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SENATE BILL No. 750

Introduced by Senator Wolk
(Coauthor: Assembly Member Fong)

February 22, 2013

An act to add Chapter 2.5 (commencing with Section 1954.201) to Title 5 of Part 4 of Division 3 of the Civil Code, and to add Chapter 8.5 Section 517 to, and Article 5 (commencing with Section 537) to Chapter 8 of Division 1 of the Water Code, relating to water.

LEGISLATIVE COUNSEL’S DIGEST


(1) The Water Measurement Law requires every water purveyor to require, as a condition of new water service on and after January 1, 1992, the installation of a water meter to measure water service. That law also requires urban water suppliers to install water meters on specified service connections, and to charge water users based on the actual volume of deliveries as measured by those water meters in accordance with a certain timetable.

This bill would require a water purveyor that provides water service to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure that submits
an application for a water connection after January 1, 2014 to 2015, to require the installation of either a water meter, as defined, or a submeter, as defined, to measure water supplied, measurement of the quantity of water supplied to each individual dwelling unit and to permit the measurement to be by individual water meters or submeters, as defined. The bill would require the owner of the structure to ensure that a water submeter installed for these purposes complies with laws and regulations governing installation, approval of meter type, submeter types or the installation, maintenance, reading, billing, and testing of water submeters, including, but not limited to, the California Plumbing Code. The bill would exempt certain buildings structures from these requirements. The bill would prohibit a water purveyor from imposing an additional capacity or connection fee or charge for a submeter that is installed by the owner, or his or her agent. The bill would provide that these provisions shall become operative on January 1, 2015.

(2) Existing law generally regulates the hiring of dwelling units and, among other things, imposes certain requirements on landlords and tenants. Among these requirements, existing law requires landlords to provide tenants with certain notices or disclosures pertaining to, among other things, pest control and gas meters.

This bill would, if a water purveyor requires the installation of a meter or submeter, as specified, or a submeter has been installed, impose further requirements on landlords, relating to submetered water service to individual dwelling units. The bill would prohibit a landlord from charging tenants separately for water service in a property with submeters unless the submetering system is installed, operated, and maintained require a landlord to install and operate submeters in prescribed dwelling units, as specified. The bill would require a landlord to make certain disclosures to the tenant prior to the execution of the rental agreement, including, among other things, that the tenant will be billed for water separately from the rent and that the tenant will also be billed for a portion of any recurring fixed charge billed to the property by the water purveyor, as specified if the landlord intends to charge a tenant separately from rent for water service in a property with submeters. The bill would specify that as part of the monthly bill for water service a landlord may only bill a tenant for volumetric water usage, as specified, and a portion of any recurring fixed charge billed to the property by the water purveyor, as specified, a billing, administrative, or other fee, as prescribed, and a late charge. The bill would specify that the landlord’s billing cycle for water service must
match that of the water purveyor payments are required to be due at
the same point in each billing cycle, as prescribed, and that each bill
must include and separately set forth certain information. The bill would
prohibit a landlord from charging certain additional fees related to water
service, except as provided. The bill would require a landlord to maintain
and make available installation, maintenance, and testing records in
writing the date the submeter was last inspected, tested, and verified
and the data used to calculate the tenant’s bill to a tenant upon the
tenant’s written or electronic request, as specified. The bill would
require a landlord to make certain repairs on the water system in a
dwelling investigate, and if warranted, rectify, a condition that indicates
that water is being distributed to the tenant not at his or her direction,
as specified. The bill would permit a landlord to enter a unit for specified
purposes relating to a submeter or water fixture provided that certain
requirements are met. The bill would permit the assessment of
administrative fees and late fees, as specified. The bill would provide
that these provisions shall become operative on January 1, 2015.

In addition to actual damages, this bill would permit a tenant to
recover from the landlord certain damages, costs, and fees for a violation
of these provisions. The bill would authorize a city, county, city and
county, or district to enforce these provisions.


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. “Landlord” does not include a common interest development, as defined in Section 4100 of the Civil Code.

(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.

(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 or submeter.

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

1954.203. (a) A landlord shall not charge tenants separately for water service in a property with submeters unless the submetering system is installed, operated, and maintained subject to this chapter shall install and operate submeters as follows:

1. The submeter is certified, inspected, tested, and verified for commercial purposes pursuant to law, including, but not limited to, Section 12500.5 of the Business and Professions Code.

