

RESOLUTION NO. 2026-03

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SAN MIGUEL COMMUNITY SERVICES DISTRICT ESTABLISHING BILL
PAYMENT POLICY**

WHEREAS, San Miguel Community Services District ("District") is a community services district formed under California Government Code section 61000 et. seq. to provide community services within the District's service area, including water, sewer, lighting, solid waste, and fire protection services; and

WHEREAS, the District Board of Directors ("Board") desires to standardize the District's procedures for acceptance of payments for debts owed to the district and provide District customers with notice of their payment options and obligations; and

WHEREAS, District staff has prepared a Bill Payment Policy, attached hereto as Exhibit A and incorporated herein by this reference, which sets forth the procedures and guidelines for facilitating payments from District customers, ensures that customers that meet their payment obligations in a timely manner do not bear the additional cost of those who do not, and establishes enforcement mechanisms to obtain payment when a customer refuses to pay or cannot be located; and

WHEREAS, the Board has reviewed the proposed policy and determined that its adoption is in the best interest of the District and the community to ensure proper financial administration and legal compliance.

NOW THEREFORE, BE IT RESOLVED, the Board does, hereby, find and declare that:

1. The Board hereby approves and adopts the Bill Payment Policy attached as Exhibit A to this Resolution.
2. The Board hereby authorizes the General Manager to make non-substantive edits to the formatting or numbering of the Policy if needed for clarity, so long as the content and intent remain as approved by the Board.
3. The Board finds that adoption of the Bill Payment Policy is necessary for the prudent management of District finances and to comply with state law. The Board further finds that the procedures set forth in the Policy are fair and in the public interest.
4. This Resolution shall take effect immediately upon its adoption.

(signatures next page)

On the motion of Director **Sangster** seconded by Director **Davis** and on the following roll call vote, to wit:

AYES: Smiley, Davis, Beatty, Sangster
NOES: 0
ABSENT: 0
ABSTAINING: 0
VACANCY: 1

The foregoing Resolution is hereby passed and adopted this 22nd day of January, 2026.



Kelly Dodds, General Manager



Ashley Sangster (Jan 23, 2026 1:07:26 PST)

Ashley Sangster, Board President

ATTEST:

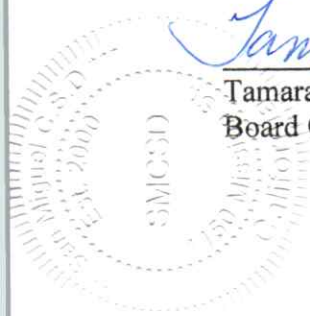


Tamara Parent
Board Clerk

APPROVED AS TO FORM:



Christina M. Pritchard,
Deputy General Counsel





**San Miguel Bill Payment Policy
Effective as of January 22, 2026**

The San Miguel Board of Directors has instituted this policy as a mechanism to reduce the cost of customers who provide invalid or insufficient payment to those customers who do provide valid and prompt payments.

The District understands there may be circumstances which arise from time to time causing a payment to become invalid or insufficient. The District has and will continue to work with all customers whom may need assistance to satisfy their debts to the District in a manner consistent with District policy and state law which does not unduly burden other District customers with the cost to do so.

Section 1. Policy Purpose and Application

The Board of Directors adopts this policy to:

- a. Provide procedures for acceptance of payments for debts owed to the District;
- b. Establish a comprehensive policy for District billing practices and provide customers notice of their payment duties and obligations;
- c. Facilitate timely payment from District customers to meet the District's financial obligations;
- d. Ensure that customers that meet their obligation of timely payment do not bear the additional cost of those who do not; and
- e. Establish enforcement mechanisms to obtain payment when a customer refuses to pay or cannot be found.

Section 2. Payment Due

All payments shall be due upon receipt. Penalties and Late fees will be assessed on all past due balances based on this policy unless otherwise stated in another District policy

Section 3. In Person Payments

Debts to the District may be paid in person at the District's billing office during normal business hours. Acceptable payment methods include: Cash, Check, Money Order or Credit/Debit Card. However, permit, connection fees and other invoicing by the District may not be paid by Credit or Debit Cards.

Section 4. Online Payments through Online Payment Portal

Regular Water or Wastewater bills to the District may be paid online through the District's authorized Online payment portal using an Electronic-check ("E-Check") or Credit/ Debit Card.

Online payments are currently available only for regular monthly Water and Wastewater service bills. Other types of District debts cannot be paid through the online portal at this time.

