RESOLUTION NO. 2330

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MONTECITO WATER DISTRICT ADOPTING A WATER LOSS ADJUSTMENT POLICY FOR FISCAL YEAR 2027

WHEREAS, Montecito Water District ("District") is responsible for the repair and maintenance of its water distribution system up to and including the water meters installed to serve District customers; and

WHEREAS, District customers are responsible for the repair and maintenance of the water system and plumbing facilities from the water meter to their property, including all plumbing fixtures on their property (i.e. the water system on the customer side of the water meter); and

WHEREAS, the District occasionally receives requests from customers to reduce their water bill due to a water leak or water loss which occurred on the customer's side of the water meter; and

WHEREAS, in accordance with Ordinance 82, the customer is responsible for payment for any water that is recorded through the meter including water that is lost due to a plumbing leak, a service line break, theft or unaccounted for water use; and

WHEREAS, in August 2017, the District adopted Resolution 2156 modifying Sections 6.2 and 9.1 of Ordinance 82 and establishing a Water Loss Adjustment Policy; and

WHEREAS, the Water Loss Adjustment Policy has been periodically updated to incorporate various revisions to the policy, including updating the unit rate for Excess Water and incorporating a requirement that customers must be enrolled in, and demonstrate utilization of, the District's smart metering technology to be eligible for a water loss adjustment; and

WHEREAS, the purpose of this Resolution is to: (a) rescind the current Water Loss Adjustment Policy established by Resolution No. 2308; and (b) establish a Water Loss Adjustment Policy for Fiscal Year 2027 effective upon adoption of this Resolution.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of Montecito Water District hereby adopts the following Water Loss Adjustment Policy for Fiscal Year 2027:

1. The Water Loss Adjustment Policy adopted by Resolution 2308 is hereby rescinded in its entirety and replaced with the Water Loss Adjustment Policy contained in this Resolution.

2. Notwithstanding the customer's responsibility for charges due to water that is lost on the customer's side of the water meter under Section 6.2 of Ordinance 82, the District may, upon written request of a customer, grant an adjustment of a customer's bill ("Water Loss Adjustment") in the event of loss of water due to circumstances beyond the reasonable control of the customer such as a mechanical malfunction, blind leak, theft of water, vandalism, unexplained water loss, or other unusual or emergency condition.

3. A determination as to whether a Water Loss Adjustment will be applied is at the discretion of the General Manager or their designee. In making the determination, the General Manager or their designee, in the exercise of their discretion, will consider, evaluate, and weigh the following factors:
    a. The cause of the water loss;
    b. The customer's ability and opportunity to detect the water loss;
    c. Any acts or omissions of the customer in connection with the water loss;
    d. Evidence of steps taken to correct the problem; and
    e. The promptness with which the water loss was discovered, stopped, and repaired.
4. Water Loss Adjustments will be handled on a case-by-case basis.
5. In order to qualify for a Water Loss Adjustment, the customer must:
    a. Be enrolled in and demonstrate utilization of the District's smart metering customer portal (WaterSmart) for the purpose of monitoring their real-time water use and receiving notifications of apparent water loss. A customer who is enrolled but was not actively utilizing WaterSmart prior to the loss event may still qualify for a Water Loss Adjustment at the General Manager's discretion.
    b. Take corrective action to remedy the specific condition immediately upon being notified of or discovering the water loss, whichever occurs earlier. The customer may temporarily turn off water service to their property at their valve located on the customer's side of the water meter and/or request the District temporarily shut off the water to the property until such time as remedial repairs of the specific condition are made.
    c. Fill out and submit a Water Loss Adjustment Request form and provide any and all documents in support of the adjustment request to the District within thirty (30) days from the billing date for the period in which the loss occurred. Any supporting documents that are not provided at the time of submittal of the Water Loss Adjustment Request form will not be considered in the initial determination of the request, or during any appeal of the determination. Supporting documents may include, but are not limited to:
        i. Invoice(s) for the repair;
        ii. Report(s) from a leak detection specialist;
        iii. Invoice(s) for parts;
        iv. Photographs or videos depicting the water loss and/or repairs;
        v. Declarations and/or affidavits of the customer or any agent or manager of the Customer substantiating the request.