2. The installation conforms to all laws, including, but not limited to, regulations established pursuant to Section 12107 of the Business and Professions Code. However, the installation need not comply with a requirement that an outside faucet be under the exclusive use of the tenant, provided that the tenant is notified upon commencement of the tenancy that water dispensed from the faucet shall be charged to the tenant. The landlord shall establish
reasonable rules to prohibit the use of the faucet by any person other than the tenant.

(3) The installation was performed by a registered service agency as defined in Section 12531 of the Business and Professions Code.

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

(5) 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. However, the installation need not comply with a requirement that an outside faucet be under the exclusive use of the tenant, provided that the tenant is notified upon commencement of the tenancy that water dispensed from the faucet shall be charged to the tenant. The landlord shall establish reasonable rules to prohibit the use of the faucet by any person other than the tenant.

(6) 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.

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

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

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

1954.204. Prior to executing a rental agreement, a landlord that intends to charge a tenant separately from rent for water service in a property with submeters 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.

(b) An estimate of the monthly bill for water service for units at the property, which may be expressed as a range with up to a 25 percent difference in average or median usage, determined by either of the following:

(1) The average bill for water service for comparative units at the property over three of the past six months.

(2) Using the national average of 3,600 gallons of water used per unit per month as a basis for the bill and including any charges pursuant to paragraphs (2) and (3) of subdivision (a) of Section 1954.205.

(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 agent’s name, address, email address, normal hours of operation, and toll-free telephone number of a toll-free telephone number or a local number for the tenant to call the agent, and the days and hours the agent is available by phone at either number for the tenant to contact the agent regarding billing questions.

(e) That the monthly bill for water service may only include four charges:

(1) Payment due for the amount of usage as measured by the submeter, charged at the exact same rate or rates as the water purveyor.

(2) Payment of a portion of the fixed fee charged by the water purveyor for water service divided equally among all the units in the property.

(3) A fee for the landlord’s or billing agent’s costs, up to four dollars ($4) per month or 40 percent of the amount billed for the actual amount of water used, whichever is less.

(4) A late fee, with the amounts and times assessed, in compliance with Section 1954.213.
(f) The date the submeter was last tested and calibrated inspected, tested, and verified, and the date by which it must be retested and recalibrated under law reinspected, tested, and verified under law, if available. If this information is not available, the landlord shall disclose that the information is not available.

(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 connection, disconnection, billing, or other periodic fee or charge, except for an administrative fee, a late fee, or a submeter testing fee, may be assessed. If the landlord reserves the right to charge an administrative fee or a late fee, the amount and terms of the administrative fee or the late fee shall also be disclosed.

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

(h) A statement that if the tenant believes that the submeter reading is inaccurate or the submeter is malfunctioning, the tenant may contact the local county sealer and request that the submeter be tested. Contact information for the county sealer shall be included in the disclosure to the tenant.

(i) A statement that this disclosure is only a summary of information that a landlord must provide to a tenant if the landlord
intends to charge a tenant separately from rent for water service in a property with submeters.

1954.205. (a) As part of a water service bill for water service, a landlord shall only bill a tenant for volumetric the following:
(1) Volumetric usage of water service pursuant to subdivision (b) and for a portion of any (b).
(2) 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 administrative fees, late fees, or testing fees as provided in this chapter. that, at the landlord’s discretion, shall be calculated by either of the following:
(A) 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.
(B) Dividing the total fixed charge equally among the total number of residential units and non-residential units served by a single meter operated by a water purveyor.
(3) A billing, administrative, or other fee for the landlord’s and billing agent’s costs, not to exceed 40 percent of the amount billed under paragraph (1) or four dollars ($4), whichever is less. Beginning January 1, 2018, the fee imposed pursuant to this paragraph may be adjusted annually by the landlord commensurate with an increase in the Consumer Price Index.
(4) A late charge as assessed pursuant to Section 1954.213.
(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 water purveyor for water service for residential use the property.
(c) If the rate or 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—shall bill the tenant 75 percent of the amount originally disclosed to the tenant pursuant to subdivision (b) of Section 1954.204 according to Section 1954.210.
(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.

This section shall apply to leases first entered into or
renewed on or after January 1, 2014. For leases first entered into
or renewed prior to January 1, 2014, this section shall apply but
the landlord may additionally bill the tenant for other charges as
provided in the lease, including, but not limited to, beginning and
ending water service.

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 three days of the
same point in each billing cycle.

(c) Bills

(b) Payments shall be due at the same point in each billing cycle.
However, bills payments shall be due no earlier than 10 days after
mailing, if mailed, or 5 five days after personal delivery. A tenant
may agree in writing to receive a bill electronically, in which case
payments are due five days after electronic delivery. A tenant may
rescind authorization for electronic delivery of bills at any time.
A tenant shall not be required to pay bills electronically.

