

# **City Council Staff Report**

## **January 10, 2023**



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From: Isaac Moreno, Finance Director  
Prepared by: Isaac Moreno, Finance Director  
Agendized by: Reagan M. Wilson, City Manager

### **1. ACTION RECOMMENDED:**

Motion: Authorize staff to transition utility service billing cycle for Refuse, Sewer, and Water services from a quadrant-based (weekly) billing back to monthly billing

### **2. SYNOPSIS:**

Staff is requesting authorization to revert back utility billing from quadrant-based (weekly) to monthly billing starting March 2023

### **3. DISCUSSION OF ISSUE:**

On December 10, 2019, Staff requested authorization to switch from monthly utility billing to quadrant billing. This action broke the City into four (4) areas (quadrants) which meant the Billing Department would be required to process delinquents, past dues, and shut offs weekly versus monthly.

The basis of this recommendation was to offer alternative payment due dates to provide optimal customer service and even out peak times for due dates and delinquent events. In addition, quadrant billing was implemented to comply with SB 998 (Discontinuation of Residential Water Service) to avoid a pending discontinuation of water service for nonpayment of a delinquent account.

Although changing to quadrant billing did spread out the number of invoices processed at one time, it inherently created more work for the Finance Department and Municipal Services Department. For Finance, staff spends about two days per week on billing by quadrant versus spending about three days per month, as many of the billing processes are done each time bills are processed, regardless of the number of invoices billed. In addition, the Municipal Services Department will need to dedicate staff on a weekly basis to shut off delinquent accounts versus monthly. Due to the COVID State of Emergency which prohibited shut offs, they have not occurred, however, the City will be returning back to normal shut-offs, which would result in the need to hire more full-time staff to manage weekly shut-offs

SB 998 did create a variety of new requirements regarding policy, shut offs, and noticing but did not require frequency of billing change. SB 998 requires a plan for deferred or reduced payments and alternative payment schedules (Section 2, Chapter 6, 116906).

The City is currently meeting this requirement by offering payment plans for past due accounts.

Within Stanislaus County, the majority of Cities utilize monthly billing except for the City of Modesto, which is not uncommon for larger cities. For these reasons, the Finance Department and Municipal Services Department request authorization to revert back to a monthly billing cycle commencing March 2023. No ordinance changes will be required for this action, as the previous ordinance changes made in December of 2019 removed the specific wording referencing “monthly” and replaced it with “service date”, thus allowing the City the flexibility to bill based on service date.

To ensure a smooth transition for residents from weekly billing to monthly billing, staff will work with our communications consultant on public outreach to bring awareness to the community prior to the March 2023 effective date.

**4. BASIS FOR RECOMMENDATION:**

The Finance Department and Municipal Services Department request authorization to revert billing back to a monthly billing cycle to reduce increased workload related to billing and the management of shut offs.

**5. FISCAL IMPACT / BUDGET AMENDMENT:**

No impact. All utility billings will be pro-rated for the first billing cycle in March 2023 to ensure only actual usage is billed.

**6. STAFF RECOMMENDATION:**

Recommend approval from both the Finance Department and Municipal Services Department

**7. CITY MANAGER’S COMMENTS:**

Recommend approval

**8. ENVIRONMENTAL DETERMINATION:**

N/A

**9. ALTERNATIVES:**

1. Council could choose not to allow staff to revert back to monthly utility billing, however, this is not recommended due increased impacts to staff workload.

**10. ATTACHMENTS:**

- A. Draft resolution