

City of Lathrop

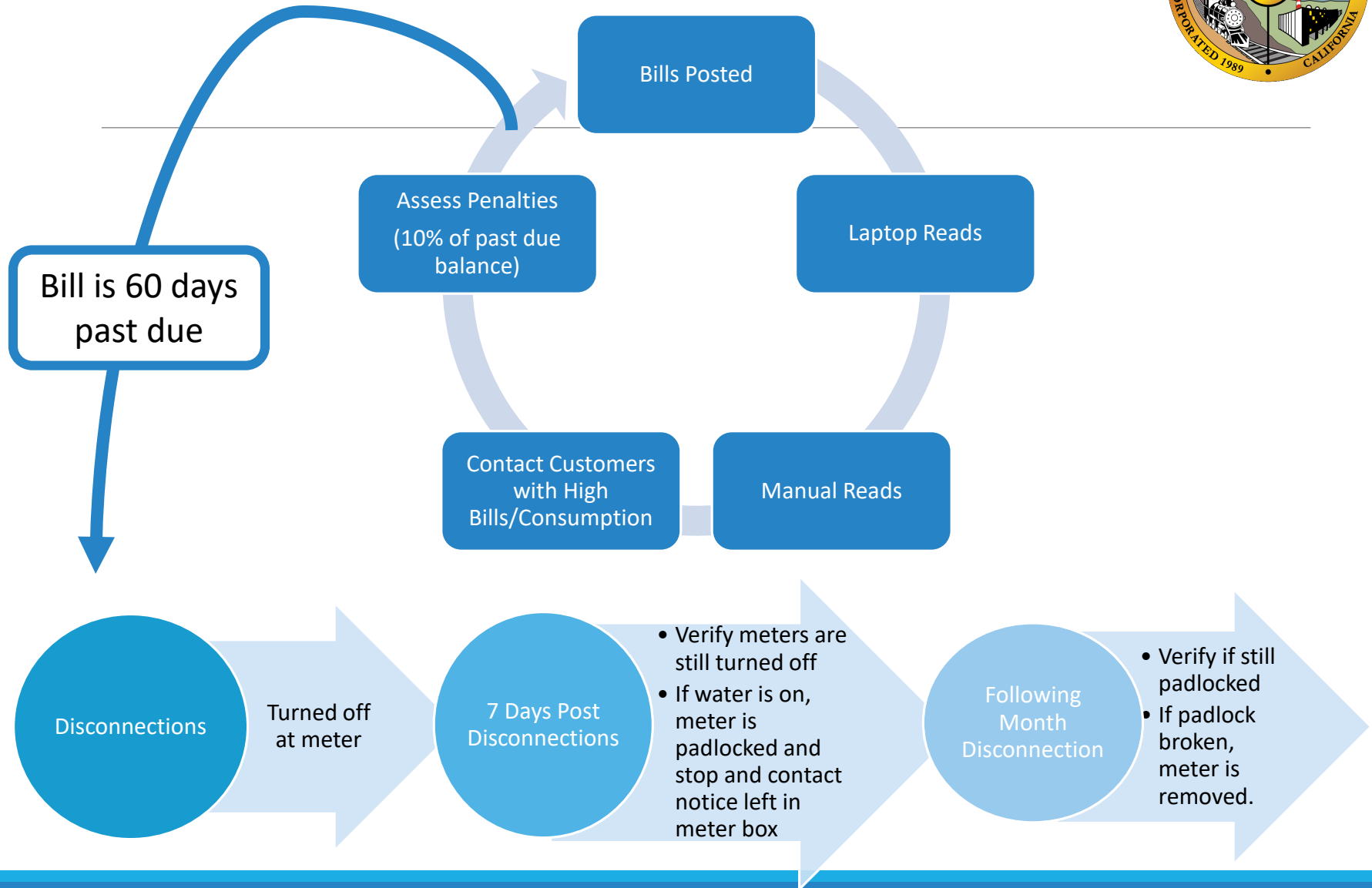
Utility Payment Late Fees and Water Service Disconnect/ Reconnect Fees

JUNE 12, 2023

ITEM #2.5



Current Monthly Billing Process





What resources are available?



