

SMITHVILLE BOARD OF ALDERMAN

WORK SESSION

June 7, 2022, 6:00 p.m.

City Hall Council Chambers and Via Videoconference

1. Call to Order

Mayor Boley, present, called the meeting to order at 6:00 p.m. A quorum of the Board was present: Kelly Kobylski, John Chevalier, Dan Hartman, Ronald Russell and Marv Atkins. Dan Ulledahl was absent.

Staff present: Cynthia Wagner, Anna Mitchell, Chief Jason Lockridge, Stephan Larson, Matt Denton, Jack Hendrix and Linda Drummond.

2. Discussion of Utility Billing and Shutoff Process

Stephen Larson, Finance Director, presented the current utility bill and shutoff process and staff recommended changes.

Review - Disconnection Policy

At the end of the February 15, 2022, Regular Session meeting, the Board received a staff report from the Finance Department regarding the current procedure for utility disconnection, annual disconnection statistics & fee revenues, and comparable city disconnection policies. The Board reviewed the information from the staff report and received public comment from two different individuals expressing their thoughts on disconnection and payment policy.

As a reminder, this table outlines the City of Smithville's current billing procedures:

Utility Bill is Produced (Emails or Mailed)	1st of Month. Bills may take 3-5 days or longer to reach customer via USPS
ACH Auto-Debit for Bills	12th : ACH Accounts Provided to Bank, 15th : Drafting of Accounts Completed
Utility Bill Payment Due	1 st Business Day Following the 16th
Late Fees (10% of Total Account Balance) Applied	1 st Business Day Following the 21st
Final Calls for Bill Payment	1 st Business Day Prior to Shutoff/Disconnect
Disconnections for Accounts	1 st Business Day Following the 26th (Unless This Falls on a Friday or Before a City Hall Holiday Closure)

This current timetable means when the utility customer receives their bill, they have **15-25 days from first reception of the bill** (depending on whether it is mailed or emailed) to pay the bill until disconnection will occur for accounts over \$75. The speed of mail by USPS plays a role in timely reception of the bill.

Utility reads occur around the timeframe of the 26th to the 31st depending on where holidays and weekends fall. The three biggest holidays are Thanksgiving, Christmas, and Memorial Day.

During the session, the Board provided comments on the City's utility disconnection policy. Overall, Aldermen showed support for the following ideas:

- Extending the time between the utility bill due date and utility service disconnection date
- Increasing the disconnection threshold which triggers disconnection
- Reconfiguring the reconnection fee (for those who are disconnected for non-payment) to a "tiered approach" (recommendation sourced from Finance Committee)
- Create specific exceptions to the disconnection policy and outlining them in the utility billing policy manual.

CWWS Fund Cashflow Discussion

During discussion with the Board of Aldermen, the Finance Director raised issues about extending the timeline until disconnection occurs the relationship this extended timeline would have on the cashflow of the fund.

The City bills just over **4,100** accounts every month. About **90%** of account holders pay on time (with about 350-400 late payment notifications going out every month). This means 90% of the customer base is paying on time and would not be affected by the change in the disconnection policy. The cash flow from this segment of customers *is anticipated to remain stable and would continue to pay bills on time.*

The CWWS fund receives 90% of revenue from the sale of water and wastewater (both fixed monthly charges and volumetric usage charges). Over time, the CWWS Fund has grown in both revenues and expenditures. The fund currently has a reserve policy of holding 20% of budgeted expenditures in reserves (in case of financial instability or emergency). Currently, the fund has more than 90 days of cash on hand and with staff evaluating and noting that 90% of the utility customer base pays on-time, cashflow is not necessarily a large concern for extending the disconnection policy.

