

Exhibit “A”

Avila Beach Community Services District

POLICY TITLE: DISCONTINUANCE OF WATER SERVICES DUE TO NON-PAYMENT

POLICY NUMBER: 3039

This discontinuation of water service policy ("Policy") applies when there is a non-payment of water bills for residences, including single-family residences, multifamily residences, and mobile homes. This Policy supersedes the policy adopted by the Avila Beach Community Services District ("District") Board of Directors ("Board") pursuant to Resolution No. 2020-01. This policy does not apply to water services provided to non-residential (e.g., commercial) properties. This Policy was prepared in compliance with the California Water Shutoff Protection Act, California Health and Safety Code Section 116900 *et seq.* (the "Act").

If you have any questions regarding this Policy or would like to discuss options for averting the discontinuation of water service under the terms of this Policy, contact the District office at (805) 595-2664. If a customer wishes to send a letter or notice to the District, or if this Policy requires communication to be made in writing, such communication should be either hand delivered to the District's office at 100 San Luis St., Avila Beach, CA 93424 (Attn: District General Manager) or mailed to the District at P.O. Box 309, Avila Beach, CA 93424 (Attn: District General Manager).

In the event of any conflict between this Policy and any other ordinance, rule, regulation or policy of the District, this Policy shall prevail. In the event of any conflict between this Policy and state law, state law shall prevail and the conflicting portion of this Policy shall be deemed to conform to the applicable law.

1. BILLING PROCEDURES.

Water service charges are payable to the District monthly. All bills for water service are due and payable upon receipt of mailing and are delinquent thirty (30) days after the bill date. A late fee will be assessed on any unpaid balance if payment is not received thirty (30) days after the bill date and, if the bill is not paid in full thirty (30) days after the bill date, interest will begin to accrue on any unpaid balance at seven percent (7%) per annum until the unpaid balance is paid in full (see also Section 8 below regarding enforcement).

2. REQUIREMENTS FOR DISCONTINUATION OF WATER SERVICE.

- A. The District will not discontinue water service for nonpayment until a customer has been delinquent on their payment for at least sixty (60) days.
- B. No less than seven (7) business days before discontinuation of water service for nonpayment, the District will contact the customer named on the account regarding the payment delinquency and impending discontinuation of water services by written notice or telephone ("Past Due Notice").
- C. Notwithstanding the foregoing subsection (B), the District will discontinue water services no

sooner than five (5) business days after the District posts a final notice of intent to discontinue service in a prominent and conspicuous location at the property under either of the following circumstances: (i) the customer fails to comply with an amortization agreement, an alternative payment schedule, a deferral or reduction in payment plan for delinquent charges, or other alternative payment arrangement for sixty (60) days or more; or (ii) while undertaking an amortization agreement, an alternative payment schedule, a deferral or reduction in payment plan for delinquent charges, or other alternative payment arrangement, the customer does not pay his or her current residential service charges for sixty (60) days or more.

- D. Past Due Notice In Writing: When the District contacts the customer named on the account in writing as set forth in subsection (B) above, the District will send the Past Due Notice to the customer of the residence where the residential service is provided. If the customer's address is not the address of the property to which residential service is provided, the Past Due Notice will also be sent to the address of the property to which residential service is provided, addressed to "Occupant." The Past Due Notice will, at a minimum, include: (i) the customer's name and billing address; (ii) the amount of the delinquency; (iii) the day by which payment or arrangement for payment is required to avoid discontinuation, and the scheduled shut-off date; (iv) a description of the process to apply for an extension of time to pay the delinquent charges; (v) a description of the procedure to petition for bill review or appeal; and (vi) a description of the procedure by which the customer may request a deferred, reduced, or alternative payment schedule, including an amortization of the delinquent residential service charges. Items (iv) through (vi) can be accomplished by providing a copy of this Policy.
- E. Past Due Notice By Phone: If the District contacts the customer named on the account by telephone as set forth in subsection (B) above: (i) the District will follow up in writing and provide a copy of this Policy to the customer; (ii) the District will notify the customer of the scheduled shut-off date, and (iii) the District will offer to discuss options to avert discontinuation of residential service for nonpayment, including, but not limited to, alternative payment schedules, deferred payments, minimum payments, procedures for requesting amortization of the unpaid balance, and petition for bill review and appeal.
- F. If the District is unable to make contact with the customer or an adult occupying the residence by telephone and/or the written notice is returned through the mail as undeliverable, the District will make a good faith effort to visit the residence and leave, or make other arrangements for placement in a conspicuous place of, a notice of imminent discontinuation of residential service for nonpayment and a copy of this Policy.
- G. The District will not discontinue residential water services under the following circumstances: during the pendency of an appeal under section 4 below (or during an appeal to any other administrative or legal body to which that appeal may be lawfully taken), or during the period of time in which a customer's payment is subject to a District-approved alternative payment arrangement so long as the customer remains in compliance with the approved alternative payment arrangement.