- SB 998 Water Shut Off Policy prohibits discontinuation until accounts are at least 60 days delinquent (available in 7 language translations on City's website)
- Low Income Household Water Assistance Program (LIHWAP): If you need assistance paying your water bill, you may be eligible for State or Federal assistance programs. One of those programs is the Low Income Household Water Assistance Program, which is administered through the San Joaquin County Human Services Agency. The LIHWAP program gives a one-time benefit of up to \$2,000 for an eligible, income qualified customer's water and wastewater past due bill.
- ***FUNDING ANTICIPATED TO BE AVAILABLE THROUGH SEPTEMBER 30, 2023***



Where does the money go?



- Funds collected through late fees and disconnect/ reconnect fees are the sole source of funding for the City's billing assistance program. Eligibility is established by showing enrollment in PG&E CARE program.
- Proposition 218 does not allow rate revenue to be used for these types of rate reduction programs. Late payments and delinquency charges are separate fees exempt from the requirements of Proposition 218.
- Water and wastewater rate revenue is used to sustain the City's utility enterprise funds



What is an Enterprise Fund?

Enterprise funds account for city operations, which are financed and operated in a manner similar to private enterprise. User charges and impact fees recover costs of providing service to the public.

Enterprise funds are established to account for operations of the self-supporting municipal water and wastewater service. Services are rendered based on a Proposition 218 approved rate structure.

Due to the stipulations of Proposition 218 (California's Right to Vote on Taxes) agencies have concluded that water affordability programs cannot use rate revenue as that would be a subsidy from one customer class to another and, therefore, deemed illegal.

How do our fees compare?

Lathrop Muni Code 13.20.050	Tracy Muni Code 11.12.050	Manteca Payment & Fees Website	Stockton Muni Code 13.04.060	Ripon Muni Code 13.04.230	Livermore Master Fee Schedule
Late charge = 10% of unpaid balance	Late charge = 10% of delinquent amount	Late charge = 2% for water/sewer & 10% solid waste	Late charge = 10% of the total delinquent amount	Late charge = 10% per month of the total bill amount	Late charge = 10% if 30 days past due
\$60 to restore service (\$30 suspension + \$30 service connection)	\$35 to restore service	\$25 to restore service and \$100 deposit if none on file	Owner only billing/ no shutoffs	\$27.50 to restore service plus delinquent balance	1 st time restoration \$60, 2 nd time in 12 months \$80
	Additional \$50 if lock cut/ damaged	Lock fee \$19, if lock cut additional \$17	Lien is placed on property for all amounts past due	Tampering \$150 1 st violation, \$300 2 nd , \$600 3 rd within one year	Lock Meter charge \$15/ if cut additional \$50 per lock
	Additional \$100 to remove meter if lock cut	\$52 fee to remove meter	\$102 Administrative Hearing Fee for lien appeal		\$250 Reconnect between 5:00pm & 8:00am



Establishment of Late Fee Structure

Assess if the fees are effectively encouraging timely payments. Periodically review the structure and make adjustments as needed based on feedback, customer behavior, and changing economic conditions. During the pandemic no late penalties or utility shutoffs were performed and the City accumulated over \$550,000 in arrearages.

It's important to strike a balance between encouraging on-time payments and maintaining a fair and customer-friendly approach. The penalty fee structure should aim to incentivize prompt payments without overly burdening customers, while still covering the costs associated with late payments.

Current fee structure lacks lock charge/ cut lock charge as well as cost to recover meter removal and replacement. Potential to add fee for customers who require multiple visits to the meter box. Majority of utility providers surveyed use a late charge of 10% .