Staff Recommendation on Disconnection Policy Timeline and Utility Billing Procedures

Staff is recommending implementing a 30-day timeline (plus 10 days "pending disconnect status") policy for utility disconnection. The policy would operate on the following actionable schedule:

Bill is Produced (Emails or Mailed)	1st of Month. Bills may take 3-5 days to reach customer via USPS
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ACH Auto-Debit	12th : ACH Accounts Provided to Bank, 15th : Drafting of Accounts Completed
Utility Bill Payment Due	1 st Business Day Following the 16th
Late Fees (10% of Total Account Balance) Applied	1 st Business Day Following the 21st
Final Calls for Payment	1 st Business Day Prior to Shutoff/Disconnect
Disconnections for Accounts	1 st Business Day Following the 10th of the Next Month (Unless This Falls on a Friday or Before a City Hall Holiday Closure)

Disconnect Threshold Discussion

Currently, the City implements a \$75.00 utility disconnection threshold. This means utility customers can always carry a balance of up to \$74.99 balance avoid disconnection of service. Some lower usage customers (for example, those who average less than 2,000 gallons a month) will carry a balance each month. The average utility bill is about \$110 a month. Staff is looking for feedback from the Board of increasing the threshold *from \$75.00 to \$100 for disconnection* (meaning utility customers could always carry a balance of up to \$99.99). The \$75.00 is set because of the short-turnaround time in disconnection timeline.

Recommendation on Scaling the \$50 "Reconnection" Charge

Staff performed comparison research on the reconnection fees charged by surrounding cities. Staff also discussed how reconnection charges for disconnect occurred and concluded that a bulk of disconnections are for repeat offenders. In addition, staff brought forward the research (provided on February 15 to the Board) to the Finance Committee for consideration. Using information gathered from Weston, Missouri's reconnection charge philosophy, staff is recommending this scaled disconnection/reconnection charges schedule:

1 st Time Disconnection	\$0.00 – Reconnection Charge
2 nd Time Disconnection	\$50.00 – Reconnection Charge
3 rd Time or More Disconnection	\$100.00 – Reconnection Charge

This disconnection and reconnection fee philosophy is quite unique and puts an emphasis on lessening the financial burden for first time offenders and burdening repeat offenders. With this policy, repeat offenders would certainly carry the greatest burden as they would incur a \$100 reconnection fee for a third disconnection of service for non-payment.

One of the keys to this philosophy is allowing customers to make their own improvements in paying their utility bills on-time. Therefore, part of this recommendation is to include the element of having a "clean slate" after a designated amount of time. In putting this into action, this disconnection tally would be reset *every three years* meaning once the three-year period come and has passed, everyone is given a "clean slate" with no disconnections. Of course, all time disconnection records, and history would still be reviewable by utility staff.

To better understand how this process works in other Cities, staff spoke with utility administration in Weston, MO over the phone regarding the disconnection policy. The staff at Weston described how the process was performed manually and the number of disconnections were tracked individually within the customer accounts. Weston has a fraction of the amount of utility accounts compared to Smithville (just 800 customer accounts exist in Weston). Weston noted that very few people are disconnected each month (about three to five customers). Every two years, Weston resets the disconnection tally.

The City's ERP (Enterprise Resource Planning) System (INCODE 9) has the capability to post different reconnection charges to utility accounts according to the number of times the account has been cutoff. This gives staff the capability to assign a different reconnection charge to those accounts with first time disconnections offenses, second time offenses, and third time offenses (or higher). Overall, the aim of introducing such a philosophy is to help instill behavior of on-time bill pay.

Staff also reviewed surrounding City reconnection charges. In this research, it was noted the reconnection for these comparable/surrounding Cities are primarily set at the \$25 and \$50 fee level with some cities charging between these amounts. Staff is not proposing any changes to the \$50 *reconnection charge amount* in the Schedule of Fees process other than introducing the scaled disconnection/reconnection charges for first, second, and third time disconnect offenders.

Alderman Atkins asked when the three years would start.

Stephen explained that the three-year clock would start when a policy is adopted.

Alderman Atkins asked if each customer would be on their own three-year clock?

Cynthia explained that everyone will be on the same three-year clock.

Stephen explained it would be easier to have everyone on the same three-year clock for consistency for staff.

Cynthia explained that it would also depend on the limitations of our finance system as to whether we could set it up by individual account.

