approve the 1st reading and introduction and direct staff to amend the ordinance with changes and not refer to the Policy.

ATTACHMENTS:

- 1 - Proposed Ordinance Amendment
- 2 - Proposed changes to Policy No. 94

APPROVALS:

Department Head Approval: Approval Date: 3/6/25
CEQA Determination (Planning): Approval Date: 3/6/25

The proposed action is not a project under the California Environmental Quality Act (CEQA)

Administrative Services (Financial) Approval Date: 3/6/25

Costs authorized in City Approved Budget: Yes No N/A

Account Code (f applicable) _____

City Attorney Approval:

Approval Date: 3/6/25

City Manager Approval:

Approval Date: 3/10/25

ORDINANCE NUMBER _____

AN ORDINANCE OF THE CITY OF SEBASTOPOL AMENDING SECTION 13.08.110, BASIS OF SEWER SERVICE CHARGES OF CHAPTER 13.08, REGULATIONS FOR SEWER SERVICE OF TITLE 13, PUBLIC SERVICES, OF THE SEBASTOPOL MUNICIPAL CODE

WHEREAS, the City Council approved Policy No. 94 by adoption of Resolution 6497-2022; and

WHEREAS, it is proposed ~~desired~~ to incorporate ~~include~~ the basis of sewer service charges in the Utility Billing Collection Policy No. 94 and eliminate these procedures from the Municipal Code.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SEBASTOPOL DOES ORDAIN AS FOLLOWS:

SECTION 1. The above recitals are true and correct and are incorporated herein by this reference.

SECTION 2. Section 13.08.110, Basis of sewer service charges, is amended to read in its entirety as follows:

13.08.110 Basis of sewer service charges.

Sewer service charges shall be based on the rules and procedures established by the City's policy on utility billing collection procedures, as adopted by Resolution of the City Council.

SECTION 3. The City Council finds, pursuant to Title 14 of the California Code of Regulations, Section 15378(b)(5), that this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is a governmental, organizational or administrative activity that will not result in direct or indirect changes in the environment since the ordinance only removes the codification of certain regulations that will be established instead by resolution.

SECTION 4. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION 5. A summary of this Ordinance shall be published in a newspaper published and circulated in the City of Sebastopol at least five (5) days prior to the City Council meeting at which the proposed Ordinance is to be adopted. A certified copy of the full text of the proposed Ordinance shall be posted in the office of the City Clerk. Within fifteen (15) days after adoption of the Ordinance, the summary with the names of those City Council members voting for and against the Ordinance shall be published again, and the City Clerk shall post a certified copy of the full text of such adopted Ordinance.

SECTION 7. This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage.



City of Sebastopol

COUNCIL POLICY

SUBJECT UTILITY BILLING COLLECTION POLICY/PROCEDURES	RESO NO 6497-2022	POLICY NO 94	EFF DATE 12/20/2022	PAGE 1 of 4
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I. PURPOSE

The purpose of this policy is to establish set parameters that are fair and equitable means of addressing the billing of municipal utility services for over and/or under collection of utility service charges due to billing errors or oversights provided by the City. On occasion, the City identifies circumstances in which users of the City’s utility system have not been properly billed, or have been billed for services not received. In these instances, it is appropriate to back bill for services provided or refund service charges collected in excess. This policy also provides accurate and prompt services in accordance with City’s Municipal Code, California Laws and City Fee Schedule.

II. POLICY EXPLANATION

The City provides utility billing for water and sewer services. This policy addresses how staff will handle:

1. New Accounts, Transfers, and Discontinuation of Service
2. Deposits & Fees
3. Billing & Back Billing
4. Late and/or Returned Payments
5. Leak Credits

The adoption of this policy is in addition to the State of California Water Shutoff Protection Act, also referred to as Senate Bill No. 998: Discontinuation of Residential Water Service (see Policy No.93). https://www.ci.sebastopol.ca.us/SebastopolSite/media/Documents/water_sewer_utility/Collection-Delinquent-Policy-93-pursuant-to-SB998.pdf?ext=.pdf

This Policy does not prevent staff from creating supplemental procedures to provide efficient, transparent and best practice services for daily operations.

