

A workshop meeting of the City Commission was held on June 21, 2011 at 5:30 p.m. in the Commission Chambers at the Municipal Administration Building. The meeting was called to order by Mayor Michael S. Carter.

**COMMISSIONERS PRESENT:** Jonathan Thornhill; Terrye Y. Howell; John Paul Rogers; Betty Wojcik; Mayor Michael S. Carter.

**COMMISSIONERS ABSENT:** None.

**CITY REPRESENTATIVES PRESENT:** Judith H. Delmar, City Manager; Albert C. Galloway, Jr., City Attorney; Clara VanBlargan, City Clerk; Jacquie Hawkins, Deputy City Clerk

**Agenda Item 1.            Roll Call**

**Agenda Item 2.            Backflow Prevention Project**

There is no staff memo for Agenda Item 2.

Ms. Delmar introduced Holly Britt and Jose Perez from the Water Division. She said that together they have talked about the possibility of implementing an in-house backflow inspection program.

Ms. Britt explained that a couple years ago, the Water Division started enforcing a commercial backflow program, which has been very difficult and has taken a lot of man hours in getting everybody to comply. She had discussed with staff and the City Manager about the possibility of implementing an in-house backflow inspection program for commercial businesses and for residential customers who have irrigation meters. After checking with surrounding cities to see who was doing an in-house program, she found one city that does, and does it the way she would like it done in Lake Wales: hire an employee to be designated to install all backflow devices on all water meters and irrigation for commercial businesses and for residential irrigation customers. That person would track, test, and do all repairs when needed. She said that by implementing an in-house backflow inspection program it would save the customers money, time, and hassle, and save the City a lot of hassle and man hours as well, making it easier on everybody. The rate would be much less than competitive: \$3.00 per month per customer who is required to have a backflow device to cover the cost of an employee to track and test the backflows for all commercial customers and residential irrigation customers, and do all the reporting. Installation and repair would be performed at the cost of the customer.

In addressing questions and concerns of the City Commission, Ms. Britt made the following comments:

- If a residential irrigation customer is found to not have the right type of backflow device, the customer would have to replace the backflow device at their expense. The device could range from \$50 and up, depending on the type needed. The employee will explain to the homeowner what that cost could be beforehand.
- If a commercial customer is found to not have a backflow device, the customer would install the backflow device, which could be very expensive. About 99.9% of commercial businesses in Lake Wales have the correct backflow device.

Ms. Delmar said the City has an installment payment plan for backflow devices for commercial customers, where the cost is spread out on the water bills for a period of time.

- The City currently has approximately 650 commercial backflow customers and 1,400 irrigation customers. The designated person would be busy 100% of the time managing about ten backflow devices per day. That does not count vacation and sick days. Additional training would be

involved if the new employee is not certified when hired. They would be required to attend a week long school to be certified.

- Only those customers that are required to have a backflow device will be billed the \$3.00 monthly fee.

Commissioner Thornhill said that is a savings to the customer considering the basic inspection rate by a private company is \$50. The City's rate would be \$36.00; \$3.00 per month.

- As long as the City is complying with Department of Environmental Protection Agency (DEP) regulations, the State will allow the City to conduct its own enforcement program, like the in-house backflow inspection program, and no fines will be assessed.
- The \$3.00 monthly fee would also cover the cost of a truck for the employee.
- Annual compliance reports are due to DEP every January.

Mayor Carter said it sounds like a good plan.

Ms. Delmar said it seems that the consensus is to move forward with implementing an in-house backflow inspection program.

Mayor Carter asked for public comments and there were none.

### **Agenda Item 3. Discussion of Charges and Fees for Utility Services, Chapter 21, Article VI**

The full staff memo is incorporated into the minutes.