(d) Bills shall include and separately set forth the following
information:

(1) The submeter readings for the beginning and end date and
ending date of the billing cycle, the dates read, and the indicated
consumption as determined by subtracting the amount of the
beginning date submeter reading from the amount of the ending
date submeter reading.

(2) The unit of measure for the readings and usage amounts
billed pursuant to paragraphs (1) to (4), inclusive, of subdivision
(a) of Section 1954.205.

(3) The rate or rates charged for the volumetric charge 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.

(4) The amount, if any, still owing from the previous month’s bill.

(5) The amount, if any, still owing from bills prior to the previous month’s bill.

(6) The late fee, if any, imposed on amounts specified in paragraph (4) or (5).

(11) The total amount due.

(12) The due date for the bill payment.

(13) A statement of the amount of any new late charges, if any, and when the late charges fees would apply. Late charges shall be imposed pursuant to Section 1954.212.

(14) The name, mailing address, email address, telephone number, and the regular business hours of the person or persons telephone hours during which the tenant may call contact the billing agent with questions or concerns regarding the bill, and who is authorized to bill. The landlord or billing agent shall have in place procedures to make any necessary adjustments to the bill upon contact by the tenant. 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 either a toll free or a local number for the tenant to contact the billing agent.

(11) A statement that the biller is not the water purveyor that includes the name of the local water purveyor providing the water service to the master meter.
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.

1954.207. (a) At the beginning of a tenancy, a submeter shall be read after the tenant takes possession. If a regular monthly reading occurs less than five days prior to the tenant taking possession, that reading may be substituted to establish usage.

(b) For a water-service bill at the end of a tenancy, the submeter shall be read within five days, if possible. If the submeter cannot be read within five days at the end of a tenancy, the bill amount for the final month shall be based on the bill amount for the previous month. Tenancies that end within five days of a regular monthly reading may be billed according to that reading. At the end of a tenancy, payment shall be due no earlier than 10 days after mailing of the bill, if mailed, or five days after personal delivery, or five days after electronic delivery.

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, 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 recovered 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. penalty.

(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 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 written or electronic 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 registered service agency that 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.

   (a) The date the submeter was last inspected, tested, and verified for use, to the extent this information is available.

   (b) The data used to calculate the tenant’s bill, as follows:

   (1) The most recent water bill for the property’s master water meter showing the recurring fixed charge for water service billed to the property by the water purveyor, and the usage charges for the property, including any tiered amounts.

   (2) Any other bills for water service, as defined in subdivision (g) of Section 1954.202, for the property.

   (3) The number of units in the property.

   (4) If not shown on the bill for the property, the per unit charges for volumetric water usage, including any tiered amounts.

   (5) The formula used to calculate the charge for the tenant’s volumetric water usage.

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 registered service agency 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:

   (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 charge an administrative fee for the actual costs of reading submeters and providing billing services, up to a maximum of four dollars ($4) per submetered tenant per month for water service bills totaling ten dollars ($10) or more. If a water service bill totals nine dollars and ninety-nine cents ($9.99) or under, a landlord may charge an administrative fee for the actual costs of reading submeters and providing billing services up to 40 percent of the water service bill per submetered tenant per month.

(b) Beginning January 1, 2017, an administrative fee imposed pursuant to this section may be adjusted annually by the landlord commensurate with an increase in the Consumer Price Index.

1954.212. (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 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 this 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.

1954.210. (a) If a tenant notifies the landlord, or the landlord otherwise becomes aware, of a condition that indicates that water is being distributed to the tenant not at his or her direction, including, but not limited to, a leak, a drip, a running toilet, or a submeter reading indicating constant or abnormal water usage, the landlord shall investigate, and if warranted, rectify the condition.

(b) If the condition is rectified more than 10 days after the initial investigation, the tenant’s volumetric usage for any month or months that include the period between 10 days after the initial investigation and the repair shall be deemed to be fifteen dollars ($15) or actual usage, whichever is less. At the landlord’s option, if submeter readings are available to determine the usage at a point prior to investigation and a point following repair, usage shall be deemed to be fifty cents ($0.50) per day for those days between the two submeter readings or actual usage, whichever is less.

(c) If the condition remains unrectified for six months after investigation, no further volumetric usage charges may be imposed until the condition is repaired.

1954.211. (a) The landlord may enter the unit for the purpose of installing, repairing, testing, and maintaining a submeter or for the purpose of repairing or testing any water fixture suspected by the landlord or reported by the tenant to be in need of repair, provided the requirements of Section 1954 are met.

