

Memorandum

Public Works Department



To: City Manager
Subject: Wintertime Water Shut-Off Policy
Date: January 9, 2012
Number: 2012-011

The City Council directed the staff to research local utility company policies governing the wintertime disconnection of services for non-payment.

Quad City Water Utilities

The staff contacted the Village of Milan, the City of Moline, the City of East Moline and the American Water Company (Iowa Quad Cities water utility) to determine whether any of them refrain from water shut-offs due to non-payment during the winter months. None of them have a wintertime moratorium on shut-offs for non-payment.

MidAmerican Energy Company

Effective January 2, 2012, MidAmerican Energy Company (MEC) winter policies for the disconnection of electricity and natural gas services are...

Electricity

When the electricity is used as the primary source of space heating or the electricity is used to control or operate the primary space heating equipment at the premises, MEC will not disconnect its electric service between December 1st and the following March 31st to

- 1) a customer who has been approved for and MEC has received agency notice of the approval for low-income energy assistance or
- 2) a residential customer who has notified MEC that he or she is a military service member or veteran and has provide MEC verification of such status.

Gas

When the gas is used as the primary source of space heating at the premises, MEC will not disconnect its gas service between December 1st and the following March 31st to

- 1) a customer who has been approved for and MEC has received agency notice of the approval for low-income energy assistance or
- 2) a residential customer who has notified MEC that he or she is a military service member or veteran and has provide MEC verification of such status.

In addition to the wintertime policies, the Illinois Patriot Act forbids MEC from shutting-off electricity or gas services for non-payment at the home of a military service member deployed on active duty.

City of Rock Island

Currently the City of Rock Island does not shut-off water for non-payment during the winter if the customer's building is heated by a boiler. Otherwise, the shut-off policy does not differentiate between the seasons.

The following table presents the city utility payment patterns of Rock Island utility customers.

		% of Total	Comments
Bills Mailed per Year	68,324		Approximately 58,800 of the bills include water charges. The majority of the others are stormwater only bills.
Bills Paid On Time	45,136	66.1%	Paid within 19 days
Bills with Late Charges	23,188	33.9%	Late Charge = 5%
Delinquent Notices	17,380	25.4%	Notices mailed 8 days after due date
Shut-Off Notices Posted	6,748	9.9%	Notices posted on the customer's property 27 days after due date
Shut-Offs	1,244	1.8%	The vast majority of disconnected services are reconnected within a few days. The total number of inactive water services is currently about 300 (2.0% of the total number of water customers)

9.9% of the bills currently remain unpaid until shut-off notices are posted. If that pattern would continue, a wintertime moratorium on water shut-offs would cause over 2,250 to remain unpaid between December and March. Assuming an average bill of \$300, this represents delayed revenue of about \$675,000 and an interest loss of about \$2,800 per year.

In addition to the revenue impacts, a moratorium would create significant logistics problems for the Finance Department and the Public Works Department and increase overtime costs.

- The billing software cannot automatically handle a moratorium and every account impacted by a moratorium would have to be manually adjusted by the workers in the Finance Department. Some accounts would need to be manually adjusted twice during the moratorium. This would be accomplished by the use of overtime.
- The three-person meter services workforce in the Public Works Department currently reads about 1,100 meters per week, posts about 130 shut-off notices per week, shut-offs about 25 water services per week and responds to numerous special orders from

customers. The need to post an extra 2,250 shut-off notices and disconnect any additional 400 water services in April would overwhelm the current staff. It could only be accomplished in a reasonable time by diverting employees from water distribution system maintenance and the use of overtime.

- Assuming that the post-moratorium shut-off notices and disconnections are done in April, the additional customer traffic at the Finance Department would exceed the staff and facility capacity. The Finance Department hours would be extended through the use of overtime in order to maintain reasonable waiting times for customers who need to make payment arrangements. It may also be necessary to open temporary satellite payment locations to handle the extra workload.

The Finance Department staff currently works with customers on a case by case basis to develop deferred payment plans and refers customers to local agencies such as Project NOW that provide financial assistance for utility bills. This approach is working well for almost all customers.

RECOMMENDATION

The staff recommends no changes in the policies for the disconnection of water services for non-payment.

Submitted by: Robert T. Hawes, P.E., Assistant City Manager/Public Works Director
