

MANISTEE CITY COUNCIL

WORK SESSION AGENDA

Tuesday, December 14, 2021 - 7:00 p.m. – Council Chambers

I. Call to Order.

II. Work Session Items.

- a.) PUBLIC COMMENTS ON WORK SESSION RELATED ITEMS.
- b.) DISCUSSION ON PARKS RESERVATION SYSTEM – City Manager William Gambill.
- c.) DISCUSSION ON WATER BILLING – Finance Director Ed Bradford.
- d.) OTHER.
- e.) CONSIDERATION OF A CLOSED SESSION, UNION CONTRACT NEGOTIATIONS.

City Manager William Gambill has requested a Closed Session this evening as permitted by the Michigan Open Meetings Act, Section 8 (c) to discuss contract negotiations with the Command Officers Association of Michigan.

At this time Council could take action to proceed to Closed Session under Section 8 (c) of the Michigan Open Meetings Act.

III. Adjourn.

WG:km



Administrative Services

Clerk | Finance | Treasury | IT | Assessing | Facilities | Ramsdell | Brownfield

Memo to: Bill Gambill, City Manager

From: Edward Bradford, CFO *EB*

Re: Utility Billing Process

Date: December 7, 2021

Bill,

Council will be discussing the water billing process at the upcoming December 14, 2021 work session. This memo will describe the utility billing process and discuss payment types and common issues that we run into.

The Process

The billing process is governed by Chapter 1040 of the codified ordinances of the City of Manistee and state law. I have included a copy of the ordinance. It addresses items such as rates & fees, billing, due dates, shut-offs and landlord\tenants.

Bills are issued monthly. The bills are based on actual meter readings to the greatest extent possible. Our system reads accounts daily. The billing period is typically mid-month to mid-month. For example, the November billing period was 10/16/2021 to 11/12/2021.

Bills are generally sent the last Friday of the month. We have pushed this up to Thursday when workable. Bills can also be emailed. We actively try and obtain customer's email addresses so we can both mail and email bills. Bills are due no less than 15 days after the bill date, typically on a Monday. The day after bills are due, a 10% penalty is added. Payment drop boxes are always checked right before the penalty is added to process any last-minute payments. Shut off notices are sent the week the current bill is due and shut off payments are due a minimum of two weeks after the notice is mailed.

I have included a table which shows what the billing and collection cycles will look like over the next three months (December – February).

Methods of Payment

The City accepts several forms of payment including cash, check & money order. Payment can be received during regular business hours or anytime at our two payment drop boxes.

The City also offers a convenient auto-debit program where the City automatically initiates and deducts payment from a customer's account monthly. Currently, 791 accounts or 25% participate in this program. This is our preferred payment method. It is safe, secure, and efficient.

The City also allows payments via e-check or credit cards (online, in-person, via phone) thru its payment partner Point & Pay. If a customer chose to pay this way, they would pay a flat fee of \$2 or 3% of the bill, whichever is greater. Currently, we receive approximately 400 credit card payments per month or about 13% of our customers.

Kali discusses with every new homeowner the various payment options and asks if they would like to receive the ACHA auto-debit form for their convenience.

Common Issues

The billing process works smoothly most of the time for the vast majority of our customers. Common issues that we see are described below:

Postal Service: We think the US Postal Service does a great job handling our mail. However, there are times when mail gets delayed or lost. This can impact both the customer's receipt of a bill, or the City's receipt of payment. Those issues are outside of the City's control. We offer alternative payment methods for those customers who would prefer not to use the postal service for whatever reason. Some homeowners go away for the winter, and we do have the ability to record a winter address in our system and send bills there upon the customer's request.

Email Address: Providing the City an email address allows us to email the bill to the customer. This helps avoid "lost" bills. Customers can choose to go paperless or receive both a printed bill and an email.

Bank Bill Pay Services: Many customers choose to pay their utility bill thru a bank or credit union bill pay service. Unfortunately, they are frequently under the impression that when they submit a bill pay request, the City gets paid immediately. In reality, the process for the bank takes a few days and generates a check that must then be mailed to the City. We sometimes receive bank bill pay checks either right on or after the bill due date. We are researching third-party services that will process the bank bill pay service payments electronically to speed up receipt of payment but may or may not implement a program for this depending on the cost\benefit analysis; and compatibility of technology.

Receiving a Shut-off Notice

Customer's who receive a shut-off notice often mistakenly believe that the amount due on the shut-off notice is the full amount they owe, including the most recent bill. In reality, the shut-off notice is only for the amount that is 45 days past due, per Ordinance. It is clearly printed on the shut-off notices: "This does not reflect the total balance on your account". We explain this to the customer, but there is still confusion at times.

