From:	Logan McInnis
To:	Grp. City Council and City Web Site; Marty Rehbein
Cc:	Jeremy Keene; Allison Segal
Subject:	Responses to questions about utility collections processes from June 6, 2022 public hearing
Date:	Friday, June 10, 2022 2:24:57 PM
Attachments:	image001.png

City Council,
This email is intended to respond to questions raised by Council during the June 6, 2022 hearing regarding proposed changes to utility collections processes.

1. **Provide a written summary of our collections processes:**
   Below is a summary of past procedures in addition to the proposed procedures:

   OVERVIEW
   WATER
   The water utility has historically relied on water shutoffs, or the threat of water shutoffs, to enforce collections of past due water fees. The City stopped shutting off customers for non-payment during the COVID pandemic. Shutoff procedures have not been reinstated following the COVID pandemic.
   WASTEWATER
   Tax liens were historically used to enforce collections of past due wastewater accounts using account information from the City's Edens accounting system. Tax liens were filed using the procedures established in MCA 7-13-4309 for past due amounts exceeding $30 on combined wastewater and stormwater accounts. Until 2021, no wastewater accounts were allowed to be in a tenant's name. An ordinance change in 2021 allowed accounts to be transferred to the tenant's name if the property owner signs a "Request to bill tenant" form on which they acknowledge that they are responsible for unpaid bills. Wastewater billing was combined with water and stormwater billing through the City's Advanced Customer Information System (CIS) in January 2021. CIS was not configured to facilitate the filing of tax liens so no tax liens have been filed for wastewater charges after January, 2021.
   STORMWATER
   Tax liens were historically used to enforce collections of past due stormwater accounts using account information from the City's Edens™ accounting system. Tax liens were filed using the procedures established in MCA 7-13-4309 for past due amounts exceeding $30 on combined wastewater and stormwater accounts. Until 2021, no wastewater or storm water accounts were allowed to be in a tenant's name. An ordinance change in 2021 allowed accounts to be transferred to the tenant's name if the property owner signs a "Request to bill tenant" form on which they acknowledge that they are responsible for unpaid bills. Wastewater billing was combined with water and stormwater billing through the City's Advanced™ Customer Information System (CIS) in January 2021. CIS was not configured to facilitate the filing of tax liens so no tax liens have been filed for storm water charges after January, 2021.

   CURRENT BILLING PROCEDURES FOR ALL UTILITIES

Customers are billed monthly for services provided the preceding 30 days for water, wastewater and stormwater services. Payment is due 26 days after the date of billing. If payment is not made, the customer will see a past due balance and current charges on the next bill. No further action is taken to follow up with the customer.
When a customer closes their account they will first be final billed. If the account still has a balance after 30 days, a final bill reminder is generated and mailed out. At this point the account pulls into collections and Customer Service Representatives start the process of calling, emailing, or mailing additional reminders. The customer will have at least three attempts at contact to make payment arrangements of pay off the balance. If the account balance is not paid off or a payment arrangement made, the account is submitted to a collection agency.

PROPOSED CHANGES IN BILLING PROCEDURES FOR ALL UTILITIES

The Advanced™ Customer Information System has been configured such that data can be extracted for purposes of placing tax liens on the property served by past due accounts. This configuration is currently being tested by Public Works Utility Billing staff. A draft ordinance has been submitted to City Council for adoption on June 13, 2022 that would authorize Public Works to follow the tax lien process identified in MCA 7-13-4309 for combined past due amounts on water, wastewater and stormwater accounts that exceed $200 on the 90+ days past due report.
As of May 9, 2022, the following Table 1 summarizes the number of owner and tenant accounts that are past due and the total past due amounts on those accounts.

Table 1- Summary of accounts past due $200 for 90+ days

Owner/Tenant	# of Accounts	Total Past Due Amount	% of Total Past Due Amount
Owner	245	$114,038	**77%**
Tenant	73	$25,004	**23%**
Total	318	$139,042	

Upon approval by City Council of the draft ordinance, Public Works staff will immediately notify all property owners of the tenant accounts that are past due to give them as much time as posssible. These property owners have not previously been informed that their tenants have past due amounts on their utility bills.The tax lien process outlined in MCA requires a letter to be sent to each property owner with past due utility bills on or before July 7 of each year. The property owner will be given 30 days to pay the account in full or contact Missoula Public Works to make payment arrangements. A past due report will be developed in mid-August and each account will be reviewed for correct legal and customer information. A final report will be developed in first week of September and any accounts that have been paid will be removed from the list. The list will be sent to Department of Revenue for their review and they will send us a report in mid-September for a final review. We will send them a final list by October 1 and they will add the amount to the November tax bill.

