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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 2.5 (commencing with Section 1954.201) is added to Title 5 of Part 4 of Division 3 of the Civil Code, to read:

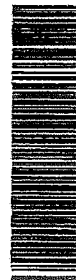
CHAPTER 2.5. WATER SERVICE

1954.201. It is the intent of the Legislature in enacting this chapter to do both of the following:

- (a) To encourage the conservation of water in multifamily residential rental buildings through means either within the landlord's or the tenant's control.
- (b) To ensure that the practices involving the submetering of dwelling units for water service are just and reasonable, and include appropriate safeguards for both tenants and landlords.

1954.202. As used in this chapter:

- (a) "Billing agent" means a person or entity who contracts to provide submetering services to a landlord, including billing.
- (b) "Landlord" includes all agents of the landlord, billing agents, and successors in interest to the real property interests of the landlord. "Landlord" does not include a tenant who rents all or a portion of a dwelling unit to subtenants.
- (c) "Property" means real property containing two or more dwelling units that is served by a single meter.
- (d) "Rental agreement" includes a fixed-term lease.
- (e) "Renting" includes leasing, whether on a periodic or fixed-term basis.



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(f) "Submeter" means a device that measures water consumption of an individual rental unit within a multiunit residential structure or mixed-use residential and commercial structure, and which is owned and operated by the landlord. "Submeter" includes submeters, if more than one submeter is being used to measure water usage in a particular dwelling unit.

(g) "Water service" includes any charges for other services, including sewage or storm water services that are based in whole or in part on the volume of water usage recorded by a water meter.

(h) "Water purveyor" means a water purveyor as defined in Section 512 of the Water Code.

1954.203. A landlord shall not charge tenants separately for water service unless a water and submetering system is installed, operated, and maintained as follows:

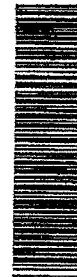
(a) The submeter is certified for commercial purposes pursuant to law, including, but not limited to, Section 12500.5 of the Business and Professions Code.

(b) The installation conforms to all laws, including, but not limited to, regulations established pursuant to Section 12107 of the Business and Professions Code.

(c) The installation was performed by a licensed service provider.

(d) The submeter is operated in compliance with regulations established pursuant to Section 12107 of the Business and Professions Code.

(e) The submeter for a dwelling unit measures only water that is supplied for the exclusive use of the particular dwelling unit and only to an area within the exclusive possession and control of the tenant of the dwelling unit.



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(f) The primary submeter indicator or remote reader may be easily accessed and read by the tenant of the dwelling unit, and read by the owner landlord without entering the dwelling unit.

(g) Each submeter is reinspected and recalibrated within the time limits specified in law or regulation.

(h) All plumbing fixtures and fittings within each dwelling unit conform to all laws regarding habitability of dwellings and water conservation.

(i) This section shall not be construed to require a water purveyor to assume responsibility for ensuring compliance with any law or regulation governing installation, certification, maintenance, and testing of water submeters and associated onsite plumbing.

1954.204. Prior to executing a rental agreement, a landlord that intends to charge a tenant separately for water service shall clearly disclose the following information to the tenant, in writing, in at least 10-point type, which may be incorporated into the rental agreement:

- (a) That the tenant will be billed for water service separately from the rent.
- (b) The average bill for water service for units at the property over the most recent calendar year or, if the building is less than one year old, a portion of that calendar year.
- (c) The frequency of submeter readings.
- (d) The due dates and payment procedures for bills for water service.
- (e) If a billing agent is used, the name, address, e-mail address, normal hours of operation, and toll-free telephone number of the agent.



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(f) The date the submeter was last tested and calibrated, and the date by which it must be retested and recalibrated under law.

(g) A statement in substantially the following form:

The landlord (or name of landlord) shall charge you (or name of tenant, or term used in the rental agreement for the tenant) for water use at the same rate that the (water purveyor) bills its customers for residential use. To find out what the rate charged by (water purveyor) is, contact (water purveyor) at (address), (telephone number).

(h) A statement that the tenant shall be charged for water service at the exact rate or rates charged by the water purveyor serving the property.