Section 5. Returned Checks and E-Check Payments for Non-Sufficient Funds

If a payment is made in person by check or online by E-Check and that payment is returned due to Non-Sufficient Funds ("NSF") two (2) times within a six (6) month period, District will prohibit that person/customer from paying by check or E-check for a period of twelve (12) months from the date of the second returned payment. During this twelve (12) month suspension, the customer/person must use another form of payment (ie: cash, money order or credit/ debit card) to pay any amounts due.

Section 6. Returned Online Payments

If an online payment by E-Check or credit/ debit card where the payment is returned due to bad account or unable to locate account errors after two (2) such failed online payments within a six (6) month period, the District will prohibit the customer's/person's ability to use the Online payment portal for a period of twelve (12) months from the date of the second returned payment received. During this twelve (12) month suspension, the customer/person must use another form of payment (ie: cash, money order or credit/ debit card) to pay any amounts due.

Section 7. Remediating Returned Payments

When a payment is returned or rejected, the District will notify the customer of the returned payment. A person/customer will have two (2) business days from the date of the notification to provide a replacement payment in an acceptable form for a payment that was returned to the District as NSF, or unable to locate. If the customer/person replaces the returned payment within two (2) business days, the account will not be considered delinquent as a result of the returned item. If a replacement payment is not received within two (2) business days, the account will be treated as unpaid as of the original due date and may incur late fees or other penalties.

Section 8: Fees and Penalties

a. Late Fees/ Penalties

Any debt that is not paid by its due date is subject to late payment charges. In accordance with Government Code §61115, subd. (a)(3)(C), the District imposes a one-time penalty of ten percent (10%) of the unpaid balance of any debt that remains unpaid after the due date (unless otherwise satisfied under terms of Section 6 and 7 of this policy).

If a balance remains unpaid in subsequent billing periods, the District will assess an additional penalty of one percent (1%) per month on the outstanding amount for each month it remains delinquent. These additional penalties are cumulative, meaning they are added on top of the initial ten percent (10%) penalty for as long as the balance remains unpaid.

However, for any residential customer/person who demonstrate that their household income is below 200% of the federal poverty level, the District will waive interest charges (the 1% monthly penalty) on delinquent bills for water service once every 12 months, as required by Health & Safety code §116914. All customers are encouraged to contact the District if they are having difficulty paying, so that late penalties might be avoided through payment arrangements (See Section 9 below).

b. Bank Fees

If the District incurs a bank fee or other processing charge because a payment was returned or denied as unpayable (i.e. NSF), that actual fee amount will be passed on to the customer/person. The customer's/person's account will be charged an amount equal to the fee the District was charged by its bank or payment processor. This charge is in addition to any late fees or penalties described above, and simply recovers the external cost caused by the returned payment. The District does not add any extra surcharge beyond the actual cost.

Section 9: Payment Arrangements ("PA")

The District offers Payment Arrangements ("PA") to help customers pay off past-due balances over time and avoid immediate penalties or disconnection.

- a. Water and Wastewater service accounts are eligible for payment arrangement if they have a past-due amount.

A payment arrangement is a written agreement between the account holder and the District that allows a past-due amount to be paid in installments over an extended period, while the customer/person continues to pay new bills as they come due. Entering into a PA can prevent further late fees and service disconnection as long as the customer/person honors the agreement.

b. Terms of the Payment Arrangement

- 1) The installment schedule may be requested for up to a maximum duration of twelve (12) months, at the District's discretion. The past-due balance will be divided into monthly installments to be paid over the agreed period.
- 2) In addition to paying the installment amount, the account holder will continue to pay all new charges in full by their regular due dates during the arrangement period.
- 3) PA must be signed by the property owner, or the tenant **and** property owner (if the tenant is the account holder).
- 4) Later fees and penalties will not be charged on past due amounts as long as the PA payments are made.

c. Failure to maintain the PA

- 1) If the account holder misses one (1) of the agreed upon scheduled installment payments the account holder will be given a written warning that their PA may be rescinded. If another payment is missed, the account holder will be given two (2) business days to make the missed payment.
- 2) If the account holder fails to make two (2) of the agreed upon installment payments, the District will terminate the PA, and the balance owed will be due in full within five (5) business days of notifying the account holder. If payment is not received within five (5) business days, the District will begin the process for service disconnection, pursuant to Section 6 of the District Billing Policy. Any additional fees incurred as part of the

disconnection process will be added to the balance owed and will be due prior to restoring service.

- 3) If a PA is formally terminated for non-compliance, the account holder who failed to comply with a PA will not be eligible for a new payment arrangement for a period of twelve (12) months from the date of default of the previous PA.

