

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, DECEMBER 13, 2011**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, December 13, 2011, commencing at 7:00 a.m.

Present: Council Member Hansen, Council Member Johnson, Council Member Katzakian, Mayor Pro Tempore Nakanishi, and Mayor Mounce

Absent: None

Also Present: City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Discuss Utility Billing Ordinance and Processes (CM)

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding the utility billing ordinance. Specific topics of discussion included the current ordinance codified in Lodi Municipal Code Chapter 13.04, billing requirements in Section 13.04.030, challenges with the current billing process, current and proposed time line, and proposed changes.

In response to Council Member Johnson, Mr. Ayers stated staff will also consider proposed delayed service through the U.S. Postal Service with respect to the postmark date.

In response to Mayor Mounce, Mr. Ayers stated annual bad debt write-off at \$545,000 is a little less than previous years. He stated based on averages of other Northern California Power Agency (NCPA) cities Lodi's debt is a little less.

In response to Council Member Johnson, Mr. Ayers stated terms and extensions are considered on a case-by-case basis and on average one-third of the terms default.

In response to Mayor Mounce, Mr. Ayers stated considerations regarding staffing were taken into account in the proposed time line.

In response to Council Member Johnson, Mr. Ayers stated the current process gets the City to where it is today with a 26-day window and \$545,000 in annual bad debt write-off. Mr. Ayers stated most complaints regarding the process are related to the lack of a due date and not what the due date should be.

In response to Council Member Katzakian, Mr. Ayers stated billing is sent out at various times depending upon the service cycle.

In response to Mayor Pro Tempore Nakanishi, Mr. Bartlam stated the City has an obligation to reduce its debt write-off and to ensure its practices are consistent with the ordinance.

In response to Council Member Johnson, Mr. Ayers stated if the proposed time line is used a specific due date can be included on the billing.

In response to Mayor Mounce, Mr. Ayers confirmed a five-day grace period can be put back in for a total of a 46-day cycle.

In response to Council Member Hansen, Mr. Ayers stated customers are currently notified at the time a deposit is collected that 12 months of timely payments will allow them to use the deposit for the 13th month of payment although this practice is not codified.

In response to Council Member Hansen, Mr. Ayers stated the five-day grace period will bring the initial 21 days to 26 days.

In response to Council Member Johnson, Electric Utility Director Elizabeth Kirkley stated it is more effective to have shut-offs continue on one day a week, preferably on Wednesday, to ensure all data is timely received prior to the shut-off. Customer Services and Programs Manager Rob Lechner confirmed that the department averages approximately 60 shut-offs per week, of which many are repeat shut-offs, and they are located all over town and not concentrated in any particular area.

In response to Mayor Pro Tempore Nakanishi, Mr. Ayers confirmed the approximate cycle days for Sacramento Municipal Utility District is 50, Pacific Gas & Electric is 40, and Roseville is 30.

In response to Council Member Hansen, Mr. Lechner stated that, of the 60 shut-offs per week, approximately 50% are turned back on after they pay the reconnection fee during the same week and several others are turned on during the following week.

In response to Mayor Pro Tempore Nakanishi, Mr. Lechner stated staff uses judgment to find a balance and in the event of a medical emergency would not turn off the power.

In response to Council Member Hansen, Mr. Ayers stated term refers to a flexibility in the payment schedule and currently the practice and ordinance do not align.

A brief discussion ensued between Mayor Mounce, Council Member Hansen, Mr. Ayers, and City Manager Bartlam regarding staffing consideration in tightening up the ordinance, internal training and customer service needs, and public outreach efforts.

In response to Council Member Hansen, Mr. Ayers stated 46 days represents two and a half months of service prior to shut off. Mr. Ayers stated the City receives approximately \$800,000 in late fees annually.

Council Member Johnson requested that other NCPA cities be looked at when comparing billing cycles.

In response to Council Member Katzakian, Mr. Ayers stated that, if a deposit is not already required, it may be required at reconnection and in April 2009 the deposit went from \$50 to two months of service.

In response to Council Member Hansen, Mr. Ayers stated eventually the people who are playing the system do end up paying more than their monthly bill over the long run.

In response to Ed Miller, Mr. Ayers stated he would expect that the annual bad debt write-off would decrease over time with a shorter cycle and two months of deposit on hand.

In response to Myrna Wetzel, Mr. Ayers stated partial payments are allowed through terms but may still go into the shut-off process if it is an ongoing issue and various agencies do offer assistance programs.

In response to Council Member Hansen, Ms. Kirkley confirmed electric utility does have a low-income discount.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:08 a.m.

