

CITY OF GAUTIER

MEMORANDUM

To: Honorable Mayor and Council
From: Samantha D. Abell, City Manager
Date: November 28, 2012
Subject: Approval of a Qualifying Hardship Payment Plan for Overdue Water and Sewer Charges

REQUEST:

The Council has requested the City Manager consider options for a qualifying hardship payment plan for delinquent water and sewer customers.

DISCUSSION:

Gautier has been implementing several strategies over the past several months to strengthen the City's financial practices, focusing initially on billing and collections areas. A well-managed utility should have a strong collection policy which precludes paying customers from subsidizing those that do not pay their bills. Although the number of customers that are affected by this policy is a relatively small percentage of the overall customer base, the City is nevertheless obligated by law to charge all users of the potable and sewerage systems equitably. Implementing a qualifying hardship payment plan for citizens who have accrued substantial fees through non-payment will provide a means for the City to recoup debt by a reasonable payment plan, in lieu of prosecution. Further, a payment plan ensures that the City can keep rates steady while continuing needed maintenance and repairs of the system.

Section 18.4-138 of the City's Code of Ordinance states thus:

The city manager of the municipal water system shall review periodically the water contributions of users, the total costs of operation and maintenance (including replacement) of the water system, and the user charge system. The city manager shall revise the user charge, if necessary, to generate sufficient revenue to pay the total operation and maintenance costs necessary for the proper operation and maintenance (including replacement) of the water system, the cost of water treatment, retirement of existing debt included herein, and repayment of any drinking water systems improvements revolving fund loans.

Upon review, approximately \$75,782.00 is owed to the City for active delinquent water/sewer/garbage, water/sewer, garbage-only, water-only and sewer-only accounts;

75% of this amount is greater than (3 years) delinquent. The estimated number of delinquent customers is 30. Because the bulk of these customers need service, the City has sufficient opportunity to recover funds that will slow the rate of increases for paying customers.

I recommend that the Council direct the City Attorney to draft an ordinance amending Section 18, and establishing thus:

Qualifying Payment Plan. The City Manager or his/her designee may authorize an adjustment and/or payment plans for delinquent accounts, under certain circumstances. A minimum ten dollar (\$10 dollar) monthly payment for delinquent debt must be assessed for qualifying accounts at plan start-up. A request for a payment plan shall be directed to the City Finance Director. The City will only authorize adjustments and/or payment plans on a case-by-case basis based upon the facts and circumstances of each account. The City Manager reserves the right to obtain City Council approval before authorization of an adjustment or payment plan is finalized.

In order to qualify for the hardship designation, participants must either (1) show proof that they have been a resident and/or property owner at the affected address prior to the City's 2002 annexation of the address, and (2) be eligible to participate in or already participate in one of the following low-income in programs: the Housing Subsidy Program For Renters; the Supplemental Security Income Program (S.S.I.); the Medicaid Program; the Nutrition Assistance Program (food stamps); the Temporary Assistance for Needy Families (TANF) program; the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC); and any federal or state unemployment compensation system, which would include those receiving unemployment compensation, a high school, college, vocational school or trade school student with a valid school identification card; a person 65 years of age or older; a person who has claimed the Earned Income Tax Credit on his state or federal individual income tax return for the most recent tax year; a person receiving worker's compensation income benefits; an active military duty service member, a Reservist or a member of the National Guard while on active duty; and someone who has declared bankruptcy or is in foreclosure.

RECOMMENDATION:

The City Council may:

1. Approve the recommendation and direct the City Attorney to draft an ordinance accordingly; or
2. Modify the proposed qualifications for the payment plan by either reducing or adding qualifications, and authorize the City Attorney to draft an ordinance accordingly; or
3. Deny the recommendation for a qualifying payment plan for delinquent customers.