Any questions about the Policy should be directed to City staff at (707) 823-7863 or via email customerservice@cityofsebastopol.org

1. NEW ACCOUNTS, TRANSFERS & DISCONTINUATION OF SERVICE

City staff will provide customers with an application to complete in order to establish utility services. This form can also be found on the City’s website at the following weblink. <https://www.ci.sebastopol.ca.us/SebastopolSite/media/Documents/Resolutions/UB-new-service-application-Fillable.pdf?ext=.pdf>. The form will clearly state the applicable fees and deposit requirements. Customers will be responsible for utility charges until the customer requests to discontinue service or until a new application is received for services at the address. The property owner of record will be held responsible for any utility use that occurs on an inactive account.

2. DEPOSITS & FEES

A one-time new water service fee will be billed to your new account, based on the City’s current Master User Fee Schedule. This fee can be paid up front or when your first water and sewer bill is due.

Landlords and property managers requesting service in their name between renters may fill out a Read and Transfer Services form to waive the new service fee between tenants. This form can be found on the City's website at the following weblink.

https://www.ci.sebastopol.ca.us/SebastopolSite/media/Documents/water_swer_utility/Read-Transfer-Service-Form-Fillable.pdf?ext=.pdf

Utility deposits are not required when starting utility services.

- ❖ Deposits may be required from customers with delinquency disconnections. The amount of the deposit will be 2 times their average bi-monthly bill. This amount will be determined by using the average cost of 6 billing cycles. A deposit will be required at the discretion of the Administrative Services Director or designee.
- ❖ A deposit collected for delinquency may be refunded with customer retaining 1 year of good credit on account. Payments must be made on time to establish good credit.
- ❖ Deposits on closed accounts will be applied to the billing and any credit balances will be refunded to customer.

3. BILLING & BACK BILLING

Bi-Monthly Billing - City staff will prepare and generate billing statements on bi-monthly cycles. Billing statements will be mailed on the 5th day of each month unless the 5th falls on a non-work day, holiday or weekend. Bills are due 30 days from the billing statement date.. It is the customer's responsibility to contact the City if they do not receive a bill. Failure to receive the bill does not relieve the customer's responsibility for payment.

E-bill customers will receive an e-mail stating their billing statements are available on line as soon as the bills are generated.

Back Billing - It is appropriate to bill for charges to customers that have not been billed for services, due to billing error or oversight. These unbilled charges are not to be treated as overdue unless there is evidence of intentional fraud.

- a. Time Frame - Absent fraudulent actions on the part of the customer, back billing shall be limited to two (2) years.
- b. Repayment Schedule - The standard repayment schedule in cases of back billing shall be equal to the duration of missed billings. For example, if a customer is back billed for 6 months of unbilled services, the standard repayment schedule is 6 months. Exceptions to this rule require approval of the Administrative Services Director or designee. Upon account closure, any outstanding back billed amount shall be due and payable with the final regular billing.

It is appropriate to issue refunds to customers that have paid for services not received. Most often this is the result of incorrectly billing a customer that is on well or septic and is therefore not using the City's utility system. Refunds for service charges collected for which no service has been provided must be made in accordance with § 53082 of the California Government Code.

- a. Time Frame – As established in California Government Code § 53082(e), all claims for fees paid for services not received must be filed within 180 days of the date of payment. This requirement effectively limits the refund period to a maximum of 180 days.
- b. Repayment Schedule - Refunds for fees paid in excess shall be made in full within 30 days of final determination of refund eligibility.

4. LATE AND/OR RETURNED PAYMENTS

If a utility bill becomes past due after the 5th of the following month of bill date, or next business day, a 5% late fee will be assessed on the unpaid balance. Late fee waivers will be made in accordance with the Water Shutoff Protection Act. Staff may provide a one-time waiver of a late fee for an account in good standing at the request of the customer. Any additional waivers may be granted at the discretion of the Administrative Services Director or designee on a case-by-case basis.

If an account is delinquent more than 45 days an Issuance of 48-Hour Notice Fee will be charged in accordance with the City's current Master User Fee Schedule. If water is turned off for non-payment and service needs to be turned back on after payment of Non-Payment Shut-off, a fee will be charged in accordance with the City's current Master User Fee Schedule.

All returned payments are subject to returned check fees as outlined in the Master Fee Schedule.. Returned payments on delinquent notices and alternative payment arrangements may result in immediate termination of service and require payment in full before restoration of service. Any returned payments will be reviewed by the Administrative Services Director.

