



## City of Smithville, Missouri

### Board of Aldermen - Work Session Agenda

June 7, 2022

6:00 p.m. – City Hall Council Chambers and Via Videoconference

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Anyone who wishes to view the meeting may do so in real time as it will be streamed live on the City's FaceBook page through FaceBook Live.


For Public Comment via Zoom, please email your request to the City Clerk at [ldrummond@smithvillemo.org](mailto:ldrummond@smithvillemo.org) prior to the meeting to be sent the meeting Zoom link.

1. Call to Order
2. Discussion of Utility Billing and Shutoff Process
3. Discussion of Event Permit Application
4. Adjourn

Join Zoom Meeting  
<https://us02web.zoom.us/j/84149448597>

Meeting ID: 841 4944 8597  
Passcode: 902260



	<div>STAFF REPORT</div>
<b>Date:</b>	June 7, 2022
<b>Prepared By:</b>	Stephen Larson, Finance Director
<b>Subject:</b>	Utility Disconnection Policy
<b>Staff Report:</b>	Finance Department (In Conjunction with Utilities)

## 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)	<b>1<sup>st</sup></b> of Month. Bills may take 3-5 days or longer to reach customer via USPS
ACH Auto-Debit for Bills	<b>12<sup>th</sup></b> : ACH Accounts Provided to Bank, <b>15<sup>th</sup></b> : Drafting of Accounts Completed
Utility Bill Payment Due	1 <sup>st</sup> Business Day Following the <b>16<sup>th</sup></b>
Late Fees (10% of Total Account Balance) Applied	1 <sup>st</sup> Business Day Following the <b>21<sup>st</sup></b>
Final Calls for Bill Payment	1 <sup>st</sup> Business Day Prior to Shutoff/Disconnect
Disconnections for Accounts	1 <sup>st</sup> Business Day Following the <b>26<sup>th</sup></b> (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 26<sup>th</sup> to the 31<sup>st</sup> 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)	<b>1<sup>st</sup></b> of Month. Bills may take 3-5 days to reach customer via USPS
ACH Auto-Debit	<b>12<sup>th</sup></b> : ACH Accounts Provided to Bank, <b>15<sup>th</sup></b> : Drafting of Accounts Completed
Utility Bill Payment Due	1 <sup>st</sup> Business Day Following the <b>16<sup>th</sup></b>
Late Fees (10% of Total Account Balance) Applied	1 <sup>st</sup> Business Day Following the <b>21<sup>st</sup></b>
Final Calls for Payment	1 <sup>st</sup> Business Day Prior to Shutoff/Disconnect
<b>Disconnections for Accounts</b>	1 <sup>st</sup> Business Day Following the <b>10<sup>th</sup> of the Next Month</b> (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 <sup>st</sup> Time Disconnection	\$0.00 – Reconnection Charge
2 <sup>nd</sup> Time Disconnection	\$50.00 – Reconnection Charge
3 <sup>rd</sup> 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.

### **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.
- **“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

## 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 1<sup>st</sup> business day following the 26<sup>th</sup> of the month to the 1<sup>st</sup> business day following the 10<sup>th</sup> 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.



## Appendix – Comparable City Research

Research from the February 2022 staff report is included in this appendix. Staff called and researched City code to better understand disconnect policy for comparable cities. The research is presented below:

