Utility Billing and Collection Recommendations

July 22, 2026

Why Action Is Needed

$844,000

Total uncollected utility balance

92%

Of balances are 120+ days old

Balances aged past 120 days are historically very difficult to recover.

Outstanding Utility Receivables

Category	# of Accounts	Uncollected Balance
Inactive Accounts	4,800	$621,000
Suspended Accounts	240	$223,000
Total Outstanding	**5,040**	**$844,000**

Without intervention, these balances continue to grow — shifting costs onto paying customers and weakening the utility fund's financial position.

How Unpaid Balances Occur

Inactive Accounts

Customer moves out → Final bill exceeds security deposit → Remaining balance unpaid

Suspended Accounts

Service disconnected for nonpayment → Charges continue accumulating → Balance unpaid and continues to grow

Result

Large balances that age into uncollectible debt turning into missed utility revenue and bad-debt the utility fund must absorb.

What Have We Already Done?

Independent Utility Billing Business Review

- Reviewed operations, policy, security deposits & aging/collection processes
- Benchmarked against municipal utility best practices
- Delivered a roadmap of improvements

Strengthened Internal Operations

- Restructured Finance Dept. responsibilities
- Added dedicated collection specialist
- Increased focus on delinquent account management

Improved Collection Efforts

- Partnered with a professional collection agency
- Established formal collection procedures
- Expanded tools and ACH campaigns

Updated Security Deposit Requirements

- First comprehensive review in 7 years
- Better aligned deposits with customer risk & utility usage
- Reduces future bad debt and protects paying customers

Guiding Principles

Fiscal Responsibility

Protect utility revenues that fund City services and infrastructure.

Customer Fairness

Treat customers consistently and equally under policy and ordinance.

Operational Efficiency

Simplify administration and improve consistency across billing operations.

Governance & Compliance

Align contracts, policies, and ordinance with legal best practices.

Why Are We Proposing Changes?

These recommendations are designed to:

- **Reduce bad debt and improve revenue recovery to help maintain affordable utility services**
- **Improve collection rates**
- **Protect utility revenues and support long-term rate stability**
- **Protect paying customers**
- **Provide consistency between Ordinance, Billing Policy, and Customer Contracts**
- **Legally protect the City**

Recommended Council Actions

1 Clarify Property Owner and Tenant Responsibilities

2 Reduce Days of Exposure from 96 to 68 Days for Disconnection of Service

3 Update the Leak Adjustment Policy

4 Corrective Billing & Late Fee Policy Updates

5 Improve Collection Processes and Reduce Uncollectible Accounts

6 Align Ordinance, Billing Policy, and Customer Contract Terms

EXPECTED OUTCOMES

- ✓ Reduced bad-debt write-offs
- ✓ Increased legal & regulatory compliance for the City
- ✓ Fairer treatment across all customers
- ✓ Greater consistency across Ordinance, Billing Policy, & Customer Contract Terms
- ✓ Protect utility revenues

Property Owner & Tenant Responsibility

Current Challenge

When a tenant or owner leaves or stops service without paying the remaining balance, collection opportunities are very limited.

We have not been able to hold tenants or owners liable for these balances before they can request new service on a new property location.

KEY RECOMMENDATION

Proposed Solution

- Update contract terms that hold the property owner or tenant liable for paying balance on account before they can start service on a new account
- Service automatically transfers to owner once tenant service ends and owner responsible for charges
- No owner deposit for non-owner-occupied property
- Formal process to dispute amounts owed
- Ordinance, Policy & Contract updated to best practices

Result

Improved collections

Reduced bad debt

Greater accountability

Reduction of Days of Exposure

Disconnection of Service for Unpaid Utility Accounts

28 Days Sooner

Approximately 4 weeks earlier

BENEFITS

- ✓ Multiple customer notifications remain in place (4 notices go out before customer disconnected)
- ✓ Earlier identification of delinquent accounts
- ✓ Lower unpaid balance accumulation
- ✓ Improved collections

Customer Benefit: Disconnection dates will now appear directly on bills

Giving customers a clear, visible deadline to pay on time and avoid service interruption

Leak Adjustment Requests

Eligible (Non-Preventable)

- ✓ Underground service line leaks between meter and structure
- ✓ Hidden plumbing or fixture failures, include running toilets
- ✓ Sudden pipe bursts
- ✓ Service line failures not attributable to customer action
- ✓ Internal leaks not visible or reasonably discoverable

Not Eligible (Preventable)

- ✗ Faucets or spigots left running
- ✗ Hoses left on
- ✗ Irrigation systems left operating unattended
- ✗ Customer negligence or misuse (e.g. improperly closed valves)

Goal: Provide relief for unexpected leaks while encouraging responsible water use.