(i) A statement that the tenant shall also be charged for a portion of any recurring fixed charge billed to the property by the water purveyor and that the tenant's portion of the recurring fixed charge shall be proportional to the amount of water the tenant uses in relation to the usage for the entire property.

(j) The current amount of the recurring fixed charge referred to in subdivision (i).

(k) A statement that no other administrative, connection, disconnection, billing, or other periodic fee or charge, except for a late fee or submeter testing fee, may be assessed. If the landlord reserves the right to charge a late fee, the amount and terms of the late fee shall also be disclosed.

(l) The location of the submeter, and directions on how to read the submeter.



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1954.205. (a) As part of a water service bill, a landlord shall only bill a tenant for volumetric usage of water service pursuant to subdivision (b), and a portion of any recurring fixed charge for water service billed to the property by the water purveyor pursuant to subdivision (f). The landlord shall not impose any periodic, connection, termination, or other fee, however denominated, except for late fees or testing fees as provided in this chapter.

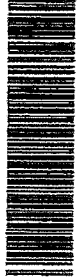
(b) The amount of the volumetric portion of the bill shall be calculated by multiplying the volume of water used, as determined by the submeter for the billing period in question, by the rate or rates for volumetric usage established by the purveyor of water service for residential use.

(c) If the rates established by the water purveyor change, the bill shall be prorated to reflect the time each rate was in effect. The landlord may assess charges for the entire billing period based on the lower rate.

(d) If a submeter reading for the beginning or end of a billing period is, in good faith, not available, the landlord may bill the tenant 75 percent of the amount originally disclosed to the tenant pursuant to subdivision (b) of Section 1954.204.

(e) No charges shall be imposed under this chapter if readings have been unavailable for more than three months.

(f) The amount of the recurring fixed charge for water service billed to the property by the water purveyor to be charged to the tenant shall be based on the proportion of the tenant's volumetric water use, as shown on the submeter, in relation to the water use of the entire property, as shown on the property's water meter.



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1954.206. (a) The billing cycle for a water service bill pursuant to this chapter shall match that of the water purveyor.

(b) Submeters shall be read within 3 days of the same point in each billing cycle.

(c) Bills shall be due at the same point in each billing cycle. However, bills shall be due no earlier than ten days after mailing, if mailed, or five days after personal delivery.

(d) Bills shall include the following information:

(1) The submeter readings for the beginning and end of the billing cycle, the dates read, and the indicated consumption.

(2) The unit of measure for the readings and usage.

(3) The rate or rates charged per unit of measure.

(4) The amount of the current charges for volumetric use.

(5) The amount of any recurring fixed charge for water service billed to the property by the water purveyor.

(6) The total water consumption for the property, as indicated by the property's water meter.

(7) The percentage of the total water consumption of the property that was consumed by the tenant.

(8) The amount of current charges assessed to the tenant for the tenant's share of any recurring fixed charges for water service billed to the property by the water purveyor.

(9) A separate entry showing past due amounts, if any.

(10) A separate entry showing any previously imposed late charges.



(11) The total amount due.

(12) The due date for the bill.

(13) A statement of the amount of any new late charges, if any, and when the late charges would apply. Late charges shall be imposed pursuant to Section 1954.211.

(14) The name, mailing address, e-mail address, telephone number, and the regular business hours of the person or persons the tenant may call with questions or concerns regarding the bill, and who is authorized to make any necessary adjustments to the bill. If a billing agent is used, the name of the entity shall also be disclosed and the telephone number of the billing agent shall be toll-free.

1954.207. A submeter shall be read within three days of the beginning or end of a tenancy to determine the amount of the first or last bill for water service. Tenancies that begin or end within three days of a normal reading may be billed as usual.

1954.208. (a) A landlord shall not charge or recover, or allow to be charged or recovered, any of the following:

(1) Any additional servicing, administrative, establishment, maintenance, meter reading, meter testing, billing, or submetering fees, or any other fee, including those charged by a billing agent, except as provided in Section 1954.210.

(2) Any fees billed to the landlord by the water purveyor, billing agent, or any other person for any deposit, disconnection, reconnection, late payment, or any other water service related purpose.