3. ALTERNATIVE PAYMENT ARRANGEMENTS.

If a customer is unable to pay a bill before such payment is required, the customer may request an alternative payment arrangement described in this section 3. As used in this Policy, "alternative payment arrangement" refers to and includes extensions, amortizations, alternate payment schedules, and payment reduction or deferral, all of which are discussed below in subsection (A)

through (D). All such requests must be made within five (5) days after receipt of the Past Due Notice, which, for the purpose of this section 3, shall be the date of the Past Due Notice if made by telephone as set forth in section 2(E) or five (5) calendar days after the notice is mailed if made in writing as set forth in section 2(D). All determinations regarding alternative payment arrangements will be made by the District's General Manager ("General Manager"). The General Manager may deviate from the alternative payment arrangement requirements set forth in this Policy if it is in the best interest of the District and the deviation complies with all applicable laws. If approved by the General Manager, alternative payment arrangements will be set forth in writing and must be signed by the customer(s) of record. A customer may be eligible for an alternative payment plan regardless of whether they meet the conditions of subdivision (a) of Section 116910 of the Health and Safety Code (discussed in section 5 below). The District is not required to reduce the total amount due for water services provided to a customer.

Alternative payment arrangements will, under most circumstances, conform to the following requirements and conditions: (i) payment arrangements are available no more than two (2) times per calendar year per customer or service address and will include the customer's past-due balance only; (ii) the customer cannot currently be making payments pursuant to an alternative payment arrangement; (iii) customers who fail to comply with an alternative payment arrangement will not be eligible for another alternative payment arrangement for the twelve (12) month period following the date of the missed payment; (iv) a good faith payment of a portion of the past due balance will be required at the time the alternative payment arrangement is signed (generally 15% of the total due); (v) payments under an alternative payment arrangement cannot be more than thirty (30) days apart; (vi) customers must remain responsible for all current and future bills during the alternative payment arrangement period; (vii) the alternative payment arrangement will require the repayment of the outstanding balance within twelve (12) months. Payment arrangements must be made with the District and signed by 5:00 PM the day before the scheduled disconnection date.

- A. Extensions. If approved by the General Manager, a customer's payment of his or her unpaid balance may be temporarily extended for a period after the balance was originally due. The General Manager will determine, in his or her sole discretion, how long an extension the District will offer to the customer. The customer must pay the full unpaid balance by the date set by the District and must remain current on all service charges accruing during any subsequent billing periods.
- B. Amortization. If approved by the General Manager, a customer's payment of his or her unpaid balance may be amortized over a period not to exceed twelve (12) months, as determined by the General Manager, in his or her sole discretion. If amortization is approved, the unpaid balance will be divided by the number of months in the amortization period, and that amount will be added to the customer's monthly bills for water service until fully paid. During the amortization period, the customer must remain current on all water service charges accruing during any subsequent billing periods.
- C. Alternative Payment Schedule. If approved by the General Manager, a customer may pay his or her unpaid balance pursuant to an alternative payment schedule that will not exceed twelve (12) months, as determined by the General Manager, in his or her sole discretion. If approved, the alternative payment schedule may allow periodic lump-sum payments that do not coincide with the District's ordinary payment date or may provide for payments made more or less frequently than the District's regular payment date. During the period of the alternative

payment schedule, the customer must remain current on all water service charges accruing during any subsequent billing periods.

- D. Payment Reduction or Deferral. If approved by the District, a customer may receive a temporary deferral or reduction of the unpaid balance. Payment reductions may not exceed the amount of unpaid reconnection fees and accrued interest charges, if any, for water service. The General Manager will determine, in his or her sole discretion, whether to grant a deferred or reduced payment, and the amount of such deferral or reduction, based on: (i) the availability of District funds to fund the reduction at a given time; (ii) the customer's demonstrated financial need; and (iii) the customer's prior payment history or prior payment reductions.