A site visit by District personnel may be required.

d. Have an account in good standing (meaning no past-due balance more than thirty (30) days overdue and not subject to a shut-off notice) at the time of the Water Loss Adjustment request.

e. If the District determines that a submitted Water Loss Adjustment Request form is incomplete or missing information the District shall provide written notice to the customer identifying the deficiency. The customer shall have ten (10) business days from the date of such notice to provide the missing documentation or information. Failure to cure the deficiency within the stated period shall result in denial of the adjustment request.

6. The Water Loss Adjustment will be determined as follows:

   a. The District will estimate a customer's normal water use ("Normal Use") in hundred cubic feet (HCF) for the month in which the loss occurred based on the following:

      i. For existing accounts, Normal Use shall be an average of the usage during the same month for the past three (3) consecutive years. If less than three (3) consecutive years of data is available, an average of the available data shall be used.

      ii. For new accounts with historical water use data available for the property, Normal Use shall be calculated in the same manner as existing accounts. For new accounts without historical water use data (i.e. new development), historical water use information for similar properties may be used.

      iii. Other information may be used in estimating Normal Use on a property, as determined appropriate by the General Manager and noted in any Water Loss Adjustment determination provided to the Customer.

   The General Manager or their designee will assess the available information and make a determination of estimated Normal Use for the month in question.

   b. The difference between the billed amount and the Normal Use will be considered the "Excess Water" resulting from the loss.

   c. All Excess Water will be billed as follows:

      i. At a unit rate equal to the additional cost incurred by the District to replace the lost water as specified in the attached Appendix A. This unit rate specified in Appendix A will be reviewed annually and updated accordingly.

      ii. Surcharges and/or Penalties, if in place at the time of the adjustment request, will not apply.

d. The amount of the customer's revised bill as determined above will be due and payable in the billing cycle immediately following the billing cycle during which the Water Loss Adjustment is granted.

7. Water Loss Adjustments will be limited to two consecutive billing periods depending on the time and circumstances of the loss and will be limited to one adjustment every twenty-four (24) months.

8. The customer may appeal the decision made by the General Manager or their designee under this Resolution to the Board of Directors by filing a written appeal with the District within 30 days of written notice of the General Manager's decision. Such an appeal will be governed by the procedures set forth in Section 9 of Ordinance 82, with the amount due under subdivision (d), Section 6 above substituted for "the total amount due to the District" for purposes of Section 9.1. In accordance with Ordinance 82, the Appeals Committee will meet with the customer and make a recommendation to the Board of Directors. The appeal will be scheduled for consideration at the next regularly scheduled Board of Directors meeting, or at such a later meeting that is agreed to between District and Customer in writing.

9. This Resolution shall be immediately effective upon passage, and applicable to all Water Loss Adjustment Requests submitted subsequent to the date of passage of this Resolution.

BE IT FURTHER RESOLVED that the General Manager may take appropriate actions as may be necessary to implement this resolution.

PASSED AND ADOPTED by the Board of Directors of the Montecito Water District this 23rd day of June 2026 by the following roll call vote:

AYES: Coates, Goebel, Hayman, Plough, Wicks
NOES:
ABSENT:
ABSTAIN:

APPROVED:

Brian Goebel, Board President

ATTEST:

Nick Turner, Secretary

Appendix A

All excess water will be billed at a unit rate equal to the additional cost incurred by the District to replace the lost water inclusive of the projected cost of replacement water acquired on the statewide supplemental water market, and the variable costs associated with the treatment and delivery of that water to the District.

This unit rate is determined to be $5.13/HCF for Fiscal Year 2027.