City of Veneta

AGENDA

WORK SESSION OF THE VENETA CITY COUNCIL

MONDAY, JANUARY 12, 2015 – 3:30 P.M.

Veneta Administrative Center, 88184 8th Street, Veneta, Oregon

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1. **COMPREHENSIVE REVIEW AND UPDATING OF UTILITY BILLING POLICIES AND PRACTICES (pgs. 3-13)**

2. **OTHER**

3. **ADJOURN**

VENETA CITY COUNCIL-WORK SESSION AGENDA ITEM SUMMARY

Title/Topic: COMPREHENSIVE REVIEW AND UPDATING OF UTIILITY BILLING POLICIES AND PRACTICES

Meeting Date: January 12, 2015
Department: Finance

Staff Contact: Shauna Hartz
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ISSUE STATEMENT

Many of the policies and Practices in the City's ordinances and resolutions governing the utility billing function are outdated and/or silent on issues that frequently arise. This lends itself to handling issues on a case by case basis creating inefficiency, inconsistency, and confusion.

BACKGROUND

The ordinance governing utility billing was written and passed in 1967. Over the years, as particular issues have arisen, amendments to this ordinance have been made; however, many of the policies and practices within the ordinance are still in their original form. The resolutions governing utility billing have been updated on a more frequent basis; however, the focus has been on the rates and rate structure.

There are numerous steps to the utility billing function many of which are not addressed in the City's ordinances (municipal code) or current resolutions.

This lack of pertinent governance has put staff in the position of handling issues administratively case by case. When issues are handled on a case by case basis, it is not unusual, over time, to create inconsistencies, inefficiencies and, as mentioned above unnecessary confusion.

One of the Finance Department's 2014/15 projects is to complete a comprehensive review of the entire utility billing function step by step. The goal/objective of this review will be to repeal all previous ordinances and resolutions, replace them with policies and practices that address the utility billing function more comprehensively and more relevant to today's best practices. The expected outcomes of the changes include, but are not limited to:

- Clarifying level of governance for each step (Ordinance, Resolution or Administrative),
- Better defining steps and terms used,
- Improving efficiency and consistency,
- Decreasing confusion,
- Improving compliance with Oregon Revised Statutes especially related to identity theft protection, collections, and placing liens on property.

The tasks in this review project can be broadly separated into four groups.

1. Develop flowchart of the project.
2. Assemble, present and explain current policies and practices.
3. Develop, present and discuss options.
4. Draft, present and approve new ordinance(s) and resolution(s).

- ✓ Task #1 has been completed and included with this memo as Attachment A.
- ✓ Task #2 is in process. The current policies and processes have been assembled into a chart form. The chart is Attachment B. The purpose of this work session is to present the flowchart and the chart to the council and enhance the understanding of the utility billing steps and issues. Attachments C and D are focused on the timing of the billing cycle. The chart and timeline start with the day that meters are read, for example purposes July 25th, and end on the day that service would be discontinued if payment is not made, based on the July 25th start date, September 24th.
- ✓ Task #3 will be completed to a certain point by staff followed by, as shown in the project flowchart, a 2nd council work session.
- ✓ Work on Task #4 will commence after the 2nd work session and will involve staff, council and the City's attorney.

RELATED CITY POLICIES
Ordinances No. 38, 96A, 153, 167, 233, 331, 332, 457, 458 Resolutions No. 1124, 1137, 1142