5. LEAK CREDITS

The water service connection, including the meter and the meter box and all distribution lines, will be repaired and maintained by the City at its own expense. The City, however, shall not be responsible for the installation and maintenance of water lines beyond the end of its service connection.

On rare occasions, a leak may occur as a result of a crack, breach, or flaw in the property owner's system and in certain conditions, the City will grant a limited leak credit.

Important information to consider:

- ❖ The water leak must not have occurred as a result of a willful or negligent act on the part of the customer.
- ❖ Customers must make a written request for a leak adjustment using the attached form and explain the cause of the leak, where the leak occurred, and all other relevant factors.
- ❖ **Proof that the leak was fixed is required.** Normally, this will be copies of receipts from the repair person or company, or supply receipts. The customer must be able to demonstrate that the repair was made within a reasonable time.
- ❖ The water usage must be two hundred percent (200%) or more of the normal usage based on the last twelve (12) months.
- ❖ Water leak credits are limited to \$250.00 and only one (1) credit will be granted during the life of the account.
- ❖ To determine normal usage, consumption will be averaged using the previous twelve (12) months and one billing cycle of water consumption after the leak has been fixed. If the account is new and does not have a full year of history, the Administrative Services Department staff will estimate average consumption based on available history, usage of similar residences in the neighborhood, and any other relevant factors.
- ❖ The decision to grant a leak adjustment shall rest solely with the Administrative Services Director or designee whose decision is final.

The process:

- ❖ Once your leak is repaired and you believe you qualify for a leak adjustment, complete the Residential Leak Adjustment form that can be found on the City's website or you can request a form by calling (707) 823-7863 and mail or email form to the Utility Department at City Hall at customerservice@cityofsebastopol.org.
- ❖ Staff will review your request using your water use history. Your water history activities will be used to determine usage resulting from the leak.
- ❖ Staff will calculate the adjustment, and if eligible, will submit all required documentation to the Administrative Services Director for review. Leak adjustments will not be credited to accounts until water use analysis is complete.
- ❖ Once approved or denied, a copy of the Residential Leak Adjustment Request form will be mailed to you.
- ❖ Please submit the balance due by the due date on your bill to prevent the assessment of penalties.

6. BASIS OF SEWER SERVICE CHARGES.

- a. The standard utility accounting period shall be a fiscal year commencing July 1st and ending June 30th.
- b. The service charge shall be payable by each user on a bimonthly rate and generally billed and paid with the bill for water service to the same premises.
- c. Sewer service charges shall be based upon the estimated actual use of the City Sewer system by the premises or user, except that a minimum charge may be set based upon a minimum bi-monthly usage.
- d. Winter Average.
 1. Winter Average is defined as the average of the lowest two monthly water metering reads of consumption between December 1st and March 31st multiplied by two (2) to calculate the bi-monthly average. The Winter Average is used as the basis of the sewer service charge for water and sewer bills effective no later than the September bill following Utility Billing's determination of the winter average. The Winter Average is intended to reflect indoor water use and exclude outdoor water use that does not enter the City sewer system.
 2. It is the user's responsibility to shut off their irrigation between December 1st and March 31st to avoid being charged for water that does not enter the City sewer system.

3. If the user does not shut off their irrigation and irrigation water is thereby included in the Winter Average, then it is the user's responsibility to request a review of their water use for purposes of determining the Winter Average.
 4. Pursuant to paragraph 3 above, if the user requests a review of their Winter Average and the Utility Billing's review of the Winter Average shows a lower basis of sewer charge, then Utility Billing will revise the Winter Average to the "newly calculated" Winter Average and apply a credit to the customer's account starting from the effective date of the previously calculated Winter Average. No more than four (4) months of credit will be applied.
- e. Charges for residential users shall be charged as described in paragraph d. subparagraph 1.
 - f. Non-residential and industrial premises or users whose water meter does not serve outdoor irrigation, as confirmed by the Public Works Director or designee, will be based on actual bi-monthly metered water consumption.

APPROVED FOR WAIVING OF FIRST READING AND INTRODUCTION OF ORDINANCE at the Regular City Council Meeting of March 18, 2025.

VOTE:
AYES:
NOES:
ABSENT:
ABSTAIN:

APPROVED: _____
Mayor Stephen Zollman

ATTEST: _____
Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: _____
Alex Mog, City Attorney