SULTAN CITY COUNCIL
AGENDA ITEM

ITEM NO:	Discussion 4A
DATE:	April 10, 2010
SUBJECT:	Utility Issues
CONTACT PERSON:	Laura Koenig, Clerk/Deputy Finance Director

ISSUE:
The Sub-committee met on March 25, 2010 to discuss the following issues:

1. Policy for relief of charges for utility services
2. Account disconnection policy.

SUMMARY:
In February the Sub-committee was provided a list of concerns from staff (Attachment A). The Public Works Director comments are included as Attachment B.

The Sub-committee reviewed the following issues:

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 (Attachment D). The policy issues with water relief include:

   A. Do we want to allow a longer time frame for submittal or enforce the current policy?

   Currently, the Utility Committee Policy states that the customer must submit a request for relief within (30) days of receipt of the statement that includes the excess charges. The City allows customers to submit request for relief as much as (90) days after the statement with the excess charges. The City reads most of the residential meters on a two month cycle. When a high reading occurs, staff notifies the customer and provides instructions on how to check for a leak. It the customer has a leak, they must make arrangements for repairs and then submit the request and receipts to the City.

   RECOMMENDATION: The Sub-committee and staff recommend increase the time frame for submittal of relief for excess charges from 30 days to 90 days to coincide with the billing cycle.

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

   RECOMMENDATION: The Sub-committee and staff recommended not changing the policy and continue to leaving the choice to the customer.

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 used for garbage issues.

   The Public Works crew has a garbage ledger book that they enter the number of cans picked up at each property. Customers are advised to put their address on the cans to insure they are only charged for their usage. When there is a dispute, the staff reviews the ledger and the customer history. If it appears that this is a one-time incident, staff may waive the excess charge. If there is a history of excess usage the charges are posted on the account.

   RECOMMENDATION: The Sub-committee and staff recommend a policy and form be developed for requests for relief for excess garbage charges.

3. Relief of disconnect fee due to non-payment:

   Late fees are assessed during the billing process on accounts that have not made a payment in the prior month. A $100 disconnection fees are added on the day water is turned off for 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.

   RECOMMENDATION: The Sub-committee and staff recommend no relief for late fees or disconnection fees unless it can be demonstrated to the Finance Director or City Administrator that the City made a error on the account.

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

There are Policy issues for the Council to consider:

1. **Payment Schedule**: Should the City consider reducing the time frame for disconnections to when one month is due (disconnect the last week of the month) with the second month due to be billed within seven days(first week of the month)?

   Currently with two months due when a customer is turned off the customer owes anywhere from $270.00 to $400.00. It is easier for the customer to come up with one month of charges, from $135.00 to $200.00 than twice the amount for two months.

   RECOMMENDATION: Sub-committee and staff recommend amending Title 13 to provide a 30 day time period for past due accounts.

2. **Disconnection Fee**: 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 disconnection list, it has only made it more difficult for them to pay their bill.

   RECOMMENDATION: Sub-committee and staff recommend decreasing the disconnection fee to $50.

3. **Title 13**: 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 ordinance is not clear as to when a payment is due. One section provides for 15 days and the next section appears to give 30 days to make payment. The other issue staff is having is that the letter sent out to customer states payment must be received by 5:00 PM the day <u>BEFORE</u> the account is schedule to be disconnected. Customers come in at the last minute in the morning or try to stop the Public Works crew when they show up to turn off the water to prevent the disconnection fee from being added to their account. This disrupts the process, causes confusion and occasionally gets an account disconnected that paid

   RECOMMENDATION: Sub-committee and staff recommend the code be clarified to establish when payments are due and when disconnection fees will be added to the account.

4. **Business Accounts**: Want policy does the Council want to set for businesses on the disconnection list?

