



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: January 17, 2023

Re: Amending Chapter 27 of the City Code to provide for a postponement in the assessment of late fees to eligible residential utility customers.

Executive Summary

Staff is proposing to amend Chapter 27 of the City Code to provide for a postponement in the assessment of late fees to eligible residential utility customers.

Discussion

During the September 6, 2022 City Council meeting a staff report was provided to the City Council to discuss consideration for an ordinance proposing a modification to the application of late fees and the due date for low income utility customers that would avoid late fees if the customer meets an eligibility process.

The new extension program guidelines are below.

1. To initiate, the utility customer would have to contact UCS prior to their current utility bill due date to avoid late fees and request to participate in the program. The utility customer will need to be in current status and not have a utility bill past due. This would allow the utility customer to be set up to participate in the program.
2. The program would extend the due date for an additional 21 days, which is the same as the medical certification letter extension outlined in Section 27-21 (g) of the City Code of Ordinances
3. The utility customer would have to meet an Eligibility Process:
 - a. Staff would work with the City Health Department and Central Missouri Community Action (CMCA) to see if the utility customer is eligible for utility assistance based on their income
 - b. The customer would not have to contact us each month to set up the extension. Once they are deemed eligible then there would be an annual review process
 - c. During the annual review process If the customer does not submit documentation then they would be removed from the program and late fees would then apply
 - d. If the customer is disconnected twice for non-payment they will be removed from the program and late fees would apply



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The table below provides residential utility late fee data for the past four months from the utility billing system.

| Month | # of Customers Charged Late Fees | Late Fee Amount | # of Customers that Paid Within the Month | Avg Days (Paid Within the Month) | Total Amount of Utility Bills Paid | # of Customers Receiving Pledges | Total Pledge Amount |
|----------------|----------------------------------|-----------------|---|----------------------------------|------------------------------------|----------------------------------|---------------------|
| August 2022 | 11,360 | \$65,430 | 8,479 | 5.93 | \$1.92m | 625 | \$136,920 |
| September 2022 | 11,266 | \$60,060 | 8,644 | 6.43 | \$1.79m | 610 | \$121,160 |
| October 2022 | 9,610 | \$53,320 | 6,922 | 5.90 | \$1.59m | 219 | \$55,930 |
| November 2022 | 10,178 | \$41,390 | 7,688 | 6.32 | \$1.26m | 344 | \$99,540 |

During the calendar year (January 1, 2022 thru November 30, 2022) there were 28,741 residential utility customers that were late at some point during that timeframe. The table below shows that breakdown.

| # of Months Late | # of Residential Customers Late | % of Total |
|------------------|---------------------------------|------------|
| 1 month | 9,480 | 33.0% |
| 2-3 months | 7,749 | 27.0% |
| 4-5 months | 4,434 | 15.4% |
| 6-7 months | 3,219 | 11.2% |
| 8-9 months | 1,997 | 6.9% |
| 10-11 months | 1,862 | 6.5% |

Currently, there are approximately 66,150 active utility accounts. The table below shows the # of residential customers that have been late compared to the total active utility accounts.

| Total # of residential customers that have been late | % of active utility accounts |
|--|------------------------------|
| 28,741 | 43.4% |



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During the calendar year (January 1, 2022 thru November 30, 2022) there were 28,741 residential utility customers that were late at some point during that timeframe. The table below compares that to the total active utility accounts.

| # of Months Late | # of Residential Customers Late | % of active utility accounts |
|------------------|---------------------------------|------------------------------|
| 1 month | 9,480 | 14.3% |
| 2-3 months | 7,749 | 11.7% |
| 4-5 months | 4,434 | 6.7% |
| 6-7 months | 3,219 | 4.9% |
| 8-9 months | 1,997 | 3.0% |
| 10-11 months | 1,862 | 2.8% |

This new extension program was presented to the Water & Light Advisory Board (WLAB) at their November 2, 2022 monthly meeting in which they endorsed the program and presented to the Finance Advisory & Audit Committee (FAAC) on December 19, 2022 in which they had no objection to the program.

Approximately 1,600 residential utility customers had received utility assistance at least one time from CMCA and the City Health Department during the calendar year. If they all applied and were eligible for this program it is estimated that this would defer approximately \$115,000 in late fee revenues from the Utilities, but would also reduce the potential financial burden to low-income residential customers when paying their utility bill.

If the program is approved it would be effective March 1, 2023.

Fiscal Impact

Short-Term Impact: Potential annual reduction in late fee revenues for the Utilities of approximately \$115,000 per year if the residential customers were eligible to participate in the program.

Long-Term Impact: Potential annual reduction in late fee revenues for the Utilities of approximately \$115,000 per year if the residential customers were eligible to participate in the program.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Inclusive Community, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable



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Legislative History

| Date | Action |
|------------|--|
| 09/06/2022 | REP73-22: Proposed Late Fee and Due Date Modifications for Fixed Income Utility Customers |
| 07/06/2021 | REP55-21: Utility Late Fees and Utility Disconnections and Delinquent Accounts |
| 04/06/2020 | B90-20: Authorizing a temporary deviation from certain City Code provisions relating to the assessment of penalties, late charges and service fees on utility customer service accounts; authorizing residential landlords to obtain utility service for rental unit without a certificate of compliance; declaring an emergency for enactment |
| 11/18/2019 | REP108-19: Applying Late Fees to Past Due Utility Account Balances |

Suggested Council Action

Approval of the ordinance.