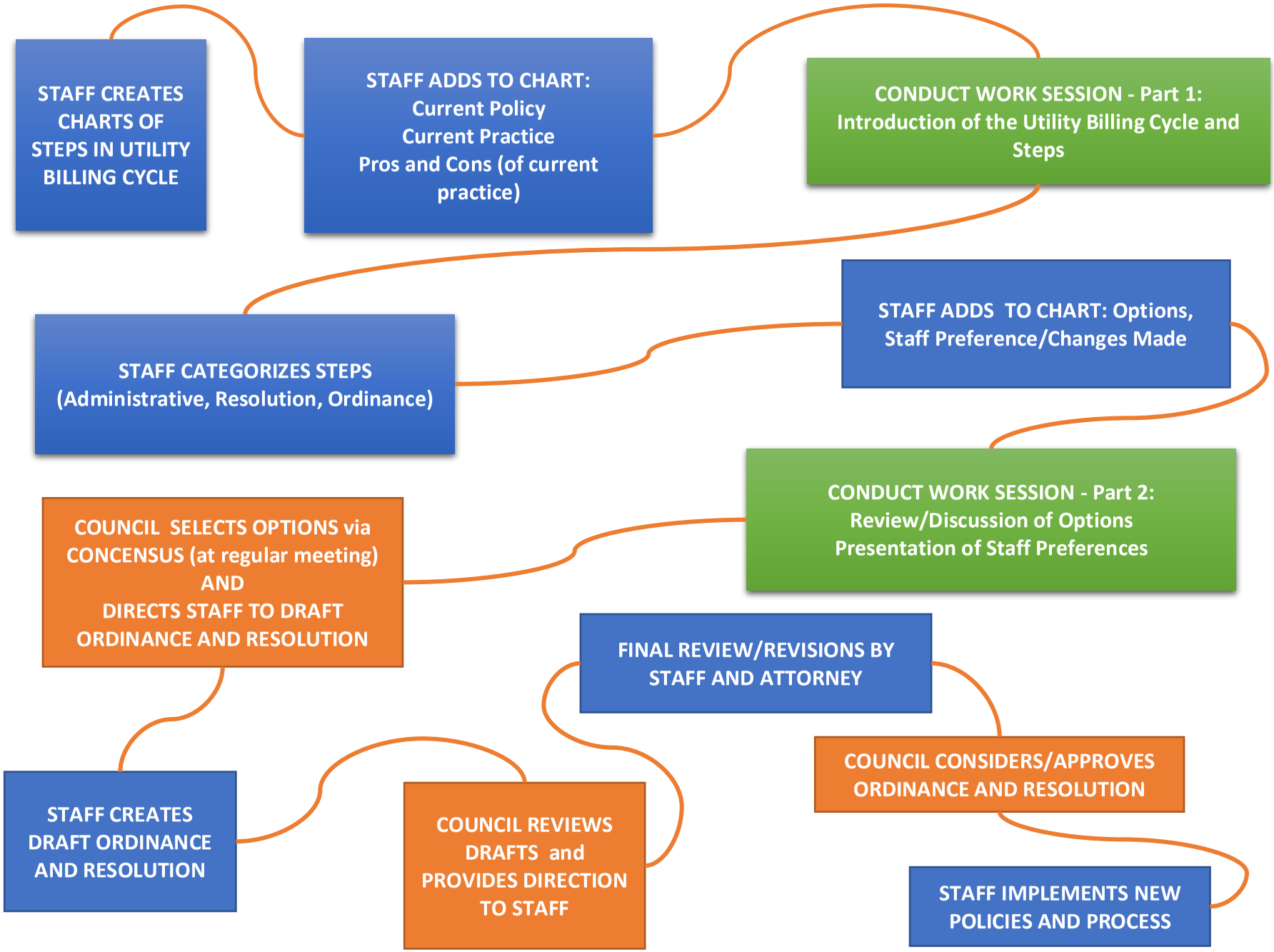
COUNCIL OPTIONS
No action is required at this time.

CITY ADMINISTRATOR'S RECOMMENDATION
Read materials and ask questions

SUGGESTED MOTIONS
Not applicable

ATTACHMENTS
A. Flowchart of Project
B. Chart of Utility Billing Steps
C. Billing Cycle Chart
D. Billing Cycle Timeline

Comprehensive Review and Updating of Utility Billing Policies and Practices



City of Veneta
Review of Utility Billing Cycle - Policies and Practices
By Step

The Utility Billing (UB) cycle involves a series of steps. The chart below lists the steps in the far left-hand column. The information within the chart includes the current practice, the pros and cons of the current practice, and the current policy language or reference. If no reference is made to a Resolution (Res), Veneta's Municipal Code (VMC) or Ordinance (Ord) the policy was established administratively.

