



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Approval of Increasing Late Fees for Past Due Utility Bills
MEETING DATE: November 5, 1997
PREPARED BY: Finance Director

RECOMMENDED ACTION: That the City Council approve increasing late fees for Past Due Utility Customers in accordance with Option 2 based on staff recommendation.

BACKGROUND INFORMATION: On March 4, 1992 the City Council adopted resolution No. 92-41 setting fees in the amount of \$10 for the 60 day past due utility customer and \$25 for the 90 day past due utility customer. Recent analysis shows that 81% of utility customers pay their utility bill before the next billing period. On an average of 25,000 utility accounts billed each month, the remaining 19% represent approximately 4,750 customers who are in some period of delinquency on a daily basis throughout the monthly billing period. An average of 11% of utility customers carry a 30 day past due amount in arrears, an average of 7% carry a 60 day past due amount in arrears and only 1% carry a 90 day past due amount at the point of the next billing period. Municipal Code currently grants authority to the Finance Director to waive late fees when in his/her opinion a customer has presented reasonable evidence of financial hardship or convincing information that timely payment could not have been expected.

It is the policy of the City that the enterprise activities (electric, water, sewer and solid waste) be efficiently managed and based on sound economic principles by following prudent business practices. The City wants to encourage customers to pay utility bills on a timely basis and to discourage delinquent utility bills. The addition of a late fee at the 30 day past due point will allow customers to address payment problems before the dollar amount of the bill is so large that shut-off is unavoidable and payment of delinquent amounts impossible.

cont'd

APPROVED: _____


H. Dixon Flynn -- City Manager



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Option 1 and Option 2 are based on the numbers of accounts with past due balances at the time the current bill is generated.

Current plus 30 day past due balance - 3226

Current plus 60 day past due balance - 1872

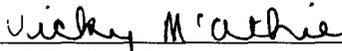
Current plus 90 day past due balance - 249

Option 1 - Increase 60 Day Past Due Amount from \$10 to \$12 and Continue 90 Day Past Due Amount of \$25

Option 2 - Add \$5 to 30 Day Past Due Amount, Increase 60 Day Past Amount from \$10 to \$15 and Continue 90 Day Past Due Amount of \$25.

Staff recommends adoption of Option 2

FUNDING REQUIRED: None



Vicky McAthie, Finance Director

Prepared by: Maxine Cadwallader, Revenue Manager

APPROVED: _____
H. Dixon Flynn -- City Manager

DRAFT

RESOLUTION NO. 97-184

DRAFT

A RESOLUTION OF THE LODI CITY COUNCIL
SETTING LATE FEES FOR DELINQUENT UTILITY BILLS

WHEREAS, it is the policy of the City Council that the enterprise activities (water, sewer, electric, and solid waste) of the City be efficiently managed and based on sound economic principles by following prudent business practices; and

WHEREAS, it is the policy of the City Council to encourage customers to pay utility bills on a timely basis and to discourage delinquent utility bills; and

WHEREAS, it is the policy of the City Council that City staff will be sensitive to customer hardships or other unusual circumstances that preclude timely payment of utility bills.

NOW, THEREFORE, BE IT RESOLVED by the Lodi City Council that the following late fees for delinquent utility bills is approved and that the Finance Director may waive these fees when in his/her opinion a customer has presented reasonable evidence of financial hardship or convincing information that timely payment could not have been expected:

OPTION 1:

<u>Bill</u>	<u>Amount</u>
First	Utility Rate Only
Second	Utility Rate Only
Third	Utility Rate plus \$12.00 late charge
Final	Utility Rate plus \$25.00 late charge

or

OPTION 2:

First	Utility Rate Only
Second	Utility Rate plus \$ 5.00 late charge
Third	Utility Rate plus \$15.00 late charge
Final	Utility Rate plus \$25.00 late charge

Dated: November 5, 1997

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I hereby certify that Resolution No. 97-184 was passed and adopted by the City Council of the City of Lodi in a regular meeting held November 5, 1997, by the following vote:

- Ayes: Council Members –
- Noes: Council Members –
- Absent: Council Members –
- Abstain: Council Members –

ALICE M. REIMCHE
City Clerk

DRAFT

DRAFT

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NOW, THEREFORE, BE IT RESOLVED by the Lodi City Council that the following late fees for delinquent utility bills is approved and that the Finance Director may waive these fees when in his/her opinion a customer has presented reasonable evidence of financial hardship or convincing information that timely payment could not have been expected:

OPTION 2:

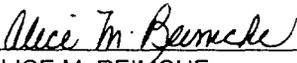
First	Utility Rate Only
Second	Utility Rate plus \$ 5.00 late charge
Third	Utility Rate plus \$15.00 late charge
Final	Utility Rate plus \$25.00 late charge

Dated: November 5, 1997.

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I hereby certify that Resolution No. 97-184 was passed and adopted by the City Council of the City of Lodi in a regular meeting held November 5, 1997, by the following vote:

- Ayes: Council Members – Land, Sieglock and Warner
- Noes: Council Members – Mann and Pennino (Mayor)
- Absent: Council Members – None
- Abstain: Council Members – None



 ALICE M. REIMCHE
 City Clerk