Leak Adjustment Request Form — available on the City website under Customer Service

Leak Adjustment Policy

Current vs. Proposed

Current	Proposed
No language in current policy regarding preventable leaks vs non-preventable leaks	**Preventable Leaks will not be eligible for leak adjustment**
Eligible for one adjustment every 36 months	**Eligible for one adjustment every 24 months**
$5 minimum leak adjustment to qualify for processing	**$20 minimum leak adjustment to qualify for processing**
$1,000 maximum adjustment allowed water and sewer combined	**$3,000 maximum adjustment allowed water and sewer combined**
Proof of leak being repaired not currently required	**Require proof that leak has been repaired**
Large leaks require bills to be recalculated using the lowest volumetric rate, followed by a fixed dollar adjustment.	**Leak adjustments are calculated using each customer's normal water usage rate, providing a more equitable and consistent adjustment.**

Leak Adjustments: Current vs. Proposed

Sample Adjustment Comparisons

Current	Proposed	Difference
$190.78	$209.41	**+$18.63**
$83.62	$116.34	**+$32.72**
$2,839.23	$3,000.00	**+$160.77**

Most customers would see equal or improved assistance under the proposed policy.

FY26 DATA

429 leak adjustments totaling $216,585 | Average of $505 per adjustment

8.62% of leak adjustments exceeded $1,000

Fewer than 1% of leak adjustments were under $20

$216,585

Total leak adjustments issued in FY26

$505

Average adjustment amount

429

Adjustments processed

Corrective Billing & Late Fee Policy

Current vs. Proposed

Policy Area	Current	Proposed
Corrective Billing Adjustments	Two-year correction period if customer underbilled; indefinite correction period if customer overbilled.	**Two-year correction if customer underbilled and two-year correction if customer overbilled**
Late Fee Penalty	Assessed 10 days after due date	**Assessed 1 day after due date**

WHY THIS MATTERS

- ✓ Ensures corrective billing changes are applied consistently across all accounts
- ✓ Earlier delinquency signal supports faster collections
- ✓ Consistent with industry best practice on applying late fees

Benefits to the City

These initiatives are designed to reduce bad debt, improve collection rates, protect utility revenues, and minimize the financial burden placed on paying customers — while creating consistency between Ordinance, Billing Policy, and Customer Contracts.

A comprehensive update of the Customer Contract, Ordinance, and Billing Policy streamlines processes, incorporates industry best practices, strengthens collections and enforcement, and better protects the financial interests of the City and its customers.

Helps keep the City legally compliant.

RESULTS

- **Fairer for Customers**
- **Consistent and Transparent Administration**
- **Reduced Financial Risk**
- **Sustainable Utility Operations**
- **Greater Rate Stability Over Time**

NEXT STEPS

Timeline, adoption process, and implementation actions

PATH TO ADOPTION

Implementation Timeline

Jul 22	Aug 6	Sep 3	Oct 1
Present at Workshop Meeting	Council Feedback Council Meeting	Proposed Adoption at Council Meeting	Effective Go-Live Date

WHAT TAKES EFFECT

- New customer contract terms
- Ordinance amendment
- Billing policy amendment
- Credit card fees absorbed by customer
- Disconnection 4 weeks earlier for unpaid account balances
- Collection efforts kick off
- New leak adjustment policy
- Other minor policy changes

IMPLEMENTATION STEPS

✓ Staff training

✓ Customer notification campaign (letters, social media, website, realtors, attorneys)

✓ New contracts process made easy — customers can complete electronically without visiting City Hall

✓ Late Fee and Delinquent Account Fee waived for 2 months for customers to get used to new processes

Questions?