Step #	STEP IN UTILITY BILLING CYCLE	Res &/or ORD LANGUAGE	CURRENT PRACTICE	PROS OF CURRENT PRACTICE	CONS OF CURRENT PRACTICE	COMMENTS
1	**Setting up new customer account**	Res 946 requires deposit at time of sign up	No money required up front; dep added to first bill	Easy to administer; less foot traffic	Not consistent with Reslution; no incentive to pay can start receiving services immediately	
		VMC13.05.080 not clear if to be paid prior to services starting	A flat amount of $50 is charged for sewer deposit and $20 for a water deposit.	City usually has enough money to cover last month's base charges	Hard to explain advance sewer concept and amount changes each time rates change	Done in June 2013. Previously it was considered paying one month in advance
		VMC13.05.090	Applicants are required to complete and submit an application; also need to show ID and rental agreement prior to receiving service	Less paperwork; less foot traffic	Hard to explain charges over the phone; time consuming; no responsible party; no way to verify who is calling or who customer is; not consistent with Ord; not consistent with ID theft prevention	Application implemented July 2014
2	**Ultimate Responsibility**	User is billed; however, ultimate responsibility is on owner of property whether or not they used the services VMC13.05.200	Non-property owners are allowed to set up accounts	Bill is paid by actual user; makes communication with user easier especially if the owners live out of the area	Tracking of renters is a nightmare; lots of staff time to process move ins and move outs; puts City in middle of conflicts; collection is more difficult; absentee owners often surprised by outstanding bills and unless we have their permission we can not place a lien on their property	Draft of agreement has been completed; would be best if accounts remain in owners' name unless agreement has been signed by owner
3	**Reading meters**	VMC13.05.170 On or around 25th	Meters read on or around the 25th of the month			
4	**Billing**	VMC13.05.170 Bills are mailed on or about the 1st of each month	Bills are mailed on or about the 1st of each month	Similar timing as other billings; customers are accustomed to timing	Can conflict with payment of other living expenses	
		VMC13.05.170 Bills are due the 10th of the month	Bills are due the 10th of the month	Similar timing as other billings; customers are accustomed to timing	Can conflict with payment of other living expenses and/or pay dates	
		Grace period 15 days	Grace period typically 15 days after the 10th	Offers flexibility and lots of time	Allows customers to get behind; inconsistent (mix of Ord and Res)	
5	**Bills Deemed Delinquent**	VMC13.05.170	Deemed delinquent on the 25th of the month			
6	**Late Notices**	VMC13.05.210 30 days after being deemed delinquent	Late (Delinquent) notice sent if no payment by the 10th of the second month. I am not sure we are doing this correctly. The ordinance says 30 days delinquent. Resolution says send late notice when there is a 30 day balance	Practice being done maximizes time between monthly bills and late notices to prevent confusion	Allows customers to get behind; inconsistent (mix of Ord and Res)	

