



# Agenda Item Report

## City Commission - Nov 16 2021

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Department	Staff Contact
Finance	Jeremy Willmoth, Director

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### Recommendations

Receive City Manager plan on resuming late fees, service disconnections and collection activities on all utility and other billing accounts.

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### Executive Summary

#### Background

In consideration of the health and economic well-being of Lawrence residents and in compliance with the Kansas Executive Order number 20-05, which prohibits utility disconnects for non-payment, all City of Lawrence utility disconnects (and late fees) ceased on March 13, 2020 due to the COVID-19 pandemic. No new accounts have been sent to the collection agency since March 18, 2020.

#### City Led Customer Assistance Initiatives

In November and December 2020, 407 utility customers received \$200,000 in assistance towards their utility bills through the Coronavirus Relief Fund.

Between May 27, 2021 - Oct 31, 2021, 298 utility customers have received \$216,301 in utility assistance from the Kansas Emergency Rental Assistance (KERA) program.

In August 2021, the City began a voluntary utility assistance program so that people in our community could contribute to help others in our community. As of October 31, 2021, 30 utility customers had signed up to donate monthly to the Utility Assistance Program. The average monthly donation is \$12, and the monthly recurring donations total \$356. As of November 1, 2021, \$634.00 has been received towards that program. Utility customers will be able to apply for this assistance through Catholic Charities beginning January 2022.

City staff is keeping open the option of using general fund dollars to cover the delinquent balances of those who need help, to minimize the impact to rate increases.

#### Delinquent Accounts

As of October 31, 2021, there are \$1,952,388 in past due balances that are aged 22 or more days on active accounts. This represents 3,807 accounts (10.96% of all active accounts). The detailed breakdown is as follows:

<u>Days Past Due</u>	<u>Amount</u>	<u># of Accounts</u>	<u>% of Active Customers</u>
22 - 42 days	\$330,788	1,056	3.04%
43 - 90 days	425,721	963	2.77%

91+ days	<u>1,195,879</u>	<u>1,788</u>	<u>5.15%</u>
TOTALS	\$1,952,388	3,807	10.96%

**Payment Arrangement Plan**

The City of Lawrence recognizes the hardship that this global pandemic has created for many in our community. As a result, the City wants to make sure we can provide our customers an opportunity to affordably repay the amounts currently owed and past due to the City. The City Utility Billing staff will begin offering payment arrangements to customers who are currently delinquent so they have an opportunity to pay that balance off over the next twelve months or longer depending on the amount they currently owe. For customers who enter into a payment arrangement, the City will not place their account with a collection agency, nor shut off the services, so long as the customer keeps their bill current (for charges beginning after January 1, 2022) and make their agreed upon payments for the overdue balance on time for the duration of the agreement.

Highlights of the plan:

- Customers will be given the opportunity to sign a payment arrangement before January 1, 2022.
- Customers will be offered 12 months to pay their delinquent balances, if they owe less than \$600. This would make their additional monthly payment \$50 or less depending on the balance owed.
- However, if they owe more than \$600, there will be a maximum monthly payment arrangement amount applied, based on the chart below.

<b>Total Delinquent Balance</b>	<b>Max Monthly Payment Amt</b>
\$601-\$799	\$50
\$800-\$1,299	\$100
\$1,300-\$1,999	\$150
\$2,000-\$3,999	\$200
\$4,000+	\$250

- Staff will process the arrangements and make certain that the customers do not experience any collection notice or service shut-offs, so long as the customer makes the monthly payments by the deadline for the duration of the agreement. Late fees will apply to all new charges after January 1, 2022.
- Customer will agree to keep their active account (charges beginning after January 1, 2022) current for the duration of the agreement.
- Failure to adhere to the payment arrangement terms will make the account subject to service disconnection beginning after January 1, 2022 for any unpaid balances not covered under a payment arrangement, or delinquent payment arrangement balances.
- Customers who are not on a payment arrangement by January 1, 2022 will be subject to late fees, collection efforts, and may have their services disconnected due to non

payment per City Code 19-311. This would not occur until March 2022 so there will still be time for them to choose a payment arrangement.

- Balances that are 90+ days delinquent on closed accounts will begin to be sent to the collection agency starting January 1, 2022.
- In order to handle the volume of payment arrangements anticipated, [an online form](#) will be made available for customers to request a payment arrangement before January 1, 2022. A draft is provided at the link above.

New charges for all customers on or after January 1, 2022 will follow section 19-308 and 19-311 of City Code regarding late fees and delinquent accounts, respectively. Section 19-308 states, "All bills will be due and payable at the office of the Finance Department or at such other place as may be designated by the Governing Body, during regular business hours, within the first twenty-one (21) days following the rendition of the bill. If not paid within the first twenty-one (21) days, a one-time late fee of two percent (2%) of the monthly bill outstanding will be assessed to the customer's account." Section 19-311 states, "if any bill for water or sanitary sewer service remains unpaid for forty (40) days following rendition of the bill, water service to the customer may be disconnected".

The City of Lawrence has been working with our customers to get them registered for all available payment assistance, and we will continue to do so. This includes informing customers about the donation-funded Utility Assistance Program, when it becomes available. City staff will also encourage customers with delinquent balances to apply for assistance through the Kansas Emergency Rental Assistance (KERA) program and the Emergency Water Assistance Program (EWAP). KERA helps renters get the assistance they need to avoid eviction or utility shutoff. KERA is administered by Kansas Housing Resources Corporation (KHRC).

EWAP is a new program authorized by the American Rescue Plan of 2021 and the Consolidated Appropriations Act of 2021. EWAP is administered by the Kansas Department for Children and Families (DCF). The purpose of EWAP is to provide low income households with assistance in paying for drinking water and/or wastewater utility bills. The program will be available to Kansas households beginning December 1, 2021. Once funding is exhausted, the program will end. To qualify, customers must be currently disconnected or have received a disconnection notification. The City's utility customers would not qualify for this assistance until January 1, 2022, when service disconnections resume.

The Homeowner Assistance Fund (HAF) is another program that will be administered by Kansas Housing Resources Corporation (KHRC). It will provide assistance with mortgage and utility payments to homeowners. It is anticipated that this program will begin in February or March 2022.

### **Comparison with other area utilities**

- The City of Bonner Springs resumed service disconnections on June 1, 2020.
- Water One resumed service disconnections and late fees after August 2020.
- The City of Topeka resumed service disconnections July 6, 2020.
- The City of Olathe resumed service disconnections in 2020.
- Black Hills resumed service disconnections in 2020.

- Evergy resumed service disconnects on May 2, 2021. They are waiving late fees and offering up to 12-month payment plans.
- BPU (Wyandotte County/KCK) will resume service disconnections on November 3, 2021.

### **Alignment to Strategic Plan**

Commitments in support of the outcome areas

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