



Memo

Date: September 16, 2021
To: Honorable Mayor Armitage; City Council
From: Erin LaPere, City Manager
Re: Water Shut Off Fees and Policy

As discussed at the September 14th workshop meeting, the City has not resumed water shutoffs despite the state moratorium expiring in April 2021. The City ceased shutoff for non-payment as required at the end of 2020 and we now have over 700 accounts which are delinquent more than 60-days and over \$200,000 owing in water and sewer account billings. It should be noted, these include both residential and commercial customers. The city reviewed the practice of a few neighboring communities, including those identified as benchmark communities in the recent operational analysis, and determined the policy is consistent with neighboring communities who also disconnect water service for non-payment. The timeframe varies, as some communities have much shorter payment windows, and the amount charged varies but those readily identified charged between \$25-\$100.

The current ordinance regarding water billing provides a customer with 30 days to pay from the billing date, after which a late payment fee of 10% is assessed. If that amount is unpaid, the city sends a delinquent notice reminding the customer of the past due balance and a deadline to pay. Following that, a final notice/red tag is placed at the property indicating the customer has 3-days to pay the past due billing or water service will be disconnected and a fee assessed to reconnect. If not paid, then a DPW employee will disconnect water service, and the additional fee is added to the account. Per City Ordinance, the reconnection fee, late payment penalty, and original billing must all be paid in full to resume water service once it has been disconnected for non-payment.

In June, as part of its annual review of the fee schedule, Administration recommended increasing the amount assessed for disconnection to \$80 from \$40. This was an attempt to capture the costs associated with the staff time spent to physically disconnect and reconnect the water service, along with the costs for labor and materials to track and update the accounts, the costs for labor and materials/postage to send out the multiple billing notices, and the labor and materials costs to create and post the final red tags. Based on the average time spent to only do the actual on-site disconnect/reconnect and the associated equipment rates, the physical disconnect/reconnect averages \$50 in costs to the city. As I understood Council's consensus at the workshop session, the desire was to

only capture the costs for that portion of the shut-off procedure; therefore, I recommend we reduce the amount billed for a reconnection fee to \$50 and update the fee schedule accordingly.

In addition to the resolution for updating the fee schedule I have included a resolution directing administration to resume water shutoff notifications beginning January 1, 2022. I am recommending we wait until then to provide ample time to the water customers to bring their accounts current as well as provide staff time to notify the customers. This will also provide an opportunity to connect residents to programs for assistance, when needed. Our billing software has the capability to utilize a template letter to send notices to those customers with past due amounts. I have outlined a draft plan with the Utility Billing Department to send out notices to the customers on a schedule with their billing cycles that will inform them of the amount past due and the date by which the account will need to be paid to avoid shut-off.

A resolution for both the fee schedule update and resumption of water billing shutoffs are attached for Council's consideration.

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