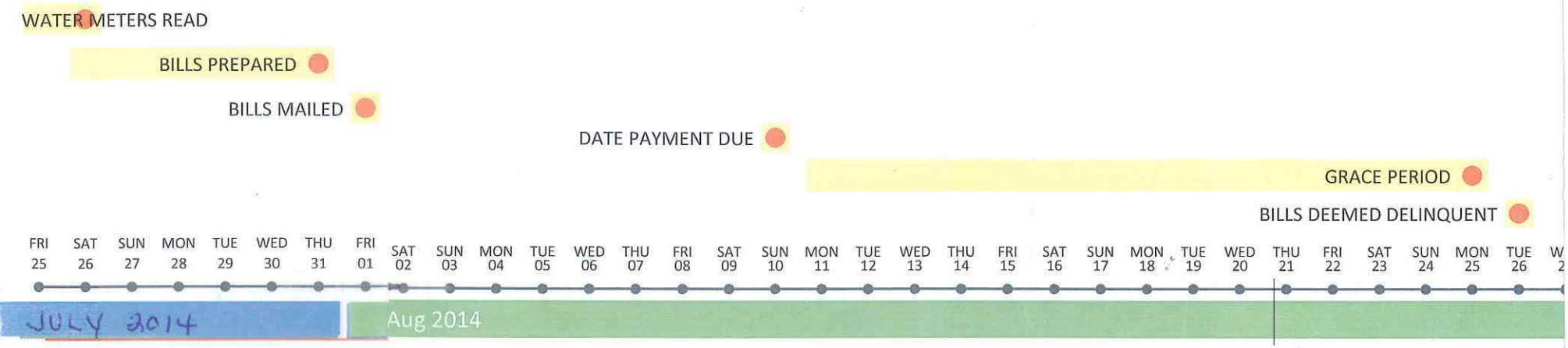
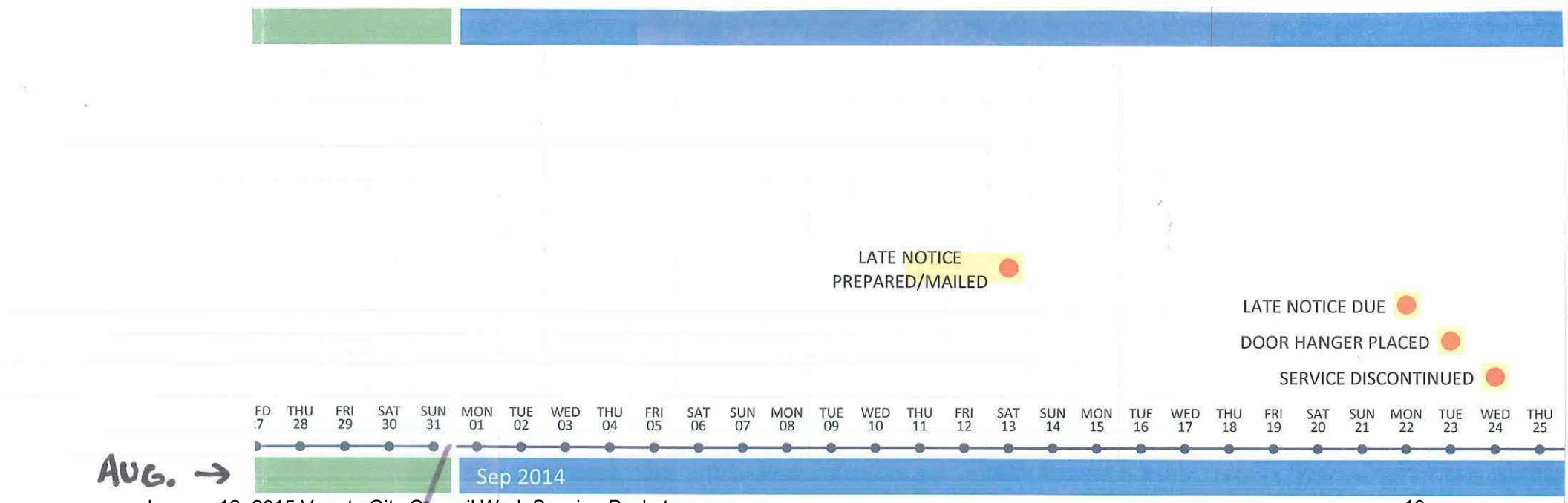
7	**Door Hangers**	VMC13.05.210 10 days after Late Notice sent	Door hanger (24 hr disconnect notice) delivered if no payment 10 days after delinq notice mailed; door hanger fee added	Often this is the motivator for customers to call or come in	Requires lots of staff time; margin for error if clear notes are not made; customers dispute whether or not they "received" the hanger	If door hangers are continued, staff will review administrative processes focusing on efficiency improvements
8	**Payment Extensions**	Silent	Verbal "payment arrangements" are made with customers and entered into the UB system	Very flexible	Time consuming to track; can be misused and/or unclear	If verbal arrangements are allowed, they will be documented with in the UB system
9	**Involuntary Discontinuance of Service**	24 hours after Door Hanger placed	Water service suspended if no payment or payment arrangements made; disconnect fees added	Allows city to maintain a known schedule	Arrangements are accepted even without signed pay agreement; not completely consistent with ord; customer doesn't always know when 24 hours ends	
10	**Reinstatement of Services after Off for *Non Payment***	VMC13.05.210 Payment of 1/4 plus turn on fee and signed pay agreement required	Payment of 1/4 plus turn on fee and signed pay agreement required; exceptions are not always required in writing	Offers flexibility and convenience	Not completely consistent with ord; drags out process of getting account completely up to date	1/4 isn't usually enough to cover one month's bill amount. Needs to be increased
11	**Payment Agreements**	Only mentioned as option when customer has been shut off already for not-payment (see above)	In addition to offering pay agreements to customer's turned off for non-payment, we use pay agreements to assist customers struggling financially and/or customers that consistently call for extensions after receiving late notice and/or door hanger	Provides written obligation for customers to use as a tool to get caught up on their account; step above and beyond; enables City to obtain application if not received previously	Creates extra work for staff to implement; often customers don't take seriously or misunderstand	We use a few different formats; however, they all state that failure to meet entire obligation will result in discontinuance of service without further notice. The pay agreements are intended to be valid until the customer becomes current on their account or they complete a new agreement based on a change in their financial situation. If continued need to add last 4 of drivers' license to forms
12	**Reinstatement of Services after Off for *Lack of Pay Agreement Compliance* (1st offense)**	Silent	Decided on a case by case basis	Flexible	Not consistent	Service will be reinstated once account is paid in full; however, if payment is not received by 3:00 p.m. reinstatement will not occur until next working day.
13	**Authority to make Adjustments (other than refunds and deposits)**	VMC13.05.070 Adjustments and refunds, other than deposit, of water bills or other charges may be made only upon motion by the council	Adjustments rarely taken to council	More efficient and timely	Not consistent with ord	This is intended to be adhered to regardless of the reason for the adjustment

