

**SULTAN CITY COUNCIL
SUB COMMITTEE
AGENDA ITEM COVER SHEET**

ITEM NO: Discussion 3

DATE: March 25, 2010

SUBJECT: Utility Issues

CONTACT PERSON: Laura Koenig, Clerk/Deputy Finance Director

ISSUE:

The issue to discuss is the policy for relief of charges for utility services and to review the account disconnection policy. The Public Works Director comments are included as Attachment A.

SUMMARY:

In February the Sub-committee was provided a list of concerns from staff (Attachment B).

Currently, the following issues are brought to Utility Committee:

1. Relief of excess water and/or sewer charges due to leak
2. Relief of excess garbage charges due to customer claiming the garbage was not theirs
3. Relief of disconnect fee due to non-payment and late fees.

1. Relief of excess water and/or sewer charges due to leak

According to our current Utility Committee Policies, there is only a process to request for relief of excess water charges. The policy issues with water relief include:

A. Currently, our Utility Committee Policies state that the customer must submit a request for relief within (30) days of receipt of the statement which had the excess charges on it. We currently allow customers to submit request for relief as much as (90) days after the statement with the excess charges. It is not always discovered immediately that there is a problem. Sometimes customers think they are just using extra water.

Do we want to allow a longer time frame or enforce the current policy?

B. A customer can only submit a Utility Committee request for relief once every five years. Amounts under \$100.00 may not be worth it should the customer have a more costly leak at some point in the next five years.

Do we want to require a minimum dollar amount by a request is submitted to the Utility Sub-Committee?

2. Relief of excess garbage charges due to customer claiming the garbage was not theirs

Garbage issues, though very few, need an arena in which to be presented, as sometimes the issue cannot be solved through the chain of command. A solution may be to create another Utility Committee form that is use for garbage issues.

3. Relief of disconnect fee due to non-payment

Disconnect fees and late fees should not go to Utility Committee. Ninety-nine percent of the time they are legitimate, and the small percentage of time that there is cause for waiving the disconnect fee or late fee, it can be determined by the Finance Department.

Disconnection Issues:

The current ordinance provides (Attachment C):

All water/sewer charges assessed by the city shall be due and payable on the fifteenth day after the city issues its statement for service by mailing a bill to the owner of the premises served.

If payments are not made within 30 days after mailing of the bills, the finance director or representative, upon giving 10 days' written notice to the owner and/or occupant of the premises, shall notify the public works department to shut off the water service to the premises...".

Currently, customers are turned off for non-payment when they have two months owing and the third month is due to billed within seven days. The time frame is:

Billed:	March 3 rd (first month)
Payment due:	March 18 th
Late:	April 3 rd
Next Billing	April 3 rd (second month)
10 days notice:	April 13 th
Turn offs	Last Wednesday of the month (current schedule)

Policy issues to consider:

1. Consider turning customers off when they owe one month and second month is due to bill within seven days. The primary issue is that when a customer is turned off they owe anywhere from \$270.00 to \$400.00. It is easier for the customer to come up with one month's charges, anywhere from \$135.00 to \$200.00, than the two months.
2. Would the Council consider lowering turn off fee down to \$50.00. The \$100.00 turn off fee has not deterred customers from being on the shut off list. It has made it more difficult for them to pay their bill.
3. Does the Council want to clarification to Title 13 (Water) to specify when payments are due to avoid disconnect or would they like to adopt a policy (resolution). The letter sent out to customers states payment must be received by 5:00 PM the day BEFORE turn offs however customers come in at the last minute in the morning as turn offs are being processed and this disrupts the process and causes confusion.
4. What policy does the Council want to set for businesses on the disconnection list?

Businesses that need their water such as restaurants and dental clinics create additional work for staff. As a general practice staff tries to work with these businesses to make payment arrangements. If a business that requires water is disconnected, staff is required to notify the Health Department. (Not appreciated by the business). However, there have been a couple situations where a business was delinquent by three or more months, and closed the business and left the owner of the property with the bill.

March 25, 2010 Council Sub Committee
Connie Dunn, Public Works Director comments
Utility Committee Issues:

- Currently, the following issues are brought to Utility Committee; relief of excess water and/or sewer charges due to leak, relief of disconnect fee due to non-payment, relief of excess garbage charges due to customer claiming the garbage was not theirs and sometimes late fees.
- According to our current Utility Committee Policies, only request for relief of excess water charges may be submitted.
- Garbage issues, though very few, need an arena in which to be presented, as sometimes the issue cannot be solved through the chain of command. A solution may be to create another Utility Committee form that is use for garbage issues.
 - **Include in normal utility committee, one committee**
- Disconnect fees and late fees should not go to Utility Committee. Ninety-nine percent of the time they are legitimate, and the small percentage of time that there is cause for waiving the disconnect fee or late fee, it can be determined by the Finance Department.
 - **Utility Committee should only hear excess charges and nothing else. That needs to be made clear in the policy and on the application.**
- Currently, our Utility Committee Policies state that the customer must submit a request for relief within (30) days of receipt of the statement which had the excess charges on it. We currently allow customers to submit request for relief as much as (90) days after the statement with the excess charges. It is not always discovered immediately that there is a problem. Sometimes customers think they are just using extra water. Do we want to allow a longer time frame or enforce the current policy.
 - **Why is it allowed to drag out for 90 days for customers to submit request of relief.**
 - **Why is it our issue if the customer does not notice that the extra is garbage. Possibly make the excess charges more clear what the excess charge is for on the bill**
- Do we want to require a minimum dollar amount in order to submit to Utility Committee. A customer can only submit a Utility Committee request for relief once every five years. Amounts under \$100.00 may not be worth it should the customer have a more costly leak at some point in the next five years.
 - **This is not our call, it is the customers. Minimum dollar amount for relief is a good idea, but it is still the customer's choice. Is the current every 5 years tied to the physical (property) address or to the customer name?**

