

**CITY MANAGER'S REPORT
DECEMBER 9, 2019 CITY COUNCIL REGULAR MEETING**

ITEM: DELINQUENT UTILITY TURN OFFS

RECOMMENDATION: Adopt a Resolution to Suspend Service Disconnections for Delinquent Accounts Scheduled on December 18, 2019

SUMMARY:

As in past years, staff has recommended suspending service disconnections during the month of December. The City will still assess a 10% late fee to all accounts with balances not paid by December 31, 2019. Suspension of service disconnections in December has been approved by Council since 1996.

BACKGROUND:

The Finance Department produces monthly utility invoices for its water and wastewater customers. The cycle of the utility bills is as follows:

- **Invoice Production:** Utility invoices are created and mailed to City residents at the beginning of each month. Utility invoices are due by the 25th of each month. A 10% penalty fee is assessed to all outstanding accounts on the last working day of the month.
- **Reminder Notice:** Reminder notices are sent to City residents one (1) day after the due date for all outstanding accounts.
- **Final Notice:** Final notices are normally sent out to City residents two (2) weeks after the due date for all outstanding accounts. Final Notices inform the resident that the account is subject to disconnection. A 72-hour timeframe is given to residents to submit payment or make payment arrangements.
- **Disconnection:** Typically three (3) weeks after the due date, accounts with past due balances after the Final Notice deadline are subject to disconnection. Disconnected accounts are assessed a \$60 reconnection fee.

In the last twelve (12) months, the City disconnected an average of 110 customers per month. A \$60 reconnection fee is assessed to all disconnected accounts. On average, the City collected a total of \$7,100 in service reconnection charges per month.

Suspension of turn-offs in the month of December may increase account delinquency and potentially increase the amount of uncollectible accounts written-off (referred to a collections agency) at the end of the fiscal year. Instead of detecting unpaid accounts in mid-December through the turn-off process, unpaid accounts are not caught until mid-January, thereby allowing customers to skip late fees for up to 90-days instead of the customary 60-days.

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If Council decides to suspend turn offs in the month of December, the service reconnection charges would not be assessed. However, the City will still apply a 10% late fee to all delinquent accounts if their balance is not paid by January 2, 2020.

REASON FOR RECOMMENDATION:

Interruptions of essential City services such as water service due to non-payment can be disruptive during the holidays. Therefore, Council may decide to suspend service disconnections during the month of December. This action has been approved by Council since 1996.

FISCAL IMPACT:

Suspension of turn-offs in the month of December has fiscal impacts, as noted below:

- Potentially increases the number of customers who fail to pay their bills timely.
- Service reconnection charges estimated at \$7,100 would not be assessed or collected.
- Increases the likelihood of having a higher number of unpaid accounts referred to collections.

COUNCIL GOALS ADVANCED BY THIS AGENDA ITEM:

The agenda item promotes Community Values and a Feeling of Safety by ensuring continuity of water services for our residents during the month of December.

ATTACHMENTS:

- A. Adopt a Resolution to Allow Suspension of Service Disconnections for Delinquent Accounts Scheduled on December 18, 2019.

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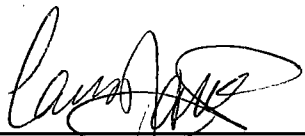
APPROVALS:

Vanessa L. Portillo

Vanessa L. Portillo
Deputy Finance Director

11-05-19

Date



Cari James
Director of Finance

11-6-19

Date



Salvador Navarrete
City Attorney

11-6-19

Date



Stephen Salvatore
City Manager

11-14-19

Date

RESOLUTION NO. 19-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP TO
SUSPEND SERVICE DISCONNECTIONS FOR DELINQUENT ACCOUNTS
SCHEDULED ON DECEMBER 18, 2019**

WHEREAS, since 1996, the City has allowed utility services to remain uninterrupted during the month of December for all utility accounts, including delinquent accounts; and

WHEREAS, the City disconnects an average of 110 customers per month; and

WHEREAS, the fee to reconnect water service after disconnection for non-payment is \$60; and

WHEREAS, the City collects an average of \$7,100 per month in reconnection fees; and

WHEREAS, the City will continue to charge the delinquent accounts a 10% late fee if the balance is not paid by January 2, 2020;

NOW, THEREFORE, BE IT RESOLVED that this City Council does hereby authorize the extension for all delinquent accounts scheduled for turn off on December 18, 2019.

The foregoing resolution was passed and adopted this 9th day of December 2019, by the following vote of the City Council:

AYES:

NOES:

ABSTAIN:

ABSENT:

Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

Teresa Vargas, City Clerk



Salvador Navarrete, City Attorney