14	**Allowing Leak Adjustments**	Silent	Whenever there is an extensive leak: adjust out any additional sewer charges based on use (commercial accts only); adjust out the amount billed under tier 2 and/or tier 3 (i.e. the charge should be the usage at the tier 1 rate at the time of leak). Allow customer to make payments (use a pay agreement form) when 90% of the leak amount has been paid per agreement adjust remaining 10% off of bill. After proof of repair is provided	Good compromise and encourages customers to fix leaks	Some extra staff time	If adjustments allowed, customers would need to complete and submit the newly created "Request for Account Adjustment Form"
15	**Use/Reposting of Deposits on Active Accounts**	VMC13.05.080 "..From this account the cashier shall satisfy any delinquent deposit account immediately following the disconnection of service for delinquency of payment giving the depositor credit upon his water account. The cashier shall thereupon require the deposit to immediately restore his deposit to the original amount.."	Deposits applied to accounts only upon termination of account or by written request	Very flexible	Inconsistent, could be challenged, requires discussion	
16	**Refunding Deposit/Credits on Closed Accounts**	VMC13.05.080 & 3.20.010 include information about refunds; however, there is no limit to the amount	Deposits are credited back to water/sewer accounts when the account is being closed or when requested in writing. Checks are written and sent for any credit balances remaining regardless of amount	Fewer adjustments; eliminates confusion of being billed deposit more than once	Not completely consistent with ord	
17	**Incorrect Service Start/Stop Dates (beyond current period)**	Silent	Corrections are made on a case by case basis	Very flexible	Inconsistent, could be challenged, requires unnecessary staff time	Implementation of new forms will greatly reduce the need for these types of adjustments and requests will need to be in writing
18	**Closed Accounts with Balances Due**	VMC13.05.210 Water service charges shall be a lien against the premises served from and after 10 days after the 10-day notice and entry on the ledger or other records of the city pertaining to its water system, and such ledger; no allowance for small balances (less than $5.00)	If user of services was a renter the account is being sent to collections after 60 days. If user of services is property owner no action taken or sent to collection as well; typically write off balances less than $5.00	Relatively easy to administer; saves staff time and supplies	Rarely receive money from collection agency; inconsistent	We need to have signed agreement to place a lien on property if the owner was not the user of services. Agreement of this type recently drafted. It is possible that collections have not been successful because of the limited information we provide. With implementation of our new service applications we have more information for them