ATTEST:

Randi Johl
City Clerk



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Discuss Utility Billing Ordinance and Processes
MEETING DATE: December 13, 2011
PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Discuss Utility Billing Ordinance and processes.

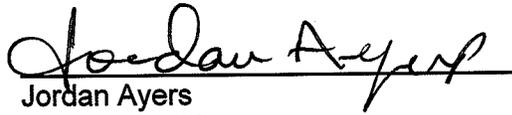
BACKGROUND INFORMATION: While researching utility billing issues, staff learned that the City's current billing processes do not conform to the underlying ordinance that provides for the billings. Staff will detail the variances in today's presentation.

In an attempt to bring the billing information in line with the authorizing ordinance, staff recently changed the language on the utility bills to read "Due Upon Receipt." This language change has generated more than 1,000 customer contacts in the last three months. Staff will bring forward potential changes to the billing ordinance and processes for Council discussion.

Among the changes under consideration are revising the ordinance and conforming the billing processes to that revised ordinance, clarifying language regarding deposits, modifying current practices regarding 10-day and 48-hour notices, and reducing the timeline from initial billing to termination of services.

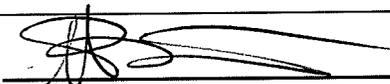
FISCAL IMPACT: Reducing the timeline from initial billing to termination of services should reduce the dollar volume of bad debt accounts sent to collections. At the same time, late fee revenue is likely to also be reduced by an unknown amount if the timeline is reduced.

FUNDING AVAILABLE: Not applicable.


Jordan Ayers
Deputy City Manager

JA/ja

APPROVED:


Konrad Bartlam, City Manager

Utility Billing

City Council Shirtsleeve

December 13, 2011

Overview

- Current Ordinance
- Challenges
- Proposed Changes

Current Ordinance

- Lodi Municipal Code Section 13.04 governs utility billing processes
- Last revised in 1991

Section 13.04.030

- (A) All bills for service are due and payable upon receipt thereof...and become delinquent twenty days after the postmark date of the bill.

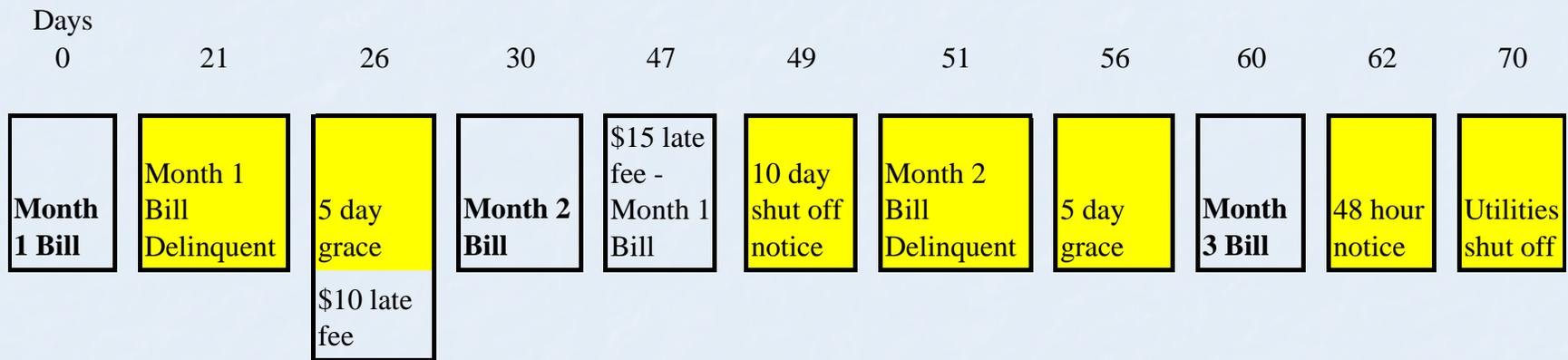
Challenges

- Current billing processes don't comply with ordinance
 - Grace period
 - 21 days vs. 20 days
 - 48 hour notice within 10 day notice period
 - Deposits
 - Repayment terms
 - Postmark date

Challenges

- Shut off timeline has expanded beyond the 55 day timeline implemented in April 2009
- 'Due Upon Receipt' language on bills
 - No due/delinquency date on bills
 - Postmark date language
- Deposit language not clear