Suggested Policy:

**Attach the policy to letters that are sent out
Minimum dollar amount before you can ask for relief**

Every five years between utility financial relief
Once water turned off – bill is required to be paid in full before water or services can be continues.

Turn Off Issues:

- Currently, customers are turned off for non-payment when they have two months owing and the third month due to bill within seven days.
- Consider turning customers off when they owe one month and second month is due to bill within seven days. The primary issue is that when a customer is turned off they owe anywhere from \$270.00 to \$400.00. It is easier for the customer to come up with one month's charges, anywhere from \$135.00 to \$200.00, than the two months.
 - Move turn offs to the middle of the second month or 10 days after bill goes to customer. The full amount is due 10 days after bills go out and the customer has not paid the prior month utility bill, they would be behind 2 months, but required to pay in the middle of the month instead of right before the third month goes out.
- Would like to also consider lowering turn off fee down to \$50.00. The \$100.00 turn off fee has not deterred customers from being on the shut off list. It has made it more difficult for them to pay their bill off.
- Cost calculations, based on 125 letters:
 - Janice (1) and Rosemary (1) = 2 hours divide by 125 letters = minimum 1 minute per letter (estimated cost is \$.80 including labor, postage and stationary)
- Day of Turn Offs, based on 30-40 turn offs:
 - Janice and Rosemary 3 hours prep time (estimated cost is \$1.74 per customer)
 - 4 crew members for turn offs = 12 hours for 30 – 40 turn offs through town=20 minutes each turn off, this includes drive time (estimated cost \$4.50 plus vehicle)
 - 1 crew member for turn on – 1.5 hours overtime sometimes 5 or 6, sometimes 2 or 3 after hour turn ons. After hour for Public Works is after 4 pm. (est. \$60.00)
 - 1 crew member 3.5 hours straight the afternoon of turn off day for turn ons after bill has been paid. (estimated \$140 plus vehicle)

Estimated cost per turn off is \$7.04 each

Estimated cost per turn on is \$5.71 each

- Would like it clarified in Title 13 (Water) that in order to avoid disconnection, payment must be received by 5:00 PM the day BEFORE turn offs and no longer allow customers to rush in at the last minute the morning of turn offs as it disrupts the turn off process and causes confusion.
 - Would need to be included in the policy which would be attached to the letter notifying customers of delinquency.
- Need to address the issue of business on the turn off list, specifically restaurants, dental office, businesses that need their water. As a general practice we try to work with these

businesses in regards to making payment arrangements. If turned off, we would have to call the Health Department. (Not appreciated by the business). However, we have had a couple situations where a business was delinquent by three or more months, closed business and left the owner with the bill.

- Is this really our to do – to govern how they do business, state in letter their water service will be discontinued and the City will be notifying Snohomish Health District of violation.
- Currently City staff calls businesses to tell them to pay their bill – the real question is should they be treated as responsible for their business? And turned off with every body else.
- Currently Public Works Staff completing turn offs only tags the door, is not required to knock. Once the delinquent letter goes out the water is turned off unless the customer make arrangements or pays.
- Should the city allow arrangements?

Attachment B

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13.12.010 Payment of bill – Enforcement.

A. All water/sewer charges assessed by the city shall be due and payable on the fifteenth day after the city issues its statement for service by mailing a bill to the owner of the premises served.

B. All payments not made on or before said date are delinquent and are declared to constitute a lien against the premises served, as provided by state law.

C. If payments are not made within 30 days after mailing of the bills, the finance director or representative, upon giving 10 days' written notice to the owner and/or occupant of the premises, shall notify the public works department to shut off the water service to the premises until such time as all delinquent bills and service charges have been paid in full. (Ord. 1044-09 § 1; Ord. 871-04 § 1; Ord. 435, 1983; Ord. 346 § 1, 1976)

13.12.020 Shut-off charges – Conditions for turning on again.

A. In the event that the public works director or representative shuts off water service by reason of a delinquent account, a shut-off charge shall be assessed and shall become a lien against the premises.

B. If the customer requests that service be turned on again, an additional charge shall be assessed.

C. No water service shall be turned on until such time as all delinquent bills and assessments provided for herein have been paid in full or satisfactory arrangements, at the discretion of the finance director or representative, have been made. No service shall be reconnected after normal working hours of the public works department except in the case of emergency.

D. All shut-off and related charges shall be established by resolution.