19	**Transferring Balances**	VMC13.05.200 "Where the user has a delinquent bill for one premises, the delinquency shall be charged against the user for the water services obtained at any other premises within the city"	We used to transfer unpaid balances to property owners and to a new premise; however practice was discontinued because it is not allowed by ORS. On occasion we have entered into pay agreements for a tenant's "previous account"	Does violate ORS	Practice not clear or consistent	We can withhold service from a tenant moving to a different premise if they have left an unpaid balance at their previous premise per ORS. We can also withhold service to a premise if the previous tenant left a balance due as long as we have notified the owner of such delinquency
20	**Non-Financial Changes to Accounts**	Silent	Done over the phone with no documentation	Easy and timely	Not consistent with ID theft protection policy, no support regarding change	
21	**Discontinuing Service Requests**	VMC13.05.090 "The property owner …..shall make written application ……to request water turned on or off at ay premises….."	Done over the phone with no documentation	Easy and timely	Not consistent with ID theft protection policy, no support regarding change	Draft of Discontinuance of Service form has been completed
22	**Discontinuance for Repairs**	VMC13.05.140 "When requested…water department shall…turn of the water at the meter…the cost of turn on or turn off shall be charged to the account.."	Done over the phone with no documentation; no charges	Easy and timely	No support regarding change	Draft of Discontinuance of Service form has been completed
23	**Discontinuance for Vacation**	VMC13.05.160 "Upon written request…water department shall…turn of the water at the premises and water charges to that premise shall cease. Upon written request, water service shall be resumed ..cost of turn on/off will be charged to the account.."	Done over the phone with no documentation; no charges	Easy and timely	Not consistent with ID theft protection policy, no support regarding change; not consistent with Ord	Draft of Discontinuance of Service form has been completed
24	**Turning Off Meters for Non-Payment**	VMC13.05.210, silent on meter status	Meters turned off. Locked or removed if signs of tampering	Does not take as much staff time	Repeat offenders will continue to use water	
25	**Routine Final Reads**	VMC13.05.090, silent on meter status	Meters more often then not are left on	Saves staff from going to same premise twice	Allows use of water whether or not the City has information about responsible party	

City of Veneta
Utility Billing Cycle
Options for Timing

UTILITY BILLING CYCLE (monthly for Active Accounts)	PER ORDINANCE		CURRENT PRACTICE	
METERS READ	On or around the 25th of each month	7/25	On or around the 25th of each month	7/25
BILLS PREPARED AND MAILED	On or about the 1st of each month	8/1	On or about the 1st of each month	8/1
DUE DATE ON BILLS	Bills are due on the 10th each month	8/10	Bills are due on the 10th each month	8/10
GRACE PERIOD ENDS	15 day grace period	8/25	15 day grace period	8/25
BILLS DEEMED DELINQUENT		8/25		8/25
LATE NOTICE PREPARED AND MAILED	30 days after being deemed delinquent	9/24	30 days after due date	9/12
LATE NOTICE DUE	10 days after Late Notice sent	10/4	10 days after Late Notice sent	9/22
DOOR HANGER PLACED ($15 charge added to account)	1 day after Late Notice Due	10/5	1 day after Late Notice Due	9/23
SERVICE DISCONTINUED ($40 charge added to account)	24 hours after Door Hanger placed	10/6	24 hours after Door Hanger placed	9/24
	Note: Owe for a little over three months before water turned off (July, Aug, Sept and 1 week in Oct) 98 days		Note: Owe for nearly three months before water turned off (July, Aug, 3 weeks of Sept) 86 days	

Attachment D

Utility Billing Cycle