Current Timeline

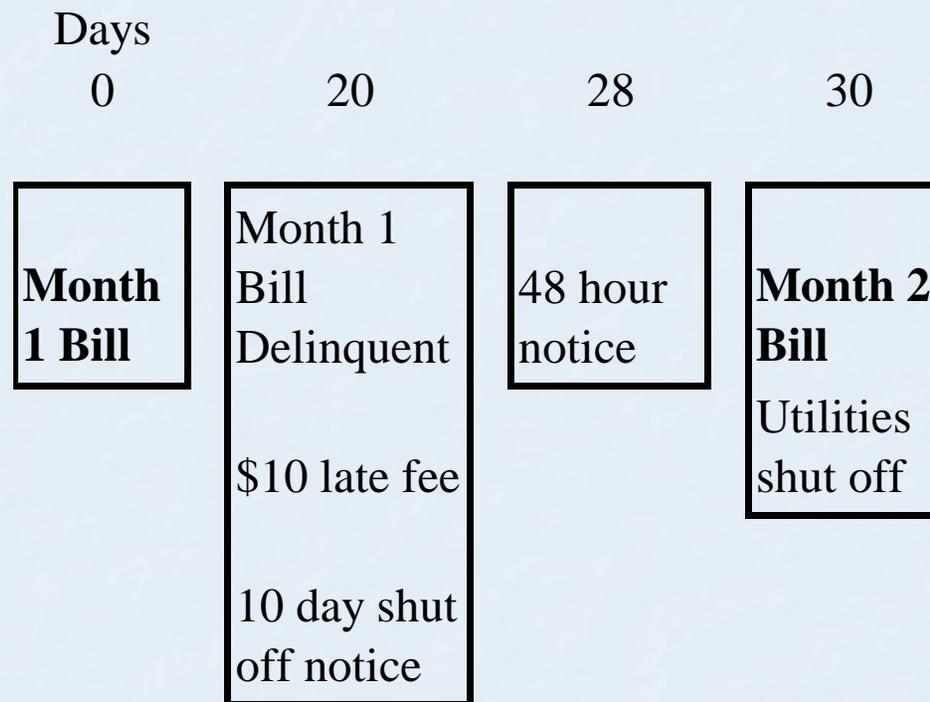


Customer has 3 months service before services terminated
 Includes a 5 day grace period for each billing cycle
 More flexible than current ordinance language

Current Timeline

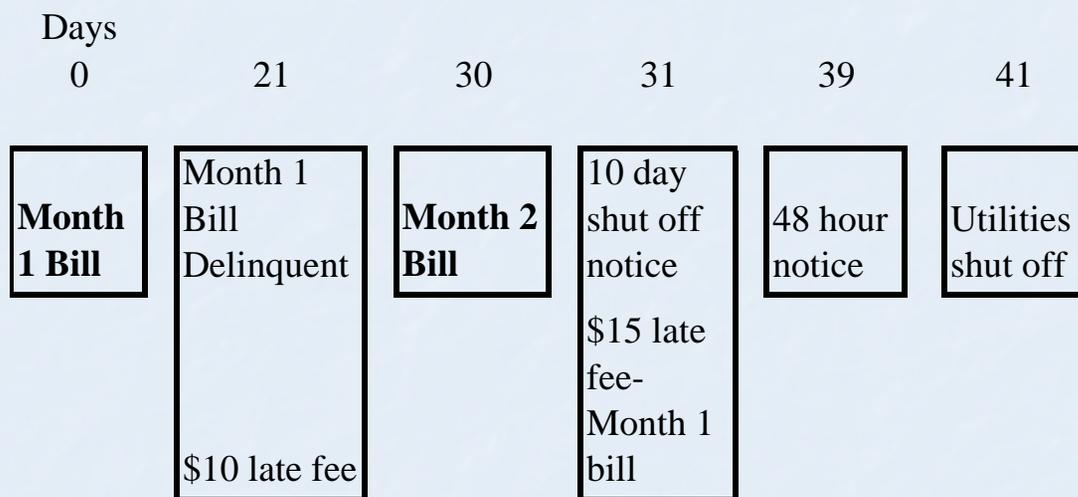
- Why has timeline expanded beyond 55 days?
 - Furloughs
 - 9/80 schedule
 - Terms
 - Shut off one day per week

Ordinance Timeline



Customer has 2 months service before services terminated
(matches customer deposit)

Proposed Timeline



Provides 21 calendar days for payment (Requires ordinance amendment)

Eliminates grace period

Customer has a little over 2 months service before services terminated

Proposed Changes

- Deposits
 - Clarify language for Services and No US ID
- Due Date
 - Match the billing cycle to the number of days in the ordinance
 - Eliminate the 'grace period' practice
 - Add due date language to billing
- Notices
 - Modify practice to include 48 hour notice within the 10 notice period

Proposed Changes

■ Shut Off

- Shut off utilities within 41 days of billing if not paid in full
- Shut off multiple times per week, instead of one day per week

■ Terms

- Adhere to ordinance language regarding one term per 12 month period
- Shorten maximum length of term to 3 months (ordinance allows 6 months)

Questions?