

**I
T
E
M**

**T
H
R
E
E**



MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

FINANCE & CITYWIDE PROJECTS COMMITTEE MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Kathie Brooks, Interim City Manager

DATE: January 24, 2013

SUBJECT: Discussion regarding utility deposits, shut offs and payment plans.

At the October 24, 2012 City of Miami Beach Commission meeting, two discussion items regarding customer deposits and the implementation of rules and regulations for utility accounts were referred to the Finance and Citywide Projects Committee (F&CWPC) for discussion.

Both referrals requested staff review current procedures for deposits and explore deposit policies by other entities such as Miami-Dade County Water and Sewer.

The City of Miami Beach Commission, at their December 12, 2012 meeting, additionally referred an item regarding shut-off procedures for delinquent accounts.

Over the course of the last few years, the Finance and Citywide Projects Committee and City Commission have endorsed various initiatives to assist residents and businesses with their utility accounts. Some of these initiatives included:

1. **Condominium Association Assistance Program:** provided for payment arrangements to those associations that are currently past due on their utility bills and can document that at least 15% of their units are in foreclosure.
2. **Utility Bill Due Dates:** increased the days allowed for payment of a utility bill from 15 to 21 days, to be consistent with other utility companies.
3. **Utility Bill Late Penalties:** removed the one-time 10% penalty on the current portion of a utility bill and adopted a recurring monthly charge of 1.5% on any portion of the account balance that is past due.

Utility Deposit Policy

Currently, the City Code requires UTB customers to have a cash deposit of up to four times the amount of any previous monthly bill. The City's current practice is to request a deposit equivalent to the three months of average service. Per the City Code, this deposit is held until such time as the account holder services are discontinued. At that point, the guarantee of payment deposit shall be refunded less outstanding charges for service. No interest is paid on the deposit.

Administration has surveyed neighboring communities and utility companies for a comparison of deposit practices and policies. Listed for your review on the next page, is a chart summarizing these deposit policies. The Administration is seeking your input for any proposed Ordinance changes to the deposit policy.

City of Miami Beach Utility Billing Deposit Analysis for New Accounts

<u>Entity Name</u>	<u>Residential Customer Deposit Amount</u>	<u>Interest Paid On Deposit</u>	<u>Residential Deposit Refund/Credit Policy</u>	<u>Commercial Deposit Amount</u>	<u>Interest Paid On Deposit</u>	<u>Commercial Deposit Refund/Credit Policy</u>
City of Miami Beach	3.0 x monthly billing	0%	Account is closed	3.0 x monthly billing	0%	Account is closed
Miami-Dade Water and Sewer Department	\$100.00	3%	Two years of good credit history	2.5 x monthly billing	3%	Two years of good credit history
Broward County - Public Works Dept.	Flat fee based on meter size	2.50%	Account is closed	> 2" meter = 2 x monthly billing	2.50%	Account is closed
City of Miramar	\$150.00	0.50%	Account is closed	Flat fee based on meter size	0.50%	Account is closed
City of Fort Lauderdale	Flat fee based on meter size	4%	One year of good credit history	Flat fee based on meter size	4%	One year of good credit history
Florida Power and Light	2.0 x monthly billing **	6% after 6 months	23 months of good credit history	2.0 x monthly billing	6% after 6 months, 7% after 23 months	Account is closed
TECO - Peoples Gas	3.0 x monthly billing	1.50%	Two years of good credit history	3.0 x monthly billing	1.50%	Account is closed

Utility Billing Collections and Shut-Off Procedures

The City reviews utility billing accounts on a monthly basis per an average 30 day cycle. Bills are generated and mailed within one week after the read date. This is done after service orders are created for re-reads for extraordinary high or low reads. Utility customers are billed on a monthly basis and have twenty-one (21) days to make payment for a utility invoice.

Customers currently have several options available for making their monthly payments. These options include payments via:

- On-line via the City's web portal;
- Through the City's lock-box with their bills enclosed envelope;
- In person at the City's cashier's window; and,
- Via "Auto-Pay," an automatic ACH or Credit/Debit card charge.

The City has two processes for collections and shut-offs; one process for residential and commercial accounts, and another process for apartments and condominiums. Listed below is a summary outline of our procedures collections and shut-offs.

Process for Residential and Commercial Accounts:

- If not paid a within twenty-one (21) days a 1.5% penalty is added to the past due balance on the account and a courtesy "Late Notice" is generated and sent to the customer. The account is then "Past Due" which allows for an additional seven (7) days to pay otherwise service will be subject to disconnection.
- If the past due balances are still not paid and no payment arrangement has been made:
 - Residential/Commercial service is cut for all water monies owed. This includes all past due funds with any additional billings that have been generated (current billing).
- If no payments are made and no calls have been received to make payment arrangements, service is scheduled to be cut.
- Once the account is scheduled to be cut, the customer will receive a phone call (placed to the account's main contact number) before the scheduled cut. The phone call outlines the date the account is scheduled to be cut (48 hours) and the process as to how to resolve the issue. The phone call also includes the final day/time payment can be received (24 hours) to prevent the cut order from being executed.
- Service cuts are performed on Tuesday, Wednesday, and Thursday, based on Public Works staff availability.
- If the utility account is paid, or a payment arrangement is made, on the day of the service cut, the account will be reconnected the same day if the payment/arrangement is made before 3pm. A \$40 disconnect/reconnect charged is billed to the customer.
- If the utility account is paid, or a payment arrangement is made, on the day of the service cut, after 3:00 PM, the service will be reconnected the next business day.
- If customer wants service reconnected after normal working hours, the Public Works Department is contacted in order to verify there are available personnel to reinstall service. If staff is available for an afterhours turn-on, a \$50 afterhours charge is billed to the customer.
- For those customers that have had their utility service cut and no payment has been made, a service order is created to verify that the service is still off and no tampering/illegal use has occurred. If an illegal connection has been made, the Public Works Department will remove the meter and a Lien letter is sent to the customer. A \$100 tampering/illegal use fee is charged to the account. For a second offense a \$200 fee is imposed and \$300 fee for a third violation.
- If the service has been disconnected and no payment arrangements have been made, a thirty (30) day "Lien Letter" is sent to the property owner. If after thirty (30)

days no response or payment is made, the Lien is then sent to Miami-Dade County to be officially recorded.

Process for Apartments and Condominiums:

- If not paid a within twenty-one (21) days a 1.5% penalty is added to the past due balance on the account and a courtesy "Late Notice" is generated and sent to the customer. The account is then "Past Due" which allows for an additional seven (7) days to pay otherwise service will be subject to disconnection.
- If the past due balances are still not paid and no payment arrangement has been made:
 - A three day notice is placed on the premises by Public Works for all monies owed. This includes all past due funds with any additional billings that have been generated (current billing).
- If no payments are made and no calls have been received to make payment arrangements, service is scheduled to be cut.
- Once the account is scheduled to be cut, the customer will receive a phone call (placed to the account's main contact number) before the scheduled cut. The phone call outlines the date the account is scheduled to be cut (48 hours) and the process as to how to resolve the issue. The phone call also includes the final day/time payment can be received (24 hours) to prevent the cut order from being executed.
- Service cuts are performed on Tuesday, Wednesday, and Thursday, based on Public Works staff availability.
- If the utility account is paid, or a payment arrangement is made, on the day of the service cut, the account will be reconnected the same day if the payment/arrangement is made before 3pm. A \$40 disconnect/reconnect charge is billed to the customer.
- If the utility account is paid, or a payment arrangement is made, on the day of the service cut, after 3:00 PM, the service will be reconnected the next business day.
- If customer wants service reconnected after normal working hours, the Public Works Department is contacted in order to verify there are available personnel to reinstall service. If staff is available for an afterhours turn-on, a \$50 afterhours charge is billed to the customer.
- For those customers that have had their utility service cut and no payment has been made, a service order is created to verify that the service is still off and no tampering/illegal use has occurred. If an illegal connection has been made, the Public Works Department will remove the meter and a Lien letter is sent to the customer. A \$100 tampering/illegal use fee is charged to the account. For a second offense a \$200 fee is imposed and \$300 fee for a third violation.
- If the service has been disconnected and no payment arrangements have been made, a thirty (30) day "Lien Letter" is sent to the property owner. If after thirty (30) days no response or payment is made, the Lien is then sent to Miami-Dade County to be officially recorded.

Below is a summary of the City's normal billing and collections cycle, hi-lighting key dates in the process.

City of Miami Beach
Utility Billing Collections Summary

Description	Utility Account Type			
	Residential	Commercial	Apartments	Condominiums
Cycle	30 days	30 days	30 days	30 days
Due Date	21 days	21 days	21 days	21 days
Penalty	1.5% on past due balance	1.5% on past due balance	1.5% on past due balance	1.5% on past due balance
Late Notice	22 days	22 days	22 days	22 days
3 Day Notice	N/A	N/A	Yes	Yes
Auto-Call - 48 HR before service disconnection	24 HR to make payment	24 HR to make payment	24 HR to make payment	24 HR to make payment

Payment Plan Policy

Payment arrangements are offered to customers that cannot make full payments on their utility accounts in an effort to avoid turn-offs and bring the account back into current status. Plans are offered to all types of accounts: residential, commercial, apartments and condominiums.

Payment plans require that the customer make a payment on a go-forward basis of their entire current portion of their bill, plus an additional payment to bring down the balance that is in arrears. The traditional payment arrangement requires that 50% of the bill be paid up-front and the rest is paid within a three-month period. There have been instances where a plan has been extended beyond the three months, due to extenuating circumstances, such as a large utility bill where a leak is suspected. Failure to make payments as arranged cancels the plan and payment of all moneys are due immediately. If full payment is not received, service is shut-off and deposit is applied to the account.

Conclusion

The Administration is also seeking the Committee's input regarding their views on deposits, collections and payment plans. Any recommended changes by the Committee will be brought forth as an Ordinance Amendment First Reading to the entire Commission.