Section 10: Appeals to General Manager

- a. Any customer of the District may file a written request with the General Manager disputing any fee or charge assessed, or decision derived through the implementation of this policy by the District within five (5) days of the debt becoming due.
- b. Within thirteen (13) days of submitting the request disputing any fee or charge, or decision derived through the implementation of this policy in writing, the customer may make a request for an extension of the payment period of a bill asserted to be beyond the means of the customer to pay in full during the normal period for payment.
- c. The General Manager shall review all written requests for relief and either deny the request or grant the relief requested or a portion thereof. Factors for consideration shall include:
 1. Payment history for prior 12 months;
 2. Any other factor deemed relevant by the General Manager.

Section 11: Appeals to the Board of Directors

- a. If a customer of the District disagrees or disputes the General Manager's final decision under section 10 of this policy, the customer may appeal the decision by filing a written "Notice of Appeal" with the District no later than fifteen (15) days from the date of the General Manager's final decision. Appeals of the General Manager's decision shall be heard by the Board of Directors.
- b. No customer shall be entitled to an appeal hearing before the Board of Directors without first having sought relief from the General Manager, pursuant to Section 10.
- c. The Notice of Appeal shall set forth the basis for the appeal and include all facts or documentation upon which the appeal is based.
- d. Within fifteen (15) days of receiving the Notice of Appeal, the General Manager shall notify the appellant in writing of the date, time, and location for the Board of Directors hearing. The General Manager shall provide notice of the hearing to the appellant no later than fourteen (14) days prior to the appeal hearing.
- e. At the appeal hearing, the customer may present evidence demonstrating that the bill is inaccurate, or the amount owed is improper. The General Manager may present evidence that demonstrates the accuracy of the utility bill and evidence that justifies the amount of the bill or justification for any District decision. Board members may ask questions of both the customer and the staff during the hearing.
- f. The Board of Directors may affirm the amounts assessed by the General Manager, reduce any portion of the delinquent amount or penalties, or find that the imposition of the penalty is not warranted. When reducing the amount sought by the bill, the Board shall make a finding on the record that the reduction is in the public interest.

- g. The Board of Directors' decision shall be final, and outstanding balances shall be due immediately, unless otherwise extended by the Board of Directors.
- h. The Board of Directors may offer the customer an option to have the appeal heard by a neutral arbitrator instead of by the Board in the public meeting. Costs of the arbitrator will be split evenly between the District and the customer. The arbitrator's decision will be presented to the Board to adopt as final. If the customer does not agree to arbitration, the appeal will proceed with a standard Board hearing as described above.
- i. By requesting an appeal to the Board of Directors, the customer acknowledges that the details of their account and dispute will become part of the public record. The customer thereby waives any confidentiality of their utility billing information, usage history or any other information that may be used for or against them in the public hearing. If the matter is handled by arbitration, the proceedings are not public, but the outcome may still be referenced in a public Board resolution. Customers should be aware that appealing to the Board means the matter is no longer private.

Section 12. Collection of Delinquent Charges via Tax Roll

For delinquent water or wastewater service charges only, any amount that remains outstanding thirty (30) days after the appeal hearing or any amount that becomes final and unappealable may be collected on the tax roll in the same manner as property taxes, pursuant to Government Code §61115. The General Manager shall prepare and file a written report for the Board of Directors describing the affected property and the amount of charges and delinquencies for the year. The General Manager shall publish notice of the filing of the report and of the time and place for a public hearing in a newspaper of general circulation once (1) a week for two (2) weeks at least fourteen (14) days prior to the public hearing.

At the public hearing, the Board of Directors shall hear and consider any objections or protests from property owners or other interested persons regarding the proposed tax roll charges from the report. At the conclusion of the public hearing, the Board of Directors may adopt or revise the charges and penalties prior to adopting the final report. The Board of Directors determination on each affected parcel and its determinations shall be final.

After the Board of Directors adopts the final report, the General Manager shall submit the final report to the County of San Luis Obispo Clerk Recorder each year, and the delinquent charges shall become an assessment against each affected parcel and collected in the same manner as property taxes.

Section 13. Collection via Third-Party Debt Collector (all bill types)

For delinquent debts that are not secured by property or suitable for tax roll collection, the District may use an external third-party collection agency as an enforcement method. The District, at its option, may sell or assign any delinquent debt to a professional debt collection agency after thirty (30) days of delinquency.

Section 14. Severability

If any part of this policy, or the application thereof to any person or circumstance, is held invalid, it shall not affect the validity of the remaining portions of the policy. The remainder of the policy and its application to other persons or circumstances shall continue in full force and effect, as the provisions of this policy are severable.