

Agenda Item No: GB-B
Meeting Date: May 10, 2021

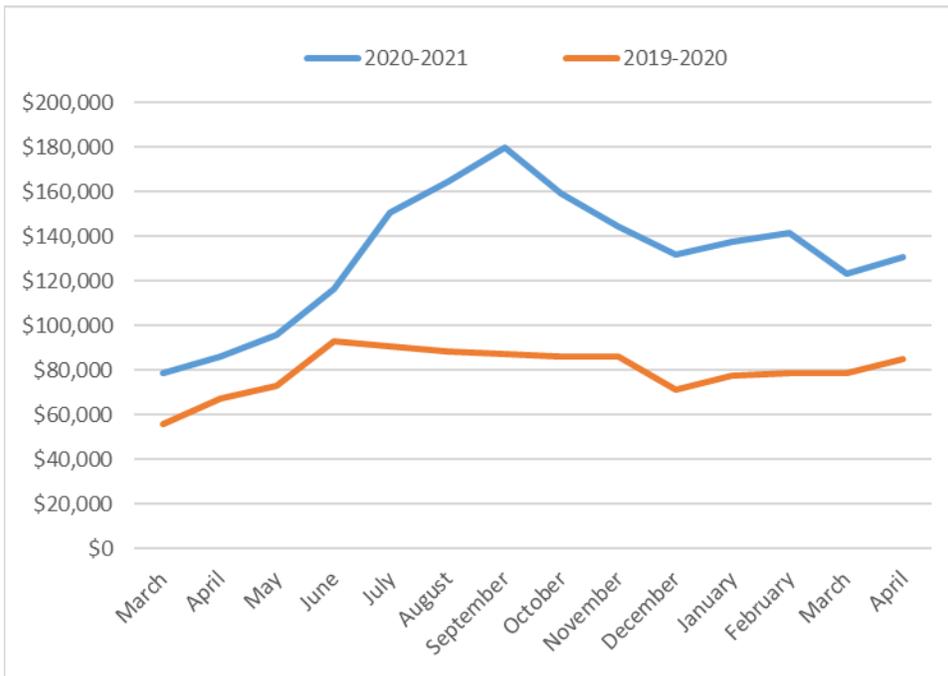
Subject: Council discussion of reinstating water penalties including late fees and water disconnections.

Presenter: Kelly Stroh

Background: In June 2020 the Governor signed Executive Order D 2020 098 directing all public utility providers to waive reconnection fees and suspend accrual of late payment fees for all residential customers and small business consumers. The directive also requested that utility providers provide end users with payment assistance programs and/or payment plans for customers. This executive order has been extended multiple times since, the last being D 2020 074 signed on March 29, 2021. This final executive order expired 30 days after the signature date; April 28, 2021.

The City of Dacono suspended late fees and water disconnection penalties with Ordinance 885 on 4/13/2020. Since then, customers have had full benefit of water and trash services without fear of disconnection due to non-payment. The office staff has tried to remind customers that eventually, the City will reinstate this part of the municipal code and that it would be beneficial to pay any payment possible to keep the accounts from becoming too burdensome in the future. However, this warning has not been heard or practiced by all.

The table below indicates that while some customers have closed the accounts receivable gap that was at its largest in September 2020, the gap has grown from post-pandemic compared to pre-pandemic levels, in fact, the gap has doubled in size from \$22,000 to \$44,000. The concern is for those who have not started to pay down those higher balance whether by choice or by circumstance. The longer we wait to promote adherence to the municipal code, the harder it will be for these individuals and families to bring their accounts back from the brink.



Customer balances of course change on a daily basis, so while I am writing this report, the data is changing. To provide a snapshot of account health an aging report was pulled on May 3, just before the next billing cycle. Here is some of the alarming data:

- 96 customers have a balance that is at least 90 days past due.
- 11% of customers with a balance on their account owe 49% of the total balance owed.
- 41 account holders owe between \$500 and \$1500.

We are heading into another summer of hot and dry weather and these totals will climb again if we don't get customers back into the habit of paying off their balances to avoid water discontinuation. We want to do this in a safe and responsible manner understanding that we are just coming out of some of the darkest times in recent history.

Staff recommends staging this process by first getting notice out to customers using all the City social media platforms, the website, and of course on the water bills. Potentially, late fees could resume on the June bill. This would prompt a late notice to be sent to all potential late paying customers giving them a date when we will resume water disconnection. This could be as soon as mid-June or later in mid-July if Council agrees.

The idea is to give late paying customers enough time to call the office and secure a payment arrangement or to call some of the help resources available to assist with payments. If a customer wishes to set up a payment arrangement, staff recommends a flat arrearage payment plus the current bill to keep the customer moving the balance in a positive direction.

While less of a concern, the revenue shortage the City has experienced will begin to recover. Not only the collection of accounts receivable in a timely manner but penalty income will normalize. During the pandemic, with the discontinuation of these penalties, the City has lost on average \$1550 in late fees per month and 20 disconnect penalties ranging from \$50 to \$100 each. Over the course of the suspension, the City has lost approximately \$45,000 in penalty revenue.