

DATE ISSUED: July 12, 2000

REPORT NO. 00-135

ATTENTION: Honorable Mayor and City Council
Council Docket of July 17, 2000

SUBJECT: Water Department Billing and Collection Policy

REFERENCE: City Manager's Report 00-92
City Manager's Report 00-93
City Manager's Report 00-94

SUMMARY

Issues - 1) Shall the Council authorize the Water Department's Schedule of Fees for Billing and Collection Services as well as the Fire Hydrant Meter Program, 2) Shall the Council authorize the City Manager to approve modifications to the Water Department's Schedule of Fees for Billing and Collection Services as well as the Fire Hydrant Meter Program, 3) Shall the Council approve amendments to San Diego Municipal Code Chapter 6 Article 4 and Chapter 6 Article 7?

Manager's Recommendation - 1) Authorize the schedule of fees for Billing and Collection Services as well as the Fire Hydrant Meter Program, 2) Authorize the City Manager to approve modifications to the schedule of fees, 3) Approve the amendment to San Diego Municipal Code Chapter 6 Article 4 and Chapter 6 Article 7.

Other Recommendations - At its May 10, 2000 meeting, the Natural Resources and Culture Committee accepted the Manager's recommendations with the exception of the proposed \$8.83 fee for signing up for water service. The Natural Resources and Culture Committee opposed this fee.

Fiscal Impact - If the fees are approved, the additional annual revenue will be an estimated \$891,915. This increase in revenue will have a minimal impact upon water rates.

BACKGROUND

In December of 1999 the City Manager as well as the City Auditor and Comptroller conducted investigations into various practices of the Water Department as a result of television news coverage. Based upon the review, the Water Department began the process of modifying its billing and collection policies as well as the construction meter program. Several task forces were initiated to provide recommended new policies and procedures. These task forces represented the Water Department, Treasurer's Department, City Attorney's Office, City Manager's Office, San Diego Data Processing Corporation and the City's Organizational Effectiveness Program. The cumulative results of all of the Task Forces' efforts are a Billing and Collection Policy Manual, a revised Construction Meter Program renamed the Fire Hydrant Meter Program and proposed changes to the San Diego Municipal Code.

DISCUSSION

The Task Force on Billing and Collections (C.M.R. 00-92) has drafted a comprehensive set of policies and recommendations for increased and new fees. These recommendations are based upon best industry practices and have been reviewed by the City Auditor and Comptroller as well as the Citizen's Water Advisory Committee. These recommendations have been summarized in the new Water Department Billing and Collection Policy Manual. These new policies will be sensitive to our customers' needs, equitable to the rate payer, and minimize delinquent payments among other benefits. In addition to these recommendations, the Water Department is working closely with the City Attorney's Office regarding a pilot program for dispute mediation. This dispute mediation pilot program will be modeled on existing City practices and will be used to mediate only the most complex billing appeals. For this pilot program the department will select several billing appeals which are not currently under review. We will use the selected appeals as test cases to determine more precisely the mediation process. The estimated implementation date for this pilot program is September, 2000.

The existing Construction Meter Program will be substantially modified and renamed the Fire Hydrant Meter Program (C.M.R. 00-93). Under the proposed program, the Water Department will install and lock on meters, relocate meters, and read each of the fire hydrant meters on a monthly basis. This will allow the department to ensure payment on all accounts as well as have much better control over this service. This program was reviewed by a wide variety of industry groups and their input has been incorporated into this proposal.

Finally, a significant number of changes are proposed for the San Diego Municipal Code Chapter 6 Articles 4 and 7. These changes will be necessary to implement the above described policies and programs as well as provide the Water Department the authority to enforce code violations.

ALTERNATIVES

- 1) Do not accept the Billing and Collections recommendation.
- 2) Do not accept the Fire Hydrant Meter Program changes.
- 3) Do not approve the Water Department's revision to its Code Compliance Program.

Respectfully submitted,

Larry Gardner
Water Department Director

Approved: Frank Belock Jr.
Deputy City Manager

GARDNER/MB