(b) This section does not prohibit a landlord from recovering any costs listed in subdivision (a) that are incorporated into the rent for a dwelling unit, if the rent is a



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fixed amount per rental period, the charges are not listed separately, and the rental charges are otherwise lawful.

1954.209. The landlord shall maintain and make available in writing, at the tenant's request, within seven days after the request, the following:

(a) All installation and maintenance records of the submeter in the tenant's dwelling unit, including the name, license number, and contact information of the service provider who installed or serviced the submeter.

(b) The most recent test results of the submeter in the tenant's dwelling unit.

(c) The method and sources used to determine the rate at which the tenant is charged for water.

1954.210. (a) If the water system in a dwelling unit does not function properly, including leaks, fixtures allowing unnecessary water consumption, or a malfunctioning submeter, the tenant may request that the landlord repair the problem. The landlord shall make the repairs within seven days.

(b) A tenant may request that a landlord have a submeter tested for accuracy. The landlord shall respond to the request within seven days, and the test shall be carried out as soon as reasonably practicable. The test shall be performed by a service provider or other person authorized by law to perform the test. If the test shows that the submeter is inaccurate beyond the tolerances established by law, the landlord shall repair or replace the submeter. If the test shows the submeter was indicating more usage than the actual amount used and beyond established tolerances, the landlord shall refund the estimated overcharge to the tenant within 30 days of receipt of the results.

(c) The landlord shall pay for the cost of the test if either:



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(1) The tenant requests the test because the submeter has indicated that water usage has increased more than 25 percent for two consecutive billing periods over the previous three billing periods.

(2) The submeter is found to be inaccurate beyond the tolerances established by law.

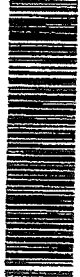
(d) The tenant shall pay for the test in all other cases, up to a maximum of seventy-five dollars (\$75).

(e) The landlord is not required to test a submeter under subdivision (b) if the submeter was tested and found accurate within two years prior to the tenant's request and the landlord provides the written results of that test to the tenant. However, the landlord shall have the submeter tested if the tenant pays in advance for the entire cost of the test.

1954.211. (a) A landlord may impose a late fee of up to 5 percent for any water service bill not paid within 20 days of its due date. If the 20th day falls on a Saturday, Sunday, or holiday, the late fee shall not be imposed until the day after the first business day following the 20th day.

(b) (1) Notwithstanding Section 1950.5, if a water service bill remains unpaid after the time described in subdivision (a) expires, the landlord may, in lieu of a late fee, deduct the amount due from the tenant's security deposit. The landlord may require an additional deposit of security following a deduction, if the deposit would be otherwise lawful under Sections 827 and 1950.5.

(2) The landlord may also deduct an unpaid water service bill from the security deposit upon the ending of a tenancy, provided that the last water service bill showing



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the amount due is attached to the documentation required by Section 1950.5, and all the other requirements of that section are met.

(c) If a water service bill remains unpaid for 30 days after its due date, the nonpayment shall constitute a curable breach of a material lease obligation. The landlord may commence an action to remedy the breach, as provided by law.

(d) Water service charges under the chapter shall not constitute rent.

(e) A landlord shall not shut off the water or otherwise interfere with the provision of water service to a dwelling unit for any reason, including nonpayment of a bill assessed pursuant to this chapter.

1954.212. In addition to actual damages sustained by a tenant for a violation of this chapter, the tenant may recover from the landlord three times the amount of actual damages, a civil penalty equal to one month's rent, reasonable attorney's fees, and court costs. A landlord shall not be liable for a civil penalty if the landlord proves that the violation was a good faith, unintentional mistake.

1954.213. A city, county, city and county, or district may enforce this chapter.

1954.214. The rights or obligations established under this chapter shall not be waived. Any purported waiver is void.

SEC. 2. Chapter 8.5 (commencing with Section 537) is added to Division 1 of the Water Code, to read:

CHAPTER 8.5. MULTITENANT STRUCTURES

537. (a) The following definitions govern the construction of this chapter:



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