

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, JANUARY 28, 2014**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, January 28, 2014, commencing at 7:20 a.m.

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

Absent: None

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

B. Topic(s)

B-1 Receive Information Regarding Utility Late Fees, Re-Connect Fees, and Collections (CM)

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding late charges, reconnection fees, and collections. Specific topics of discussion included late charge history, late charge revenue, reconnection fees and revenue, shut off timelines, bad debt write off, and other agency comparisons on late fees, connection fees, and shut off timelines.

In response to Council Member Mounce, Mr. Ayers stated on the 27th day there is a \$10 late charge, on the 36th day there is a \$15 late charge for a total of \$25, and on the 50th day there is an additional \$25 charge equaling \$50 in total late charges assessed to the account.

In response to Mayor Pro Tempore Hansen, Mr. Ayers confirmed that the utility bill includes a delinquent message stating the amount of late charges, delinquency due date, and shut off date if applicable.

In response to Council Member Mounce, Mr. Ayers stated late charges are not assessed when City Hall is closed because when City Hall reopens collections are processed first before late charges are assessed.

In response to Council Member Nakanishi, Mr. Ayers stated some companies and individuals do routinely pay late fees as a usual part of their utility bill payments.

In response to Mayor Katzakian, Mr. Bartlam stated that overall people that pay late have not been swayed by the new 2012 time frame.

In response to Council Member Hansen, Mr. Ayers stated bad debt has gone down significantly since the new time frame was put into place.

In response to Council Member Nakanishi, Mr. Ayers stated the return numbers from bad debt collection through an agency are hard to quantify but they are likely to be a dime on the dollar.

In response to Council Member Mounce, Mr. Ayers stated collection agency fees are scaled based on the time to collect the debt with the addition of administrative fees and interest rates.

In response to Mayor Pro Tempore Hansen and Council Member Mounce, Mr. Ayers provided an overview of the collections process.

In response to Council Member Mounce, Mr. Ayers stated the current ordinance does not allow liens against property owners of apartment complexes. Mr. Schwabauer stated shutting off service for multi-family units is difficult. Mr. Schwabauer reviewed the shut off process and legislation associated with the same.

In response to Council Member Nakanishi, Mr. Ayers stated the average utility bill is \$200 to \$300 and therefore a 10% late charge would be \$20 to \$30, which is consistent with the current late fees charged by the City.

In response to Council Member Mounce, Mr. Ayers stated service is shut off at the pole when the City does not have access to the property or an individual is routinely stealing electricity.

In response to Council Member Hansen, Mr. Ayers stated reconnections do happen after hours on rare occasions when a customer comes into the office late or Electric Utility staff is unavailable during the day. Mr. Ayers confirmed that the fee covers staff cost for reconnection.

In response to Council Member Mounce, Mr. Ayers stated he will provide data regarding whether the bulk of late charges are residential or commercial and what those charges are respectively. Further, Mr. Ayers confirmed that late fees go to the General Fund and reconnection fees go to the Electric Utility.

In response to Council Member Hansen, Mr. Bartlam stated the average late fee collected is \$11 indicating that customers pay primarily the first late fee and not the additional late fees.

In response to Mayor Katzakian, Mr. Ayers stated with the bad debt write-off process, each utility and the General Fund bears its own charges.

In response to Council Member Hansen, Mr. Ayers confirmed that reconnections are up significantly over the last four years, which could be based on fee changes, time frame changes, and volume.

Ed Miller spoke in regard to his preference for the City to ascertain all staffing costs associated with the collection and shut off process and compare that to revenue generation to ensure the process is self-sustaining.

Rob Lechner stated there are low-income programs available to assist individuals with their utility payments, most late commercial accounts are G-1 indicating they are small businesses, and the top 25 businesses are usually not in arrears.

In response to Myrna Wetzel, Mr. Ayers stated the reconnections involve both new and older accounts.

C. Comments by Public on Non-Agenda Items - None

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:20 a.m.

ATTEST:

Randi Johl-Olson
City Clerk