Alderman Kobylski asked if the system would be able to track the \$0, \$50, \$100 for the reconnection charge?

Stephen explained that he is currently working with Incode to make sure they have the capability to do that. He noted that even though Weston does it manually they only service 800 accounts and we service 4,100.

Alderman Kobylski noted her concern would be if the system could not do the three-year clock per account, it might not be able to process the tier reconnection fee.

Cynthia said that is something staff will have to make sure we can do. She explained that this is not something staff is looking for recommendations for tonight, it would be implemented with the FY2023 budget. Staff needs time to make sure that all of the Board directed processes are going to work.

Alderman Russell asked why the three years and not two and if it was a financial reason?

Stephen explained that at the February meeting staff provided information on the disconnect revenues we currently bring in and it is around \$25,000 to \$40,000 which is a low percentage to the overall fund revenue. He said that the difference between the two to three years on a revenue impact would be pretty nominal. He noted that if the Board is in favor of implementing the clean slate reset every two- or three-years staff is not opposed to the two year.

Alderman Russell noted it would just be one less year to have to track it and might be worth looking into. He also asked if Incode was fixed for the current utility billing process?

Stephen explained that they were able to fix the issue and assist us with billing, so bills were able to go out the first of this week.

Alderman Russell asked if it was resolved and will not happen again?

Stephen said they were able to get it resolved but staff will continue to work with Incode to make sure that the bills are sent out on time.

Alderman Russell asked if adding the additional 14 days would it fix issues such as the customer who came before the Board because he was disconnected when we did not receive his bank issued check on time? Would it have been resolved so he would not have had to come before the Board?

Stephen explained that it should since the bank issued check was received shortly after the disconnect date.

Alderman Chevalier asked for clarification on the "clean slate" three-year clock. He asked if someone has been disconnected two and a half years into the three years, they would only have to wait six months before the clock resets?

Stephen said that yes, they would only have six months before the clock resets.

Alderman Chevalier said he did not know if he agreed that process. He preferred we find a way to use a rolling calendar.

Stephen noted that it is a unique policy and that staff only found one city that is using it.

Alderman Chevalier stated that he also did not care for the tiered reconnect fee policy.

Alderman Russell agreed with Alderman Chevalier that he preferred the rolling calendar. He also noted that he could see having the policy reflect \$0 for the first offense but then be charged the same amount for the reconnect for every incident after not the tier.

Alderman Chevalier agreed that the first occurrence should be \$0 for the reconnect fee and the additional occurrences be charged the reconnect fee.

Mayor Boley suggested we not to have the "clean slate" policy unless the software can do the rolling calendar.

Alderman Kobylski said that in her option a repeat offender should not receive the "clean slate".

Cynthia asked for Board clarification would they want a tiered reconnect fee \$0, \$50 \$100 and no clean slate?

Alderman Kobylski said that was her thoughts.

Alderman Chevalier noted that he was thinking \$0 for the first then it goes to \$100 for additional reconnect fees. He explained that he was thinking we would continue with the same process we have now but only push back the disconnect date to the next month. For instance, if by the next month billing due date if they were still in the rears they would be disconnected.

Mayor Boley noted that this would give residents the opportunity to receive another bill that would show that they are late on the prior months bill.

Alderman Chevalier said that would give them another month to get their bill paid and if not paid then they would get disconnected. He noted that was the process a lot of the other cities used and feels that we should also.

Stephen asked for clarification on the disconnect dates.

Alderman Chevalier explained he would like to see the date be moved to the 16th of the following month, if they have not paid their prior months bill by then that is when they would get disconnected.

Alderman Russell asked Alderman Chevalier if he was wanting the first reconnect to be \$0 then charged the \$100 reconnect fee for every time after that?

Alderman Chevalier said yes and that \$100 reconnect fee might help offset any losses that we might receive by extending the disconnect date.

Alderman Russell agreed with that process.

Alderman Atkins asked if staff knew if our Incode software would be able to automatically reset after a couple of years, should staff still keep track of the repeat offenders?