   Commercial tenants that need water such as restaurants and dental clinics create additional work for staff when the business account is subject to disconnect. As a general practice staff tries to work with these tenants to make payment arrangements. Instead of sending a Public Works crew member to disconnect service, the Office staff calls the tenant or owner to discuss the overdue payment with them.

   If a business that requires water is disconnected, staff is required to notify the Health Department. (Not appreciated by the business).

   There have been a couple situations where a commercial tenant was delinquent by three or more months, and left the owner of the property with a substantial past due bill ($1500-$2000). Service is not restored to the property until all outstanding charges have been paid.

RECOMMENDATION: Sub-committee and staff recommend business be treated the same as residential customers and the owner of the property (if rented) be notified of the account status monthly. For commercial tenants, the owner would always receive a copy of the monthly bill. This avoids a claim by the building owner that they were unaware of a past due account. Ultimately, utility bills are a lien against the property.

Attachments:
A. Staff concerns
B. Public Works Director Comments
C. Title 13
D. Utility Relief Policy and application form

Attachment A

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.
- 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.
- 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.
- 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.

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.
- 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.
- 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.
- 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.

Attachment B

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?

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.

ATTACHMENT D

CITY OF SULTAN
POLICY AND PROCEDURES

TITLE: **GENERAL POLICIES AND PROCEDURES**

SUBJECT: **UTILITY COMMITTEE WATER LEAK RELEIF REQUEST POLICIES**

EFFECTIVE DATE: 01/01/2001

PURPOSE:

To offer relief of excess water charges to individuals within the City due to the hardship of a water leak.

DEPARTMENTS AFFECTED:

Finance/Utility Departments

UTILITY COMMITTEE WATER LEAK REQUEST POLICIES:

Each citizen shall be given the opportunity to apply for relief of excess water charges incurred as a result of a water leak through the Utility Committee.

In the event of excessive water meter reading caused by broken or leaking water services pipes upon the premises of any customer, without the knowledge or fault of the customer, an adjustment may be requested upon written application within a thirty day period of receipt of the billing in question to the Utility Committee. After the complete and satisfactory repairs and with documentation of satisfactory repair, reduction in fees shall be based on an average of the past twelve month's usage as determined by the Finance Department to be associated with the billing period on question.

All request for relief of excess utility charges will be considered subject to the determination that no further approved relief to the property within five (5) years of the current request has occurred, exclusive of ownership changes.

The Utility Committee, after review of all information provided to them, shall recommend to the City Council whether to approve or deny all received requests with an explanation for each action within 30 days of receiving the request.

Once an applicant has been approved for the relief, the individual's utility account will be adjusted to reflect the discount within the same month of approval. A notice shall be mailed to the applicant to inform them of such action.

In the event an applicant's request is denied, a letter explaining the reasons for such action shall be mailed to them.

CITY OF SULTAN

P.O. BOX 1199, SULTAN, WA 98294
Ph. (360) 793-2231 Fax (360) 793-3344

UTILITY COMMITTEE REQUEST FORM

DATE: _____ ACCOUNT #: _____

NAME: _____ PHONE #: _____

SERVICE ADDRESS: _____

REQUEST: _____

_____

_____

_____

_____

_____

I have received and read the general policies and procedures regarding the Utility Committee Request Form. (Attachment A)

_____
Signature

OFFICE USE ONLY

DATE NOTIFIED: _____

PREVIOUS CREDIT REC'D: YES or NO IF YES, DATE: _____

DATE: _____ USAGE: _____ C.F. EXCESS AMT: $_____

DATE: _____ USAGE: _____ C.F. EXCESS AMT: $_____

AVERAGE USAGE CALCULATIONS: ☐ See Attached

ATTACHMENTS: METER CARD _____

ACCOUNT INFO _____

CORRES/NOTES _____

RECEIPTS YES or NO

COMMITTEE RECOMMENDATION: _____

_____

_____

RELIEF GRANTED: YES or NO

WATER: $_____ SEWER: $_____ GARBAGE: $_____