



## BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

**AB 6672**  
**May 6, 2025**  
**Consent Agenda**

### AGENDA BILL INFORMATION

<b>TITLE:</b>	AB 6672: City Code Update regarding Utility Billing Policies (Second Reading of Ordinance No. 25C-09) and adoption of Utility Billing Manual (Resolution No. 1675)	<input type="checkbox"/> Discussion Only <input checked="" type="checkbox"/> Action Needed: <input checked="" type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution
<b>RECOMMENDED ACTION:</b>	<ol style="list-style-type: none"><li>1. Adopt Ordinance No. 25C-09 updating Section 15.12.010 of the Mercer Island City Code.</li><li>2. Adopt Resolution No. 1675 updating utility billing policies and procedures.</li></ol>	

<b>DEPARTMENT:</b>	Finance
<b>STAFF:</b>	Matthew Mornick, Finance Director LaJuan Tuttle, Deputy Finance Director
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	<ol style="list-style-type: none"><li>1. Ordinance No. 25C-09</li><li>2. Resolution No. 1675</li></ol>
<b>CITY COUNCIL PRIORITY:</b>	4. Focus efforts and actions to be an environmentally and fiscally sustainable, connected, and diverse community.

### EXECUTIVE SUMMARY

This agenda bill updates the City's utility billing policies and procedures as staff completes the remaining phases of the advanced meter infrastructure (AMI) implementation project.

- At the April 15, 2025 City Council meeting staff proposed updates to the City's utility billing procedures (see [AB 6657](#)) based on a comprehensive review of the City's current policies and established practices among municipal utility providers.
- Ordinance No. 25C-09 (Exhibit 1) revises the City's municipal code to point to the City's billing procedures as outlined in the utility billing manual.
- Resolution No. 1675 (Exhibit 2) clarifies the regulations and enforcement measures in the utility billing manual, so they align with other City policies and reflect current industry standards.
- Once approved and adopted by the City Council, the updated policies will take effect June 2, 2025.

### BACKGROUND

In 2024, the City contracted with HDR Engineering Inc. (Consultant) to provide a technical review of the City's utility billing policies. Staff worked with the Consultant to review areas in the City's municipal code and internal procedures to improve regulations and enforcement measures. Staff also sought to clarify responsibilities between the City and its utility customers based on established best practices within the industry and among other local utilities within the region.

The timing of this policy review and internal procedures update coincided with the advanced meter infrastructure (AMI) system implementation project. With the new meters successfully installed and efforts underway to install four remaining data collectors as well as launching the new customer service portal at the end of this year, staff seeks to reduce ambiguity and bring the City's utility billing policies and procedures into alignment with current industry standards. Finance staff worked with the Consultant to identify common industry approaches and potential policy improvements regarding:

1. Improved enforcement of policies
2. Water leak adjustments
3. Tenant/landlord responsibilities
4. Payment plan/arrangements

Staff identified the City of Kirkland, City of Puyallup, City of Issaquah, City of Bremerton, and Seattle Public Utilities (SPU) as "peer utilities" because of the current and comprehensive nature of the policies (e.g., within the utility's website, in a policy document, or codified) and shared values for excellent customer service standards.

## ISSUE/DISCUSSION

### Improved Enforcement of Policies

A core component of utility operations is the enforcement of the local and state policy guidelines. Clear and succinct enforcement language equips staff tasked with ensuring policies are equitably enforced for all utility account holders. Utility customers benefit from clarity on how the City will manage unforeseen circumstances should they occur. On this basis, the authority to enforce the City's utility policies should be explicitly outlined in the City's municipal code.

The update to the City's municipal code (Exhibit 1) clarifies customer billing procedures and enforcement measures are outlined in the City's Utility Billing Manual (Attachment A to Exhibit 2). The new language clarifies and ensures enforcement for all the City's utility operations.

### Water Leak Adjustment Policy

Water leaks are a part of typical water system operations and result from a variety of sources including main breaks and leaks within a customer's property after the water meter. The primary difference with leaks within a customer's property is that the customer will be billed for that water usage. New AMI infrastructure will equip the City to identify potential water leaks faster and with more accuracy.

Most local utilities adjust a high bill that is attributable to leakage if the customer had no prior knowledge of the leak and agrees to fix it in a timely manner. The goal of updating the City's water leak policy (outlined in Attachment A of Exhibit 2) is to more clearly define the expectations for the account holder and the City regarding leak identification, notification of the City and utility customer, and frequency of adjustments.

### Tenant/Landlord Responsibilities

A common point of confusion for utility accounts tied to rental properties is the fiscal responsibility and liability for water, sewer, and stormwater services. Utility services will be paid either by the landlord who recovers the cost through monthly rent charged to a tenant, or by a tenant registered as a utility account customer with the City. No matter the arrangement, the landlord is liable for unpaid balances for utility services received ([RCW 35.21.217\(b\)](#)). All charges for utility service are tied to the property. Collection of outstanding charges for vacated tenants is the property owner's responsibility. Failure to pay may result in

disconnecting service and/or a lien on the property. The new utility billing manual includes new information regarding new account setup, grandfathered accounts in good standing, and tenant/ landlord responsibilities.

#### Payment Arrangements

It is common practice among local utility providers to offer payment arrangements for qualified customers with clear guidelines in place. The City currently offers payment arrangements to utility customers on a case-by-case basis. Although this is well-intentioned and attempts to convey a level of compassion and understanding, it can also be construed as vague, arbitrary, and inequitable.

The new utility billing manual includes updated information with specific guidelines and eligibility requirements for the formation of a payment arrangement, including:

- An initial minimum payment of \$100 or 10% of the balance due, whichever is more.
- Limited duration of a payment arrangement to 3 months.
- No additional payment arrangements may be setup until the account is in good standing and current on prior billings.
- Acceptable forms to submit payment arrangements via email, in-person, and mail.

### **NEXT STEPS**

Once the City Council amends the City's municipal code (Exhibit 1) and adopts the utility billing manual (Exhibit 2), staff will update the City's website with the new utility billing manual and the corresponding application forms by June 2, 2025.

Staff will share information on the procedure update through the City's communication channels as well as include notices on utility billing statements throughout the summer.

### **RECOMMENDED ACTION**

1. Adopt Ordinance No. 25C-09 updating Section 15.12.010 of the Mercer Island City Code related to billing procedures.
2. Adopt Resolution No. 1675 updating utility billing policies and procedures.