Stephen noted that he is still working with Incode he knows the system is capable of keeping track of how many times someone has been disconnected but does not know yet if it is capable of the "clean slate".

Alderman Atkins said that he does like the idea of the "clean slate" after a couple of years of showing that they can pay their bills on time.

Alderman Chevalier said he like the "clean slate" but is afraid people would take advantage of the system.

Alderman Russell suggested that it be put back on the customer to be the one to come back to the city after the two- or three-year time period and have to ask for the "clean slate" reset.

Cynthia noted that the only concern with this is staff will have to check with Incode on the procedure, it could potentially create another step in the process and staff could potentially make an error. She explained that was why staff looked at an overall calendar instead of a rolling calendar.

Alderman Kobylski said that she like the three-year time period before giving the "clean slate". If it can be done in the software.

Establishing "Disconnection and Reconnection Fee Exceptions" in the Utility Billing Policy Manual

Staff has compiled scenarios in which disconnection of service is not warranted. These scenarios have been considered based upon previous experiences and situations noted by staff. Staff is proposing to specifically outline these following exceptions in the City's Utility Policy Manual. The justification for these exceptions is described in the bullets below:

- **Deceased or Incapacitated Utility Customer:** Staff is recommending an exception to the reconnection fee in the unfortunate event of a deceased or incapacitated customer. In providing for this exception, the policy manual would outline a requirement for the City to receive a copy of the death certificate or records of incapacitation of the utility customer (account holder) in to waive the reconnection fee upon disconnect.
- **Financial Assistance for Utility Customer:** Staff is recommending an exception to disconnection of service in the case of having a utility customer applying for and receiving financial assistance. Some agencies which are providing financial assistance have delays in providing payment. To prevent disconnection of service for the customer, the City would require a promissory note or pledge which guarantees the reception of funds for the customer.

Alderman Russell asked if the City was notified that a customer is on this program?

Stephen explained that we have had a couple of different ways it has happened in the past. We have had customers notify us that they are on the program, and we have also received emails from the agencies explaining that a customers has applied

for assistance and ask for us to confirm the account balance. The agency then generates a payment for that customer.

- **"Pending" Leak Adjustment for Utility Customer:** Staff is recommending an exception to disconnection of service in the case that staff has acknowledged a utility customer working with the City to determine or fix a leak. In the case of a leak, the customer has likely incurred a significantly higher utility bill due to increased usage from the leak. To accommodate this large bill and provide time for the approval of a leak adjustment by the Board of Aldermen, staff is proposing an exception to disconnection for such a customer. In addition, these customers will typically select the option of a utility contract which makes repayment of the utility bill more affordable.

Late Fees Discussion

Finance staff also performed research on what comparable and surrounding City's practiced in terms of applying late fees to past due account balances. Many cities, if not almost all, applied late fees in the amount of 10% of the account balance. The City of Smithville currently applies late fees in the amount of 10% of account balance.

With the average Smithville utility bill rounding to about \$110, the average 10% late fee is equal to about \$11. For a significant amount of utility customers, paying the bill on time and avoiding the late fee is a major detractor from incurring a delinquent status. As stated previously, about 90% of customers pay on-time.

Below is staff's research of late fee policies currently implemented by other communities:

Jurisdiction	Late Fee Policy
Liberty, MO	10% Penalty
North Kansas City, MO	10% Penalty
Gladstone, MO	5% Penalty (With \$2.50 Minimum)
Excelsior Springs, MO	10% Penalty
Kansas City, MO	6% Penalty
Kearney, MO	10% Penalty
Parkville, MO	10% Penalty (Current Bill), 3% Penalty (Previous Balances)
Platte City, MO	10% Penalty
Raymore, MO	10% Penalty

Oak Grove, MO	10% Penalty
Grain Valley, MO	10% Penalty
Blue Springs, MO	10% Penalty

Alderman Russell asked if the penalty is based on the total of the account balance?

Stephen explained that the penalty goes on the total balance of the account 20 days after the bills are created.

