



# Agenda Report

August 3, 2020

**TO:** Honorable Mayor and City Council  
**THROUGH:** Municipal Services Committee (July 28, 2020)  
**FROM:** Water and Power Department  
**SUBJECT: APPROVE THE RECOMMENDED WATER LEAK ASSISTANCE PROGRAM AND AUTHORIZE THE GENERAL MANAGER OF THE WATER AND POWER DEPARTMENT TO MAKE ADJUSTMENTS TO WATER UTILITY BILLS FOR HIGH USAGE CAUSED BY PRIVATE PROPERTY WATER SYSTEM LEAKS**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the recommended action proposed herein is not a "project" subject to the California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and Sections 15060(c)(2), 15060(c)(3), and 15378 of the State CEQA Guidelines, and as such, no environmental document pursuant to CEQA is required for this action.
2. Approve the recommended Water Leak Assistance Program;
3. Authorize the General Manager (or designee) of the Water and Power Department to make adjustments to water utility bills for high usage caused by private property water system leaks; and

## **BACKGROUND:**

The Water and Power Department ("PWP") provides water delivery service to approximately 165,000 customers within the City of Pasadena ("City") and to specific areas located adjacent to the City limits. Service is provided through approximately 38,000 metered connections to PWP's water distribution system.

PWP has ownership and jurisdiction of the water distribution system, including the water mains and meters that serve the City's customers. PWP's responsibilities include all maintenance and improvement expenses for the distribution system up to and including the water meter. The point at which the customer's private property is connected to the water meter is the location at which responsibility transfers to the customer. Customers are responsible for inspecting, maintaining and repairing all indoor and outdoor water infrastructure on their private property, including (but not limited to) the water pipe from

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the meter to the property, irrigation equipment, swimming pool/spa, hose bibs and all indoor plumbing and fixtures. The customer or property owner is responsible for ensuring that all water structures are kept in good repair and free of leaks.

From time to time, customers may experience water leaks on their private property that result in excessive water losses from unknown (or reasonably unknown) sources. A customer may only become aware of the water leak when notified by PWP through a high-usage letter or through a utility bill with unusually high charges for water service. In certain cases, customers who receive very high water bills as result of leaks on their private property will contact PWP seeking adjustments to the bill. Generally, the requests are made because the source of the leak was difficult to detect or the leak occurred while the property was unoccupied and the property owner was not aware of the episode.

Currently, PWP does not have a policy or procedure by which bill adjustments can be made for unusual water losses due to leaks on private property. The proposed policy and bill adjustment application process will provide authorization for the PWP General Manager to permit reasonable adjustments to water service charges within defined circumstances. Bill adjustments as a result of applying the Water Leak Adjustment policy will be funded by revenues that are derived from non-retail rate sources, primarily from rental fees for property owned and operated by the Water System.

***Proposed Water Leak Assistance Program***

The proposed Water Leak Assistance Program will provide the PWP General Manager with authority to address the occasional requests from customers who have experienced excessive water loss resulting in high water bills from leaks on private property that could not be detected through reasonable observation or which occurred while the property owner was absent. Excerpts from the recommended program are listed in Table 1. The complete recommended program is provided in Attachment 1. The Water Leak Assistance Request Form is provided in Attachment 2.

**Table 1**

<b>Program Description:</b>
<ul style="list-style-type: none"><li>• Annual funding limited to \$50,000 per fiscal year</li><li>• Funding provided from non-retail rate revenues</li><li>• Leak assistance provided only as a bill credit to water charges (no cash payments)</li><li>• Assistance applications processed on a first-come, first-served basis until funds are fully expended</li></ul>
<b>Assistance Qualifications:</b>
<ul style="list-style-type: none"><li>• Customers must complete the Water Leak Assistance Request form to be considered</li><li>• Maximum bill credit up to 50% of water lost to leak condition, not to exceed \$3,000 per customer</li><li>• Amount of bill credit based on recorded high usage volume compared to average for the previous two years<ul style="list-style-type: none"><li>○ Same or similar billing cycles from previous two years</li><li>○ Credit based on inversely applying highest block rate to calculated high usage volume</li></ul></li></ul>

- High usage volume must be a minimum of two times (2x) the average for the previous two years
- Maximum of two billing cycles considered to calculate water loss
- Denial of claims for insurance adjustments required before bill adjustments will be considered

**Customer Criteria:**

- Customer's account must be in good standing (not in delinquent or credit shut-off status)
- Premise for which leak assistance is requested must be occupied (tenant or owner)
- Must apply for assistance within 30 days of discovering or being notified of leak
- Must present evidence (plumber's invoice, receipts for materials purchased, etc.) that leak was repaired within 7 (seven) days of discovering or being notified of leak
- Bill adjustment for Water leak assistance is available one time per customer in a 36-month cycle

**COUNCIL POLICY CONSIDERATION:**

The recommendations to authorize the General Manager to provide bill adjustments for water leaks on private properties within the Pasadena Water System service area supports the City Council's goals to maintain fiscal responsibility and stability, and improve the quality of life and the local economy in Pasadena by enhancing customer satisfaction and confidence.

**ENVIRONMENTAL ANALYSIS:**

The action proposed herein is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15378. The adjustment of water utility bills is an administrative activity that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

**FISCAL IMPACT:**

The total estimated cost of the recommended actions is limited to \$50,000 per fiscal year, with funding to be provided by rental fees generated from the use of properties and facilities owned and operated by the Water System. The Water Leak Assistance Program will not rely on revenues generated by rates and charges for water service and will not have an impact on rates charged to customers of the Water System. Funding will be approved by the City Council as part of the annual operating budget.

Respectfully submitted,



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GURCHARAN S. BAWA  
General Manager  
Water and Power Department

Prepared by:



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Shari M. Thomas  
Assistant General Manager  
Water and Power Department

Approved by:



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STEVE MERMELL  
City Manager

Attachments:

- Attachment A – Water Leak Assistance Program
- Attachment B – Water Leak Assistance Request Form