(b) The landlord may also enter a unit to read a submeter, provided the requirements of this chapter and Section 1954 are met.

1954.212. (a) If a monthly submeter reading necessary to measure volumetric usage is unavailable, the landlord may bill the tenant 75 percent of the average amount billed for volumetric usage for the last three months for which complete billing
information is available. The landlord shall disclose the adjustment on the bill.

(b) If no complete billing information is available for the prior three months, the volumetric usage charge shall be deemed to be 50 cents ($0.50) per day that the data is not available.

(c) If monthly submeter readings remain unavailable for more than six months, the volumetric usage charge shall be deemed to be zero for any subsequent month that the data is not available.

1954.213. (a) A landlord may impose a late fee 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) A late fee of up to seven dollars ($7) may be imposed if any amount of a bill remains unpaid after the time described in subdivision (a). A late fee of up to ten dollars ($10) may be imposed if any amount remains unpaid after 50 days, as calculated in the same manner as described in subdivision (a). If any partial payments are made, they shall be credited against the bill that has been outstanding the longest.

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

(d) 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.

(e) Water service charges under this chapter shall not constitute rent.

(f) 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.

1954.214. 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, reasonable attorney’s fees, and costs. The landlord may also be liable for a civil penalty of up to one month’s rent, unless the landlord shows that the violation was made in good faith and not part of a pattern and practice of violations of this chapter.

1954.215. (a) A city, county, city and county, or district may enforce this chapter.

(b) This chapter does not preclude or preempt an ordinance that regulates the approval of submeter types or the installation, maintenance, reading, billing, or testing of submeters and associated onsite plumbing if the ordinance meets either of the following requirements:

1. Is ordinance was adopted prior to January 1, 2013.
2. Meets or exceeds the minimum requirements provided by this chapter.

1954.216. The rights or obligations established under this chapter shall not be waived. Any purported waiver is void.

1954.217. (a) This chapter shall apply to both of the following:

1. All dwelling units offered for rent or rented in a building where submeters were installed pursuant to Article 5 (commencing with Section 537) of Chapter 8 of Division 1 of the Water Code.
2. All other dwelling units where a landlord has previously installed and uses or voluntarily installs and uses a submeter to charge a tenant separately for water service.

(b) Nothing in this chapter shall do the following:

1. Apply to any building without submeters installed and in use.
2. Be construed to enlarge or diminish the rights or obligations with respect to charges or allocation methods to determine water
service costs to tenants in a building without submeters installed and in use.

1954.218. A submeter system that measures only a portion of a dwelling unit’s water usage, including, but not limited to, a system that measures only hot water usage, shall not be subject to this chapter, if the system is first put in service before January 1, 2014.

1954.219. This chapter shall become operative on January 1, 2015.

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

Chapter 8.5. Multiunit Structures

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

(1) “Meter” has the same meaning as “water meter” in Section 516.

(2) “Submeter” means a device that measures water consumption of an individual unit within a multiunit residential structure or mixed-use residential and commercial structure, and is read by the owner of the structure or the owner’s agent.

(b) Structures in all of the following categories shall be exempt from this chapter:

(1) Low-income housing. For purposes of this paragraph, “low-income housing” means a residential building financed with low-income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants, for which the rents of the occupants in lower income households, as defined in Section 50079.5 of the Health and Safety Code, do not exceed rents prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance, and for which not less than 25 percent of the dwelling units within the building are designated for occupancy by lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(2) Student dormitories.

(3) Long-term health care facilities, as defined in Section 1418 of the Health and Safety Code.
(4) Time-share property, as defined in subdivision (aa) of Section 11212 of the Business and Professions Code.

(5) Residential care facilities, as defined in subdivision (k) of Section 1569.2 of the Health and Safety Code.

(c) A submeter used to measure water supplied to an individual residential unit that is required to be installed by a water purveyor pursuant to this chapter, shall be of a type approved pursuant to Section 12500.5 of the Business and Professions Code, and shall be installed and operated in compliance with regulations established pursuant to Section 12107 of the Business and Professions Code.

538. (a) Each water purveyor that sells, leases, rents, furnishes, or delivers water service to a newly constructed multiunit residential structure or newly constructed mixed use residential and commercial structure for which an application for a water connection, or more than one connection, is submitted after January 1, 2014, shall require the installation of a water meter or submeter to measure the water supplied to each individual dwelling unit as a condition of new water service.