[Begin agenda memo, Dorothy Pendergrass, Finance Director]

The following proposed revisions would be beneficial to the City's utility system:

#### **City Code Section 21-154 (e) Mandatory Cut Off**

Currently, the City charges customer's a "reconnect fee" if their water meter has been turned off by a city technician. The current fee is \$25.00 for services paid prior to 4:00p.m., and a \$35.00 fee for services paid after 4:00 p.m. Below are issues relating to this ordinance:

- Customers become upset when their water was on when they left their home but was later turned off by a technician, prior to notice from the cashiers' office that payment has been received.
- Customers will argue that their water has not been disconnected when technicians verify that the water has been turned off. Cashiers receive verbal verification by radio from the technician.
- With the current ordinance, the cashiers are required to call the technicians out in the field to see if services have been disconnected. This requires the customer to wait to see if they will pay this additional fee or not.

Staff proposed a reclassification of the term "reconnect fee" to a "delinquent fee." The delinquency fee is recommended to be charged to all customers on the disconnect list when it goes out in the field. A customer that has a leak or has been approved for a payment agreement, per section 21-154(f), would not be charged the delinquent fee while in compliance with their payment arrangement.

Staff also proposes a \$25.00 flat rate for the delinquent fee, regardless of what time the customer pays. The benefit of this change would be as follows:

- The elimination of the need to verify if the customer is disconnected before the City charged the \$25.00 delinquent fee. Every customer on the list will pay unless they have a leak or prearranged payment extension.
- If customers are automatically charged the delinquent fee, staff believes that the amount of customers on the cutoff list would drop. The City currently have approximately 300-400 customers on the disconnect list each month.
- This will eliminate any game play of trying to rush in to the office before the technician arrives at the customer's house.
- By charging one fee will make it easier on customers who are working until after 4:00 p.m.

**City Code Section 21-154 (f)(1), Payment Agreements – Extension Agreements**

Currently, utility customers are allowed one extension agreement every six months. Due to difficult economic times staff proposes that customer who honor their payment extension be allowed to enter into an agreement each month if need be. The customer will still only be allowed to extend their payment date by two weeks. If a customer does not honor their agreement, they will not be allowed another agreement for six months and their water will be disconnected. This change will benefit customers who have problems arise during the month. It will also benefit customers who only get paid once a month.

**City Code Section 21-154 (f)(2), Payment Agreements - Installment Agreements**

Currently, the minimum amount a customer can pay in addition to their current charges is \$50.00 per month. Staff recommends a minimum amount of \$25.00 per month. Installment agreements must be paid within a twelve month period, so this change would allow individual with arrangements less than \$600 to have smaller monthly payments during the twelve month period.

[End agenda memo]

Dorothy Pendergrass, Finance Director, reviewed Agenda Item 3. She explained the delinquent notice, the disconnect process, and the problems encountered by water technicians, cashiers, and the customers receiving delinquent notices that their water would be turned off and when a customer's water is turned off. She said it is very frustrating considering there are about 300 to 400 people on the disconnect list each month.

Ms. Pendergrass said staff proposes to reclassify "reconnect fee" to "delinquent fee," and that the delinquent fee be a \$25.00 flat rate, regardless of what time the customer pays. This change will benefit both the customer and the City.

Commissioner Wojcik said it seemed to her that the City is giving people an inordinate amount of time to make arrangements to pay or to come in and pay. A \$25.00 delinquent fee sounds reasonable for those who wait until the day of disconnect to pay because they could have avoided the fee by coming in before that day. Ms. Pendergrass said the same process continues every month and so it would save a lot of chaos and confusion between the technicians and the customers.

Commissioner Thornhill said he was very much in agreement with the proposed change. If fees continue to increase then perhaps people would comply. He suggested that Monday be the cutoff day, allowing people a week to take care of things. He commented that a \$25.00 dollar delinquent fee is low compared to how much the City is writing off every year.

Ms. Delmar asked if there was a mechanism in place to waive the delinquent fee if something administrative happens. Ms. Pendergrass said there was and explained.

Commissioner Wojcik said the \$25.00 does not cover the time it takes to continuously re-bill customers.

Commissioner Howell asked if customers could have their bills automatically withdrawn from their checking accounts, and how many times a customer can get an extension on their water bill. Ms. Pendergrass said if the customer chooses, the payment can be withdrawn from their checking account. She said the current ordinance allows one extension agreement every six months. Staff is proposing that those customers who honor their payment extension be allowed to enter into an agreement each month if need be, though each extension would still be for only two weeks.