- **Gladstone, MO:** The City of Gladstone assigns a delinquency status to accounts which are past due after 21 days of having a “past due” status. For those accounts with account balances higher than \$35.00, the City posts a “delinquency fee” to the account in the amount of \$25.00 and the account is subject to shutoff. The City Code states if payment is not received within 30 days of such bill, services may be discontinued.
- **Liberty, MO:** The City of Liberty issues a “delinquency status” each month to accounts 2 days following the due date of the bill. After 120 days of delinquency status, accounts past due with account balance over \$40.00 are subject to disconnection. The “reconnection” fee to have service turned back on is \$25.00. The City operates on two billing cycles and there is a 25-day window between the time in which the bills are mailed and the due date for the bill.
- **North Kansas City, MO:** The City of North Kansas City will disconnect accounts with have unpaid bills (account balances greater than \$10.00) around the 1<sup>st</sup> of the month. Per the City Code, the City assigns a delinquency status to all bills which are not paid after 20 days of producing/mailing the bills. Notification of this delinquency status is provided through mail, and if the bill is not paid within 10 days, disconnection will occur.
- **Kearney, MO:** The City of Kearney city code outlines utility billing policy. When bills are produced/mailed for the month, payment is due on the 10<sup>th</sup> following the month of they are produced. After the 10<sup>th</sup> of the month, any unpaid bills become delinquent. For unpaid delinquent bills following 30 days of having a “delinquency status”, service to the customer may be discontinued and shall not be reconnected until all past due bills are paid in full. A \$25.00 “reconnection fee” is applicable and the entire past due bill must be paid in full for turn-on to occur.
- **Raymore, MO:** The City of Raymore provides residents with 30 days to pay their utility bill before a “disconnect” period begins. The “disconnect” period last 10 days, and at the end of the 10 days, disconnect will occur on the utility account. The City does not have any specific threshold so any account balance amount will trigger this disconnection in service. The City charges a \$50.00 “reconnection” fee to have service reconnected.

- **Excelsior Springs, MO:** The City of Excelsior Springs will shutoff utility accounts which have an account balance of more than \$35.00 when the subsequent billing cycle comes around. The City charges a \$35.00 reconnection fee to have services reconnected.
- **Platte City, MO:** The City of Platte City assigns the due dates of bills on the 20<sup>th</sup> of the month. As the shutoff date approaches, the City makes multiple personal phone calls. Shutoffs are initiated on the 26<sup>th</sup> of each month and there is an \$80.00 account balance threshold meaning all accounts with balances of \$80.00 or higher are subject to shutoff. The City charges a \$25.00 reconnection fee to have accounts reconnected.
- **Weston, MO:** The City of Weston deems all accounts delinquent if payment is not received within 25 days after billing occurs. For accounts which spend 25 days this default/delinquency status, water service will be discontinued. The City of Weston assesses 3 separate disconnect charges depending on the number of times the customer has been disconnected previously. For 1<sup>st</sup> time disconnections, the charge is \$25.00. For 2<sup>nd</sup> time disconnections, the charge is \$50.00. For 3<sup>rd</sup> time disconnections, the charge is \$100.00. This “disconnection tally” is tracked over a period of 2 years and is reset after 2 years.
- **Blue Springs, MO:** The City of Blue Springs disconnects customers which have account balances greater than \$20.00 over 90 days (3 months old). The City charges a \$20.00 “service fee” to have services reconnected. Counting from the unpaid bill, when the third utility bill after the unpaid bill was received, goes out to indicate the amount past due, the bill is marked red and states “disconnect pending”.
- **Grain Valley, MO:** The City of Grain Valley has 2 billing cycles. The City of Grain Valley disconnects customers for account balances over the amount of \$20.00 for those bills unpaid after 1 month. Any amount over \$20.00 (the disconnect threshold) which is unpaid after 1 month from the time the bill is due, subjects the customer to shutoff via a delinquent letter. If the customer has not paid 7 days after the delinquent letter is provided, the account would be shutoff. A \$25.00 “service fee” is applicable for shutoffs. See this table for a detailed cycle procedure from the City of Grain Valley:

	<b>Read</b>	<b>Date</b>	<b>Penalty Date</b>	<b>Delinquent Letter</b>	<b>Shut Off</b>
<b>Cycle 1</b>	1st business day	Last day of month	1st business day of next month	1st business day of next month	8th or next business day of next month
<b>Cycle 2</b>	16th or next business day	15th or next business day of next month	16th or next business day after due date	16th or next business day after due date	23rd or next business day after delinquent notice

- **Oak Grove, MO:** The City of Oak Grove disconnects customers for account balances over the amount of \$25.00 which originates from the previous billing cycle. To reconnect services, the City charges a \$25.00 “reconnection” fee to have service restored. For example, if a customer has a balance over \$25.00 from the December 2021 cycle (which is billed in January), the customer needs to have the delinquent cycle paid below \$25.00 by February when the next bills are delivered to avoid disconnection.