Board Feedback and Direction

Staff would like feedback from the board on the options and recommendations provided by staff. This would include the following:

- Changing the disconnection date from the 1st business day following the 26th of the month to the 1st business day following the 10th of the month (allowing for an additional 14 days until disconnection occurs).
- Increasing the disconnection threshold which triggers disconnection from \$75 to \$100.
- Reconfiguring the reconnection fee (for those who are disconnected for non-payment) to a "tiered approach" (recommendation sourced from Finance Committee).
- Creating specific exceptions to the utility billing disconnection policy (deceased/incapacitated utility customer, financial assistance, and leak adjustments)

Staff recommends implementing the Board's preference on utility disconnection (if any changes occur) on November 1, 2022. This would work in conjunction with any Board approved changes to the Schedule of Fees.

Cynthia asked for clarification from the Board for their recommendations.

- Changing the disconnection date - 1st business day following the 10th of the next month to the first business day after the 16th of the following month.

The Board agreed.

- Changing the disconnection threshold increasing it from \$75 to \$100.
- The tiered reconnect fee looking at it only if Incode can process it on a rolling calendar.

Alderman Chevalier said that the tiered approach is fine but to only do the \$0 and \$100.

Alderman Kobylski and Alderman Atkins both preferred the \$0, \$50, \$100 tier approach.

Alderman Russell and Alderman Chevalier both said that they would agree with that.

Cynthia asked if Incode software is able to do the rolling calendar would the Board prefer three year or two year?

Alderman Kobylski said three year.

Alderman Russell said if we can roll it, then three years with the \$0, \$50, \$100. If we cannot roll the calendar then two years with the \$0 and \$100, depending on what the software can do.

Alderman Atkins asked if the \$100 threshold was for water only or the total bill?

Stephen explained that it is for the total bill, sewer, water and trash.

Alderman Hartman suggested raising the threshold to \$110 since that is the average of the household bill.

Alderman Atkins said he would hate for water be disconnected due to a trash bill.

Cynthia explained that it is the total of the entire bill.

Alderman Atkins agreed that the threshold should be raised to the average of \$110.

Alderman Chevalier asked if someone does not pay their bill and gets their water shut off do, they also get their trash collection stopped?

Stephen explained that staff does not reach out to GFL immediately, trash will continue for a month or so. If the bill still goes unpaid that is when staff will reach out to GFL to pause the service.

Alderman Chevalier agreed that the threshold should be raised to \$110.

Alderman Kobylski noted that with extending the timeline for paying the bills the customer could at least pay some of it to keep it under the threshold for disconnect. She said the threshold should be \$100.

Cynthia asked if the Board wanted to ensure that the exceptions were also added to the policy?

The Board agreed.

3. Discussion of Event Permit Application

Matt Denton, Parks Director, present the current event permit application and the staff recommended changes.

Starting in the summer of 2021 the special events process was transferred to the Parks and Recreation Department. Between the summer of 2021 and the start of 2022, staff evaluated the special event process and implemented changes. Beginning January 1, 2022, our department changed how the special event application process worked. Staff talked with other communities and took what we thought was best practice and put it into an application. Staff would like to take the Board of Alderman through the

application process and discuss any recommendations the Board may have to assist in Board review of applications.

The application process is outlined below.