(b) (1) If the water purveyor requires installation of submeters pursuant to subdivision (a), the owner of the structure shall ensure that each submeter installed complies with all laws and regulations governing the approval of submeter types or the installation, maintenance, reading, billing, and testing of submeters, including, but not limited to, the California Plumbing Code.

(2) This subdivision does not require a water purveyor to fund or assume responsibility for ensuring compliance with any law or regulation governing the approval of submeter types or the installation, maintenance, reading, billing, and testing of submeters and associated onsite plumbing.

(c) A water purveyor shall not impose an additional capacity or connection fee or charge for a submeter that is installed by the owner, or his or her agent.

538.5. (a) This chapter does not restrict the authority of a water purveyor, city, county, city and county, or other local agency to adopt and implement a program to promote water conservation that includes the installation of water meters and submeters, as required pursuant to subdivision (a) of Section 538, if the program is at least as stringent as the requirements of this chapter.

(b) This chapter does not preclude or preempt an ordinance that regulates the approval of submeter types or the installation;
maintenance, reading, billing, or testing of submeters and associated onsite plumbing if the ordinance meets either of the following requirements:

(1) Is adopted prior to January 1, 2013.

(2) Meets or exceeds the minimum requirements provided by this chapter.

539. It is the intent of the Legislature that this chapter should not be construed to impose costs on any local government agency, except to the extent that the local government agency is a water purveyor.

SEC. 2. Section 517 is added to the Water Code, to read:

517. “Submeter” means a device that measures water consumption of an individual unit within a multiunit residential structure or mixed-use residential and commercial structure, and is read by the owner of the structure or the owner’s agent.

SEC. 3. Article 5 (commencing with Section 537) is added to Chapter 8 of Division 1 of the Water Code, to read:

Article 5. Multiunit Structures

537. (a) Structures in all of the following categories shall be exempt from this chapter:

(1) Low-income housing. For purposes of this paragraph, “low-income housing” means a residential building financed with low-income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants, for which the rents of the occupants in lower income households, as defined in Section 50079.5 of the Health and Safety Code, do not exceed rents prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance, and for which not less than 25 percent of the dwelling units within the building are designated for occupancy by lower income households, as defined in Section 50079.5 of the Health and Safety Code.

(2) Student dormitories.

(3) Long-term health care facilities, as defined in Section 1418 of the Health and Safety Code.

(4) Time-share property, as defined in subdivision (aa) of Section 11212 of the Business and Professions Code.
(5) Residential care facilities, as defined in subdivision (k) of Section 1569.2 of the Health and Safety Code.

(b) A submeter used to measure water supplied to an individual residential unit that is required to be installed by a water purveyor pursuant to this chapter shall be of a type approved pursuant to Section 12500.5 of the Business and Professions Code and shall be installed and operated in compliance with regulations established pursuant to Section 12107 of the Business and Professions Code.

538. (a) Each water purveyor that sells, leases, rents, furnishes, or delivers water service to a newly constructed multiunit residential structure or newly constructed mixed-use residential and commercial structure for which an application for a water connection, or more than one connection, is submitted after January 1, 2015, shall require a measurement of the quantity of water supplied to each individual dwelling unit as a condition of new water service. The measurement may be by individual water meters or submeters. Applicants shall provide appropriate documentation to the water purveyor that identifies the location of the water meters or submeters.

(b) (1) If the water purveyor requires installation of submeters pursuant to subdivision (a), the owner of the structure shall ensure that each submeter installed complies with all laws and regulations governing the approval of submeter types or the installation, maintenance, reading, billing, and testing of submeters, including, but not limited to, the California Plumbing Code.

(2) This subdivision does not require a water purveyor to fund or assume responsibility for ensuring compliance with any law or regulation governing the approval of submeter types or the installation, maintenance, reading, billing, and testing of submeters and associated onsite plumbing.

(c) A water purveyor shall not impose an additional capacity or connection fee or charge for a submeter that is installed by the owner, or his or her agent.

538.5. (a) This article does not preclude or preempt an ordinance that regulates the approval of submeter types or the installation, maintenance, reading, billing, or testing of submeters and associated onsite plumbing if the ordinance was adopted prior to January 1, 2013.
(b) This article does not restrict the authority of a water purveyor, city, county, city and county, or other local agency to adopt and implement a program to promote water conservation that includes the installation of water meters and submeters, as required pursuant to subdivision (a) of Section 538 if the program is at least as stringent as the requirements of this article.

539. It is the intent of the Legislature that this article should not be construed to impose costs on any local government agency, except to the extent that the local government agency is a water purveyor.

539.5. This article shall become operative on January 1, 2015.