**Continue to Next Page to Revisit Reconnection Fee Comparison**

## Disconnection Fee Amount Research

The City of Smithville currently charges a disconnection fee of \$50.00. To find out if this disconnect fee is comparable to other jurisdictions, staff researched disconnection, reconnection, and delinquency fees for various comparable communities surrounding Smithville. Like Smithville, these comparable cities will charge this fee for disconnecting service, reconnecting service, or assess this fee as a “service” fee for reconnecting service. While these fees go by a variety of names, the fee is intended to recoup City staff costs associated with utility crews disconnecting or reconnecting utility customers for non-payment associated with shutoff. The findings for amounts other communities charge for the disconnection/reconnection fee is presented in the table below:

Jurisdiction	Disconnection, Reconnection, or Delinquency Fee for Non-Payment
Gladstone, MO	\$25.00
Liberty, MO	\$25.00
Kearney, MO	\$25.00
Raymore, MO	\$50.00
Excelsior Springs, MO	\$35.00
Platte City, MO	\$25.00
Weston, MO	\$25.00 (1 <sup>st</sup> Time), \$50.00 (2 <sup>nd</sup> ), \$100.00 (3 <sup>rd</sup> )
Blue Springs, MO	\$20.00
Grain Valley, MO	\$25.00
Oak Grove, MO	\$25.00
Smithville, MO	\$50.00

	<div>STAFF</div> <div>REPORT</div>
<b>Date:</b>	June 7, 2022
<b>Prepared By:</b>	Matt Denton – Parks and Recreation Director
<b>Subject:</b>	Special Event Process Discussion

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 meet 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, 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 don't need to be closed, can remain open and traffic can flow smoothly.

Please see the tiers below:

## Tier 1 Event MAP



**EVENT PARKING**



**RESTROOMS**

1

**SENIOR CENTER**

2

**CORNERSTONE COFFEE**

3

**CHOPS BBQ**

4

**HUMPHREY'S BAR & GRILL**



Tier 1- Rental of Courtyard Park w/ no street closings

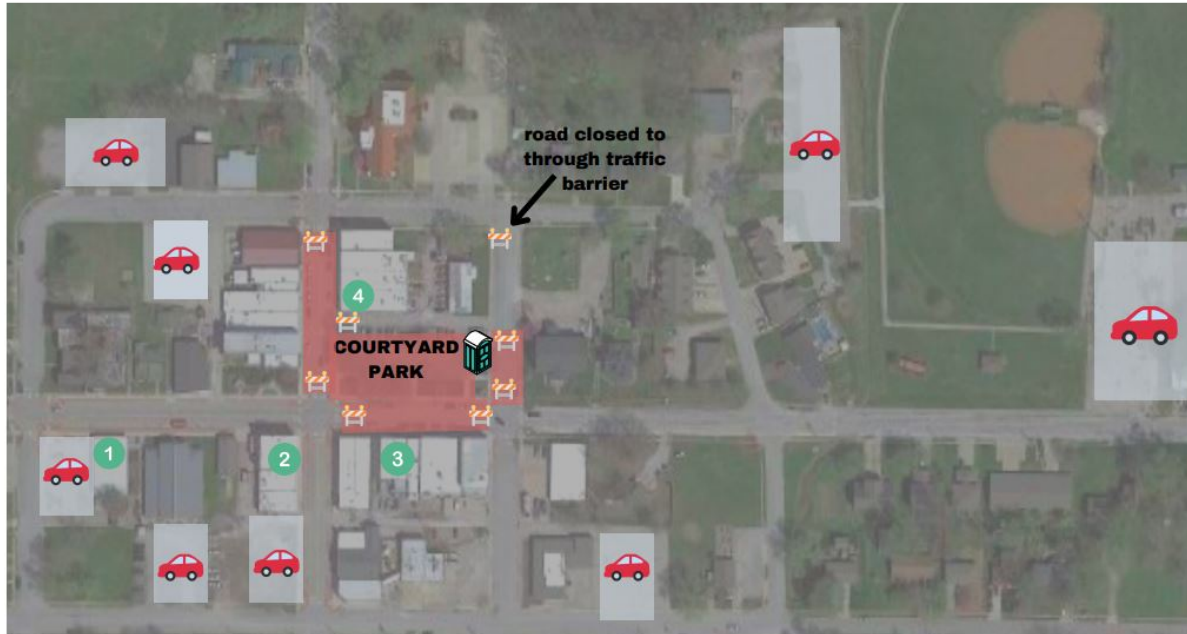
## Tier 2 Event MAP



EVENT PARKING

RESTROOMS

- 1 SENIOR CENTER
- 2 CORNERSTONE COFFEE
- 3 CHOPS BBQ
- 4 HUMPHREY'S BAR & GRILL



Tier 2- Rental of Courtyard Park w/ street closings of adjacent streets ( N. Bridge, N. Commercial, E. Main St.)



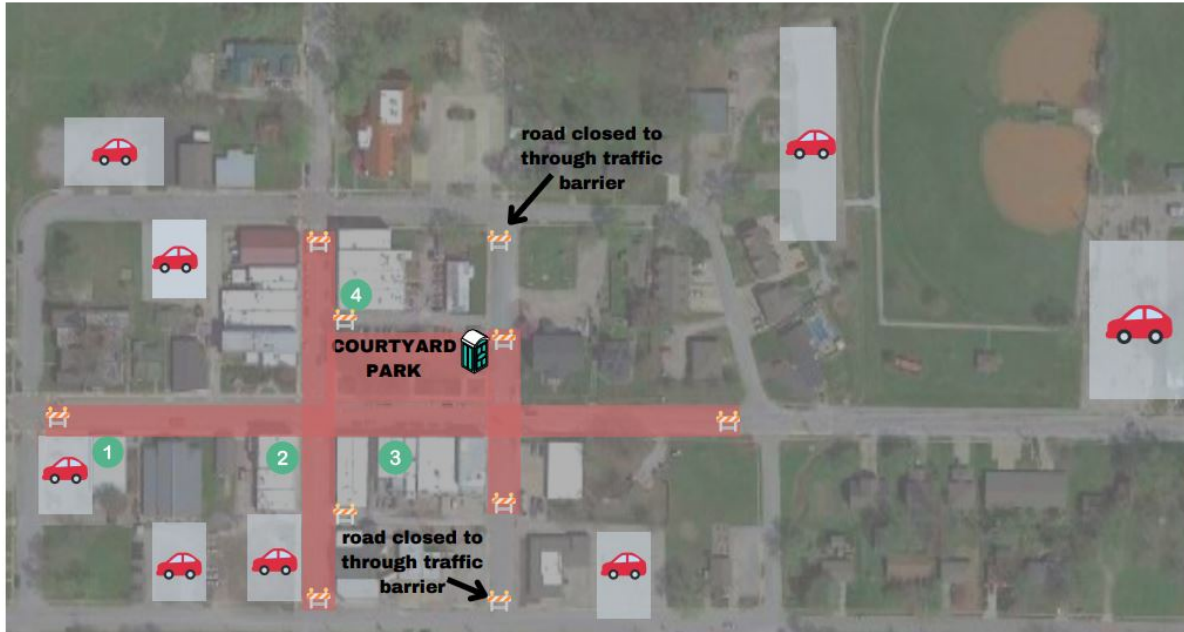
## Tier 3 Event MAP



EVENT PARKING

RESTROOMS

- 1 SENIOR CENTER
- 2 CORNERSTONE COFFEE
- 3 CHOPS BBQ
- 4 HUMPHREY'S BAR & GRILL



Tier 3- Rental of Courtyard Park w/ street closings of all downtown ( N&S Bridge, N&S Commercial, E&W Main St.)