1. Event organizer reaches out with questions and request information/application.
 - a. This is not necessarily needed. The application is located on our website for public access and can be downloaded and completed without staff's assistance.
2. Staff sends the application that provides information. We let them know that before the application is turned in, it needs to be completely filled out with as much detail as possible. Once they feel that it is completed, they can turn the application into City and pay the \$25 application fee.
3. Once the application fee has been paid, staff will start the process of reviewing that application. Staff that reviews the application are Matt, Brittanie, and Chief.
 - a. Areas that have to be completed immediately are: Event Name, Location, Date, Times, Size, Applicant's Information, Event Description, Event Type, Detailed Map, Parking Plan, Security Plan, Restroom Plan, Clean Up Plan, Any Road Closures, Staff Support Need, Will Alcohol Be Served,
 - b. Items that can wait are: Vendors, Insurance, Utility Connections, Performance List.
 - i. These items take time to get confirmation and does not affect the application process. We do require these items closer to the date of the event.
4. If an event does not have alcohol or need street closures the approval is handled by the Parks and Recreation Department internally.
5. If an event does not have alcohol but needs street closures the approval is handled by the Parks and Recreation Department and Police Department. Special Events that require street closures need to be approved by Chief. He is looking to make sure traffic can detour around the event and that there are no dead ends.
6. If an event does have alcohol, road closures and have any special request, the approval is handled by the Board of Alderman. Due to state requirements, Alcohol Permits require City approval. Once approved they receive a letter by staff that they can turn into the state.
7. Large events that usually have alcohol, road closures and have any special request require in-person meetings with City Staff before anything is brought to the Board for approval. This helps make sure all parties are on the same page and staff feels we have all the information needed to help guide the Boards decision.
8. Once the application is approved, the date does not go into the calendar until payment is received.

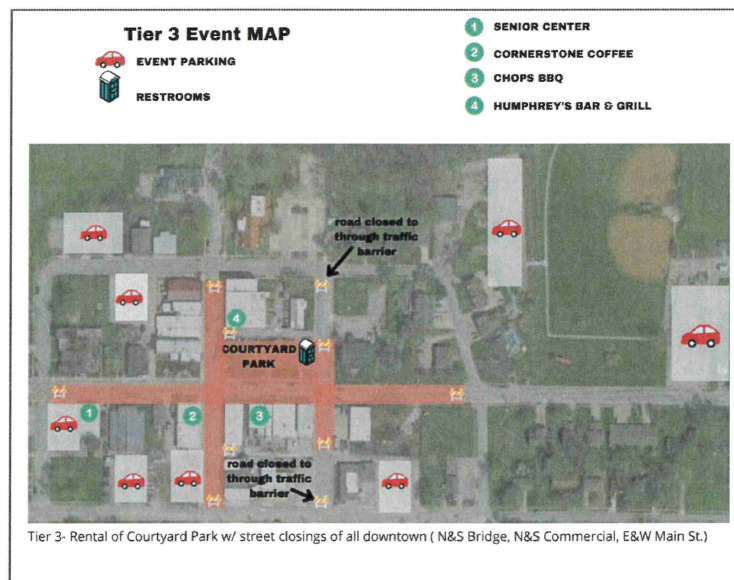
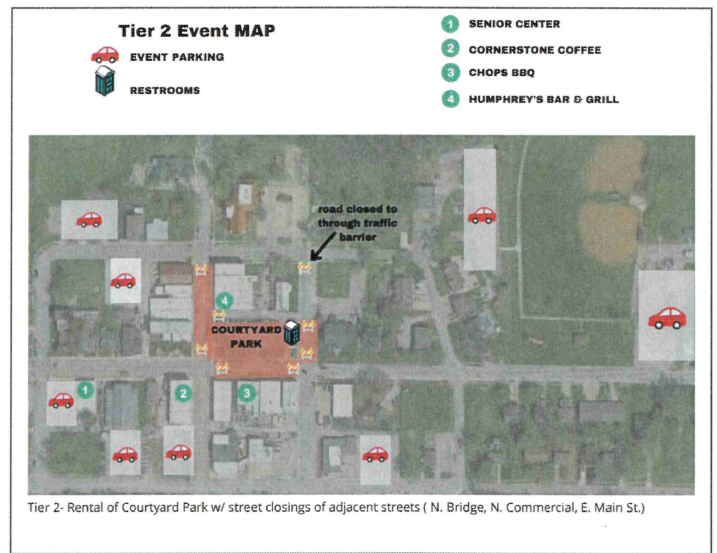
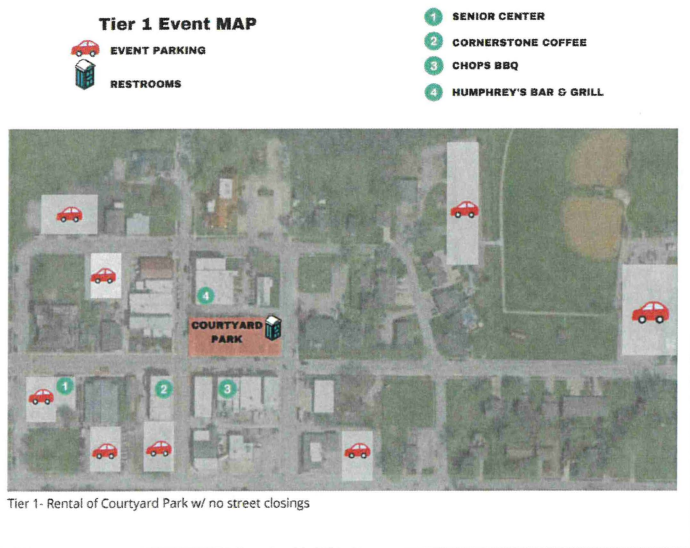
Staff is looking for feedback from the Board on the application, the application process, and associated fees.