4. PROCEDURE TO APPEAL A BILL.

- A. Customers may contest or appeal a bill by sending a letter to the District that includes (i) the customer's name and identification number (as shown on the invoice); (ii) the service address and customer's mailing address (if different); (iii) the customer's telephone number and email address; (iv) a detailed statement of the reason(s) for the appeal (*e.g.*, why the invoice was made in error); and (v) a detailed description of the relief requested (*e.g.*, a reduced payment and in what amount) ("Notice of Appeal"). The Notice of Appeal must be submitted to the District within five (5) business days of the customer's receipt of the disputed bill. For the purposes of this subsection, a bill will be deemed received by a customer five (5) calendar days after the bill is mailed, or, if emailed, on the date the bill is emailed. A copy of the bill being appealed must be submitted with the Notice of Appeal. All outstanding water charges, fines, and penalties associated with the customer's account must be paid at the time or prior to the time the Notice of Appeal is submitted. If a customer does not comply with the requirements set forth in this subsection, the appeal will be deemed waived by the customer. The General Manager will review the Notice of Appeal, together with any supporting documentation, and determine if the Notice of Appeal complies with the requirements set forth herein, investigate the appeal, and determine if the District will grant or deny the relief requested in the Notice of Appeal ("GM Determination"). The GM Determination will be made in writing and mailed to the customer. If the General Manager reduces or eliminates a charge, fee, or penalty, the District will refund the amount of the reduction/elimination within five (5) business days of the GM Determination.
- B. If the customer is unsatisfied with the GM Determination, the customer may seek review of said determination by the District Board by sending a letter to the General Manager notifying the District of the customer's desire to appeal the GM Determination to the Board of Directors ("Board Appeal Letter"). The Board Appeal Letter must include (i) a copy of the Notice of Appeal (submitted pursuant to subsection (A) above) and the GM Determination being appealed; and (ii) a detailed statement of the reason(s) why the GM Determination was wrong. The Board Appeal Letter must be submitted to the District within five (5) business days of receipt GM Determination. For the purposes of this subsection, the GM Determination will be deemed received by a customer five (5) calendar days after the determination is mailed, or, if emailed, on the date the determination is emailed. If a customer does not comply with the requirements set forth herein, the appeal to the Board will be deemed waived by the customer and the GM Determination will be the District's final decision. If a timely Board Appeal Letter is received, the customer will be notified of the hearing date at least ten (10) calendar days prior to the hearing at which the Board will consider the customer's Board Appeal Letter. All

hearings will be held at the District's office. The customer will have the opportunity to present testimony, present witnesses, and produce documentary evidence to the Board. All appeal hearings are considered public. The decision of the Board will be issued in writing to the customer. If the customer wishes to send a representative to the hearing to appeal on the customer's behalf, or will be accompanied by legal counsel, the customer must provide written authorization for such representation and notify the District at least forty-eight (48) hours prior to the hearing. If the Board reduces or eliminates a charge, fee or penalty, the District will refund the amount of the reduction/elimination within five (5) business days of its written determination. The decision of the Board will be the final decision of the District.

5. DEMONSTRATION OF MEDICAL AND ECONOMIC HARDSHIP.

- A. The District will not discontinue water service if a customer demonstrates medical need and economic hardship to the District in writing and is willing to enter into an alternative payment arrangement approved by the District. More specifically, the District will not discontinue water service for nonpayment if all of the following conditions are met: (i) the customer, or a tenant of the customer, submits to the District a certification of a primary care provider, as that term is defined at Welfare and Institutions Code section 14088(b)(1)(A), that discontinuation of water service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises where water service is provided; (ii) the customer demonstrates that he or she is financially unable to pay for water service within the District's normal billing cycle (note that the customer will be deemed financially unable to pay for water service within the District's normal billing cycle if any member of the customer's household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or the customer declares that the household's annual income is less than two hundred (200) percent of the federal poverty level); and (iii) the customer is willing to enter into an amortization agreement, alternative payment schedule, a plan for deferred or reduced payment, or another alternative payment arrangement acceptable to the District. A customer must submit a medical need and economic hardship request before the scheduled date of the impending discontinuance of service. The request must be made in writing and demonstrate that the customer meets the requirements of this subsection (A).
- B. The General Manager will review the completed written request and supporting documentation and do one of the following: (i) notify the customer of the alternative payment arrangement selected by the District and request the customer's signed assent to participate in the alternative payment arrangement; (ii) request additional information from the customer; or (iii) notify the customer that he or she does not meet the required medical or financial conditions. If the conditions set out in subparagraph (A) are met, the General Manager will offer the customer at least one of the following options, in its sole discretion: (i) amortization of the unpaid balance; (ii) participation in an alternative payment schedule; (iii) a partial or full reduction of the unpaid balance financed; or (iv) temporary deferral of payment. The General Manager will set the parameters of the offered payment option(s) based on this Policy.