Ms. Pendergrass, regarding installment agreements, explained that currently the minimum amount a customer can pay in addition to their current charges is \$50.00 per month, but staff is proposing \$25.00 per month. The installment agreement must be paid off within a twelve month period. She said a customer must abide by the terms of the agreement.

Ms. Pendergrass said the City does not do cut-offs on Mondays because staff feels that everybody's life is a little chaotic on that day, or on Fridays because nobody wants to be without water that day or over the weekend, so cut off days are Tuesday, Wednesday, or Thursday.

Commissioner Rogers asked how much money the City wrote-off on water bills last year. Ms. Pendergrass said the bad-debt write-off is between \$90,000 and \$150,000 annually. She explained that the way the current ordinance is written a customer has to be 20 days past the due date to be charged the delinquent fee and if a customer is delinquent twice, the deposit is doubled. The current software the City has is not set up to calculate it that way. Staff is proposing that the ordinance be changed in some way so the software can track delinquencies and staff can start enforcing the double deposit requirement, which will help offset some of the bad debt write-off.

Mayor Carter said it seemed to him that we are making it more difficult for people who are obviously having a difficult time paying. As a revenue stream it's great for the City because it seemed like a lot of money is coming in. He asked what the exact problem staff is trying to solve. Ms. Pendergrass said the issue she would like to change is the way it is designed in the ordinance. Currently, if customers pay before the water is disconnected, they don't pay the \$25.00. About 99.5% of customers either pay on time or are charged the \$25.00 delinquent fee. The half percent are those who are delinquent but because they come in at the last minute, before the water is disconnected, are not charged the \$25.00. We just need a solution making the rules apply equally to everyone, and avoid all the chaos, time, effort and frustration on cut-off days to customers, cashiers, and technicians.

Commissioner Howell commented that the proposal would be more city-friendly to struggling customers. Ms. Pendergrass explained that staff is trying to make it easier on everyone.

Mayor Carter said he is not really comfortable with a \$25.00 delinquent fee across the board because it seems we are making it more difficult for those who are already having difficulties paying. He suggested that there may be other options that can be looked into before settling on this one. He said the proposal should include something to lower the write-off amount. Ms. Pendergrass said she could check with surrounding cities to see how they handle this issue and then prepare a packet for the Commissioners. Mayor Carter said he would like to see the City look at this a little closer.

Ms. Delmar said the discussion is for Commission direction on the modifications that will help resolve these issues. The Finance Department can do a survey and incorporate that into an ordinance. She said they haven't gotten to the ordinance stage yet so if there is something the Commission thinks staff needs to look into, we will do that. Mayor Carter said it clearly looks like there is a problem, so saying the problem does not exist is not the right approach. He said he was not that excited with this particular proposal and did not think it was the right answer.

Commissioner Thornhill said this would not be an additional charge. The City is already charging the \$25.00 for services paid prior to 4:00 p.m., and a \$35.00 fee for late fees paid after 4:00 p.m. The

proposal is to change it to a \$25.00 flat-rate delinquent fee across the board, regardless of what time the customer pays.

Commissioner Howell said this is the best proposal we have had in a long time. An across the board fee is better because she would not want to be tenth in line trying to pay her bill and her water gets cut off because the customer first in line is arguing with the cashiers.

Commissioner Wojcik said the proposal bends over backward to try to help people and still keep it a consistent practice. She said this proposal makes is a more consistent practice; provides for those people who need to extend their payment date by two weeks; and changes the minimum installment agreement amount from \$50.00 per month to \$25.00. Ms. Pendergrass said the City really tries to work with the customers as much as possible.

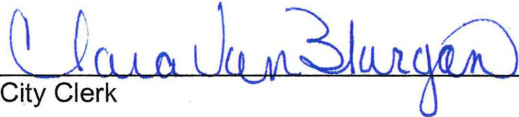
Commissioner Wojcik said she is in favor of staff checking with surrounding communities to see how they handle these issues and asked staff to bring it back with their recommendation. Commissioner Howell said this needs to be done ASAP so customers don't have to pay that extra money.

There being no further business, the meeting was adjourned at 6:07 p.m.



Mayor/Commissioner

ATTEST:



City Clerk