



AGENDA TITLE UTILITY BILL AND COLLECTION SYSTEM

MEETING DATE: May 20, 1992

PREPARED BY: Finance Director

- RECOMMENDED ACTION**
1. That the City Council authorizes the Finance Department to conduct a one-year test and evaluation of a new billing format for utility bills which will be mailed to City customers with a return envelope, and
 2. That the City Council authorizes Public Works to purchase and install a curb-side utility bill drop box at City Hall. and
 3. That the City Council approves and appropriates funds for the purchase or lease of the following equipment, services and supplies:
 - **Two (2) ANZAC** Lazar Jet Printers at a cost not to exceed \$16,500 plus an annual maintenance charge of \$2,500.
 - One (1) Pitney Bowes folder/inserter at a cost not to exceed \$9,500 plus an annual maintenance charge of \$1,250 per year.
 - * **Three (3) INTERMEC** wands at a cost not to exceed \$600.
 - Design services and purchase of forms and envelopes at an annual cost of \$18,000 per year.
 - Purchase of mailing services for utility bills at a cost of \$9,600 per year.
 - Purchase and installation of a curb-side utility bill drop box at a cost not to exceed \$1,500

BACKGROUND INFORMATION At the shirt-sleeve meeting on May 5, 1992, the staff presented the City Council with a review of possible changes to the City's utility bill and collection system intended to improve the City utility billing system by providing better information to customers. These changes include; (1) the design of a new bill which presents not only service costs but consumption history for the current period and for the same period in the prior year; (2) mailing the bill with a return envelope; and, (3) providing a curb-side drop box to assist handicapped and non-handicapped customers when paying their bills at City Hall.

These changes were recommended to Council based on requests by members of the City Council, City staff, and City customers; and are, in part, in response to recent legislation which requires the City to provide utility customers with consumption history. In addition, the curb-side drop box will assist handicapped customers as well as non-handicapped customers in paying their bills.

APPROVED Thomas A. Peterson
 THOMAS A. PETERSON
 City Manager



COST AND SAVINGS

At the shirt-sleeve meeting on May 5, 1992, staff discussed the cost involved in making these changes, which is estimated to be an additional \$34,000 per year plus one-time startup costs of \$28,000. The increase in operating costs of \$34,000 is attributed to the increase in postage (\$16,000 per year), the increase in cost for bills and envelopes (\$8,400 per year), and the cost of a mailing service (\$9,600 per year).

staff anticipates that these costs will be offset by the savings gained by consolidating other City mail with the utility bill (estimated savings of \$25,000 to \$29,000 per year) and the added investment earnings achieved by the decrease in time needed to process paid bills in the Finance Department (estimated savings of \$6,700 per year) and improved efficiency savings of \$10,000 per year.

To obtain the lowest postage rates possible, staff has met with the Post Office on several occasions to obtain their advice and assistance. At their recommendation, staff will add information to the customer address and bill which allows the City to obtain bulk rates. In addition, staff believes that using bar code and scanning wands will improve staff efficiency by significantly decreasing the time to process bills.

TEST AND EVALUATION

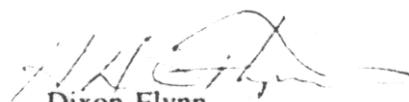
To limit the potential for failure and to ensure that the change from the current bill to the new bill is made successfully, the Finance Director requests that he be given the necessary latitude to make purchasing decisions in the selection and award of contracts to vendors and suppliers of equipment, supplies and services based on price, reputation, assistance given to the City and experience. During the development of new forms and procedures, staff must experiment and test with the forms, equipment and procedures to be used to determine which is workable. Accordingly, it is necessary to make purchasing decisions as development occurs. In some instances, it may be in the City's best interest to lease equipment for three to six months to determine if the equipment performs up to expectation or whether alternative equipment or services should be used.

SHIRTSLEEVE MEETING

Based on comments and suggestions by Council at the shirt-sleeve meeting on May 5, 1992, staff has redesigned the utility bill for one horizontal tear of that portion of the bill to be returned with payment.

FUNDING

This project will be funded by a one time appropriation of Fund Balance from the General Fund of \$34,000 and Fund Balance of the Capital Outlay Reserve of \$28,000.


Dixon Flynn
Finance Director

CITY OF LODI
SPECIAL ALLOCATION REQUEST

TO: Finance Director

DATE: May 20, 1992

FROM: City Clerk

PROJECT NUMBER: 10.0-050.04-500 = 30,65
 10.0-050.04-323 = 966
 10.0-050.04-332 = 375
 10.0-050.04-301 = 18,000

Request is made for funds to accomplish the following project which was not included in the current budget:

Description of Project	Estimated Cost
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Appropriation of funds for the purchase or lease of equipment, services, and supplies to implement a new billing format for utility bills	
- \$62,000.00	

534,000 - General Fund
 \$28,000 - Capital Outlay Reserve

(If you need more space, use additional sheet and attach to this form)

Date of Approval - May 20, 1992

Amount Approved - Not to exceed \$62,000

Council _____ XXXXX

City Manager _____

FUND OR ACCOUNT TO BE CHARGED

Current Budget \$ _____ Prior Year Reserve 4 _____

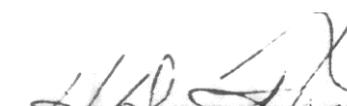
Contingent Fund 4 _____ General Fund Surplus \$ 34,000

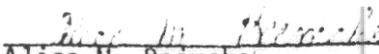
Capital Outlay Reserve \$ 28,000.00 Gas Tax Fund \$ _____

Utility Outlay Reserve \$ _____ Other (Election) \$ _____

Hotel/Motel Tax Reserve - \$ _____

General Fund Operating Reserve \$ _____


 Dixon Flynn,
 Finance Director


 Alice M. Reimche
 City Clerk

Submit this form in duplicate to the Finance Director. Distribution after approval will be as follows: 1) Originating Department 2) Finance Department