6. RESTORING SERVICES.

- A. When the District discontinues water services, it will provide the customer with information

- on how to restore residential services.
- B. Restoration of water services by the District will be subject to payment of: (i) any past-due amounts, including applicable interest or fees (if any); and (ii) any reconnection fees, subject to the limitations in subsection (C) below, if applicable.
 - C. The reconnection service fee will be \$50.00 or the actual costs to restore service, whichever is greater, and is subject to change by Board resolution. For a residential customer who demonstrates to the District a household income below 200 percent of the federal poverty line, the District will: (i) charge as the reconnection fee the actual cost of reconnection; and (ii) if required by the Act, waive interest charges on delinquent bills once every twelve (12) months.

7. TENANTS AND OTHER RESIDENTIAL OCCUPANTS.

- A. This section applies when there is a landlord-tenant or similar relationship between the residential occupants and the owner, manager, or operator of the dwelling, and residential service is pending discontinuance due to nonpayment.
- B. The District will send a Past-Due Notice to the occupants living at the service address at least ten (10) days before discontinuation of water service under the following circumstances: (i) the District furnishes individually metered service to a single-family dwelling, multi-unit residential structure, mobile home park, or permanent residential structure in a labor camp as defined in California Health & Safety Code Section 17008, and the owner, manager, or operator is the customer of record; or (ii) the customer of record's mailing address is not the same as the service address. The Past-Due Notice will be addressed to "Occupant," will contain the information required in section 2 above, and will inform the residential occupants that they have the right to become customers of the District without being required to pay the amount due on the delinquent account.
- C. The District will make service available to the actual residential occupants if each occupant agrees to the terms and conditions of service and meets the requirements of the District's rules and regulations. However, if one or more of the occupants are willing and able to assume responsibility for the subsequent charges to the account to the satisfaction of the District, or if there is a physical means, legally available to the District, of selectively discontinuing service to those occupants who have not met the requirements of the District's rules and regulations, the District will make service available to the occupants who have met those requirements. To be eligible to become a customer without paying the amount due on the delinquent account, the occupant(s) must verify that the delinquent account customer of record is or was the landlord, manager, or agent of the dwelling. Verification methods include, but are not limited to, a lease or rental agreement, rent receipts, or a government document indicating that the occupant is renting the property. If prior service for a period of time is a condition for establishing credit with the District, residence and proof of prompt payment of rent for that period of time is a satisfactory equivalent.
- D. Pursuant to Health and Safety Code section 116916(e), any residential occupant who becomes a customer of the District pursuant to this section whose periodic payments, such as rental payments, include charges for residential water service, where those charges are not separately stated, may deduct from the periodic payment each payment period all reasonable charges paid to the District for those services during the preceding payment period.
- E. Notwithstanding the foregoing, if the dwelling unit is a detached single-family dwelling unit, in order for the amount due on the delinquent account to be waived, the District may require

an occupant who becomes a customer to verify that the delinquent account customer of record is or was the landlord, manager, or agent of the dwelling.

8. ENFORCEMENT AND INTEREST.

- A. In addition to discontinuation of water service, the District may pursue any other remedies available in law or equity for nonpayment of water service charges, including, but not limited to: securing delinquent amounts by filing liens on real property, filing a claim or legal action, or referring the unpaid amount to collections. For example, the District may seek to collect any payment for water services using any method authorized by Government Code section 61115 and the General Manager is authorized to take all actions reasonably necessary to collect delinquent charges pursuant to Government Code section 61115. This includes, but is not limited to, (i) assessing a penalty of ten (10) percent on the unpaid amount(s), plus an additional penalty of one (1) percent per month for the nonpayment of the charges pursuant to Government Code section 61115(a)(3) and (ii) collecting delinquent charges and penalties on the tax roll in the same many as property taxes pursuant to Government Code section 61115(b).
- B. In the event a legal action is decided in favor of the District, the District shall be entitled to the payment of all costs and expenses, including attorneys' fees and accumulated interest.
- C. Neither the Act nor this Policy limits the District's right to discontinue service due to the unauthorized actions of a customer.

9. REPORTING. Annually, the District will report the number of annual discontinuations of residential service for inability to pay on the District's website and report the same to the State Water Resources Control Board.

10. LANGUAGES. This Policy will be made available on the District's website in the following languages: English, Spanish, Chinese, Tagalog, Vietnamese, Korean, and any other language spoken by 10 percent or more of the customers in the District's service area.