

Staff Report

for the Regular Meeting of the Board of Directors, February 24, 2016

TO: Board of Directors

FROM: Marvin Davis, Finance Manager

DATE: February 24, 2016

SUBJECT: Water Service Rules & Regulations - Security Deposits

FINANCE

RECOMMENDATION:

Approve proposed changes to the District's Water Service Rules & Regulations regarding Security Deposits, as recommended by the Administrative Practices Committee.

BACKGROUND:

Water Service Regulations Section 6.05 Deposits:

The District currently accrues interest to all security deposits. Based upon staff's experience, this is not a normal industry practice and therefore staff recommends a change in policy. The following text will be removed from the policy:

- A simply interest of 5 ½% per annul shall be accrued on all security deposits effective January 1, 1981
- plus interest

BUDGETARY IMPACT:

N/A

Attachments:

- Water Service Regulation Section 6.05 Deposits

6.04**NON-PAYMENT OF ACCOUNTS**

Charges for water and other services, including penalties and supplemental charges, which are delinquent at the time specified for the delivery of outstanding charges to the county tax collector, may be added to and become a part of the annual assessment levied to the land upon which the service was rendered.

The District may refuse service to any land if outstanding charges for services already rendered such land are delinquent. (Section 22282.1 of the California Water Code)

The District may, under the provisions of Section 25806 of the California Water Code, record a lien on any or all lands owned or subsequently acquired by the person liable for such charges.

6.05**SECURITY DEPOSITS**

The District may charge a security deposit, as shown in Schedule 6-A, for all outside District customers and for all inside District commercial accounts.

~~A simple interest of 5 1/2% per annum shall be accrued on all security deposits effective January 1, 1981.~~

Deposits from commercial accounts shall be held for a period of one year. At the end of that period, the deposit plus interest may be applied to the account or refunded provided the account has been paid on a timely basis. Should a turn-off order be issued due to non-payment, a deposit equal to twice the highest bimonthly bill shall be required before the service can be turned on.

Deposits from outside District customers, providing the account has been paid on a timely basis, are held for a period of one year. At the end of that period, the deposit ~~plus interest~~ may be applied to the water account and the balance, if any, shall be refunded.

eff. 8/12/87; rev. 6/11/03, rev. 09/12/07

6.06 RETURNED CHECKS

Checks returned by the bank unpaid shall be returned to the account. A return check fee, as shown in Schedule 6-A, shall be added to the water account and any other bank charges that may be assessed due to the returned item.

eff. 2/13/85

6.07 DISCONTINUANCE OF SERVICE

6.07.01 Non-payment of Bills

Water service may be discontinued if a bill for services rendered has not been paid within the time prescribed by the District.

6.07.02 Noncompliance with the District's Regulations

If a customer fails to comply with any of these Regulations, the District will notify the customer of such failure. If the customer fails to comply within a reasonable time, the District may discontinue service.

6.07.03 Customer Service Discontinuance Request

If the customer gives the District a written request to disconnect the service, the District will notify the customer of the legal and financial impact of such request.