Accounts where the customer is complying with an approved payment arrangement will not be liened. Public Works staff will also directly contact 7 customers included in Table 1 who are eligible for LIHWAP, which could be used to pay for utility bills.

2. **What are "industry best practices" with respect to efforts to contact customers and collect delinquent bills?**

We reached out this week to the other 6 large Cities in Montana and were able to obtain the below information. Most other cities rely primarily on shutting off customers' water in order to enforce collections.

KALISPELL

- Use water shutoffs to enforce collection of water bills over $30
- Use tax liens for delinquent sewer bills with no threshold amount

BILLINGS

- Uses water shutoffs to enforce collections of water and sewer bills as primary tool
- 8,000 wastewater only accounts can't be shut off
- Writing rules to allow tax liens to be used as well, considering a threshold of $200 and 180+ days but that has not been adopted by Council

HELENA

- Use water shutoffs for unpaid water or sewer balances of $50 over 60+ days out
- Do not use tax liens
- Don't shutoff if customer establishes a payment plan
- Unpaid delinquent accounts are referred to attorney's office for collection

GREAT FALLS

- Use water shutoffs to enforce collections of water and sewer bills
- Stopped using shutoffs during COVID but that practice has resumed
- They used to use tax liens but prefer shutoffs in order to reduce time to collect
- If an account cannot be shutoff and is 120+ days past due, it is referred to collections

BOZEMAN

- Uses water shutoffs to enforce collections of water and sewer bills
- Include 1.5% interest on late fees, plus $50 fee for hanging water tags and $100 fee to reconnect
- Property owners are responsible for unpaid tenant bills but unclear what mechanism is used to collect from property owner

3. **How did we decide to recommend the threshold at $200 past due for 90+ days?**

There is no standard guidance on this subject. We wanted to increase the limit from the $30 threshold previously used for wastewater/stormwater past due amounts. We thought it would be reasonable to set the threshold based on average usage for 3 months so that a customer missing just one or two bills would not get liened. We also didn't want to set the threshold too high and give the customer 12 additional months to get much further behind. This is especially important given that some of these accounts are tenant accounts and the property owner would not be aware that their tenants are past due in their utility payments.

Utility	Average Monthly Bill	Three Months

Water	$43.36	$130.09
Wastewater	$17.10	$51.31
Stormwater	$4.46	$13.39
Total	**$64.93**	**$194.78**

4. **How flexible is Missoula Public Works regarding payment arrangements with past due accounts?**
   We have always been very flexible with payment arrangements. We have 8 payment arrangements currently in place. Current arrangements include a $50 payment every two weeks, $150 monthly payment until the balance is paid off, and paying the balance every 3 months.

5. **What has been our experience getting delinquent customers to pay in order to avoid filing tax liens?**
   During the 2021 liening process, 51 accounts paid a total of $4,683.04 between 8/13/2021 and 8/25/2021 to avoid being liened. This equates to 3.5% of the accounts on the initial lien list being reconciled to avoid a lien. Customers have a lot of time to contact us to make payments or arrangements, from the time they receive a letter by July 7 until we develop the final list for DOR by mid-September.

6. **What processes are available to support low income customers?**
   We have always provided a low income discount of $7/month on water accounts for customers that qualify for LIEAP. We currently have 218 customers receiving this discount. Human Resource Council verifies LIEAP eligibility. This year, we worked with State DPHHS to establish our Low Income Home Water/Wastewater Assistance Program (LIHWAP) which is also available for LIEAP-eligible customers. From 12/2/21-5/26/22, a total of $67,410 has been applied to 478 water and sewer accounts. There is also a Water Line repair loan program available to low income customers through HRC. Missoula Water also currently has a water line loan program available to all customers.

I will be available on June 13 to answer any additional questions that might arise.

Thanks,

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Promoting a safe, healthy Missoula through the development of transportation and mobility networks and the efficient delivery of high-quality public infrastructure, utilities, and services.