On June 21 staff will be proposing a fee separate from the special event fee (\$100/Per Day + \$200 Deposit) for parades. Currently there is no charge for a parade. For parades, the organizer goes through a similar process as if they were having a downtown event. The Parks and Recreation Department and Police Department met to

discuss the route, road closures, and time. If the parade gets approved, they are good to host the parade. Staff feels that there should be a fee associated with parades for the time spent, the closures of roads, clean up, and police assistance during that parade.

Also on June 21, staff will be presenting three tiers for special events regarding road closures. The hope is to be more consistent with events regarding closing of streets downtown. Staff wants to make sure businesses have appropriate access for staff and deliveries, as well as if streets that do not need to be closed, can remain open and traffic can flow smoothly.

Please see the tiers below:



Matt asked for Board feedback on the application or the application process.

Alderman Russell asked if any and all security policies go through Chief Lockridge and his team for approval?

Matt explained that all security does go through Chief Lockridge and that he and his team are heavily involved in that process.

Alderman Russell asked what the dollar amount of the fees for the events is for the City annually based on the fee schedule that we currently use?

Matt explained that the current fees were set in November 2021 so staff will have a better total at the end of 2022.

Matt explained that the new maps were created to give more information and help with the previous issues and incomplete applications.

Alderman Russell noted that he liked the new maps and that they will help define the layout of the downtown and help with closures.

Matt explained that at a previous meeting the Board asked for staff to figure out the best way for road closures and for people to get through especially the alleyways for business access for their staff and for deliveries.

Alderman Russell asked if we put out signage that says road closure and what dates?

Matt explained that staff is working with the Main Street District in trying to come up with the best way to inform the businesses downtown of the events.

Alderman Hartman noted that he appreciated the tiered approach for the maps and that they will help establish consistency. He also said that he liked charging a fee for parades. He explained that people lose site of how much time city staff dedicates to the events.

Utility Billing

Cynthia recommended that since our billing system had a glitch this month and bills did not go out on the normal day, the due date for the bills be pushed back.

Stephen explained that the procedure for billing each month is the bills are produced on the first of the month and they are received by residents shortly after by email or by mail. This month the bills were produced on June 3, which is two to three days after they are typically produced. Staff is recommending pushing the due date back three or four days for this month only to allow residents some additional time to pay.

Alderman Atkins suggested that this be put in the policy for future incidents like this.

Stephen said that staff would write up a policy on this issue.

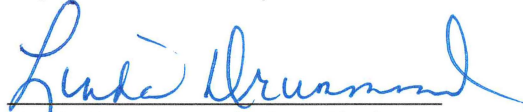
Mayor Boley asked if the Board were in agreement to push the date back this month and have staff write a policy for future incidents.

The Board all agreed.

4. Adjourn

Alderman Atkins moved to adjourn. Alderman Russell seconded the motion.

Ayes – 5, Noes – 0, motion carries. Mayor Boley declared the Work Session adjourned at 6:55 p.m.



Linda Drummond, City Clerk



Damien Boley, Mayor