City of Manistee

Utility Billing Monthly Timeline

Action	December	January	February	Notes
DECEMBER				
Meters Read (Read Date)	14			Read every day, but bill is based on mid-month reading
Prior Shut-off\Past-Due Notice Due	7			Sent in November, amounts 45 days past due, two weeks to pay
Nov Bill Due	13			No less than 15 days after bill date, typically Monday
Penalty added	14			10% penalty per Ordinance Chapter 1040
Shut-off\Past Due Notice Sent	17			Generally sent the week monthly bill is due
Dec Bill Sent	30			Last Friday of month
JANUARY				
Meters Read (Read Date)		13		Read every day, but bill is based on mid-month reading
Prior Shut-off\Past-Due Notice Due		4		Sent in December, amounts 45 days past due, two weeks to pay
Dec Bill Due		17		No less than 15 days after bill date, typically Monday
Penalty added		18		10% penalty per Ordinance Chapter 1040
Shut-off\Past Due Notice Sent		21		Generally sent the week monthly bill is due
Jan Bill Sent		28		Last Friday of month
FEBRUARY				
Meters Read (Read Date)			15	Read every day, but bill is based on mid-month reading
Prior Shut-off\Past-Due Notice Due			7	Sent in January, amounts 45 days past due, two weeks to pay
Jan Bill Due			14	No less than 15 days after bill date, typically Monday
Penalty added			15	10% penalty per Ordinance Chapter 1040
Shut-off\Past Due Notice Sent			18	Generally sent the week monthly bill is due
Feb Bill Sent			25	Last Friday of month

Chapter 1040
Combined Water Supply and Sewage Disposal System

EDITOR'S NOTE: Provisions relating to bonds issued for the purpose of paying the cost of acquiring, constructing, improving, enlarging and extending the combined water supply and sewage disposal and funds relating thereto, are not codified. Copies of the latest relevant legislation may be obtained from the City Clerk.

1040.01	Definitions	1040.09	Unmetered commercial or industrial use
1040.02	Operation as a single system	1040.10	Operating year
1040.03	Management of System	1040.11	Fluoridation of public water supply
1040.04	Rates and fees	1040.12	Tampering with hydrants, stop cocks, stop gates, etc.; authority of Fire Chief
1040.05	Billing; failure to pay; discontinuance of service; other remedies	1040.13	Tampering with and polluting wells
1040.06	Affidavit filed by landlord; Tenant responsibility to pay	1040.14	Tampering with or destruction of combined water and sewer system
1040.07	Freeze up list, Run Water Notice	1040.15	Prohibition of private wells and septic systems in City
1040.08	Fire hydrants; fire protection systems	1040.99	Penalty

CROSS REFERENCES
Water quality - see Mich. Const., Art. 4, Sec. 52; MCL Secs. 67.38, 323.1 et seq.
Sewers and sewer systems generally - see Mich. Const., Art. 7, Sec. 24; MCL Secs. 46.171 et seq., 67.34, 123.241 et seq., 323.151 et seq., 325.201 et seq.
Water supply generally - see Mich. Const., Art. 7, Sec. 24; MCL Secs. 46.171 et seq., 123.11 et seq., 325.201 et seq., 486.51 et seq., 486.101 et seq.
Council policy re new water and sewer connections - see ADM. 210.03
Department of Public Works - see ADM. Ch. 238
Water Department - see ADM. Ch. 240
Sewer Department - POTW - see ADM. Ch. 242
Water pollution - see GEN. OFF. 670.01, 670.02
Wastewater discharge regulations - see S.U. & P.S. Ch. 1042
Cross connection control - see S.U. & P.S. Ch. 1044

1040.01 DEFINITIONS

As used in this chapter:

- A. "Act 94" means Act 94 of the Public Acts of 1933, as amended.
- B. "System" means the complete water supply and sewage disposal system of the City, both inside and outside the City, including all plants, works, instrumentalities and properties used or useful in connection with transportation and treatment of sewage, together with improvements and extensions thereto, all facilities used or useful in the supply and distribution of water and all additions, extensions and improvements hereafter acquired.
(Ord. Unno. Passed 2-9-87.)
- C. "Council" means the City Council for the City of Manistee. (Ord. No. 14-06, Effective 7-25-14)

1040.02 OPERATION AS A SINGLE SYSTEM

The existing water supply and sewage disposal system of the City shall remain consolidated and shall continue to be operated as a single combined water supply and sewage disposal system under the provisions of Act 94. (Ord. Unno. Passed 7-16-63.)

1040.03 MANAGEMENT OF SYSTEM

The City may employ such persons in such capacities as it deems advisable to carry on the efficient management and operation of the system. Council may make such rules, orders and regulations as it deems advisable and necessary to assure the efficient management and operation of the system. (Ord. Unno. Passed 2-9-87.) (Ord. No. 14-06, Effective 7-25-14)

1040.04 RATES AND FEES

- A. Generally The rates to be charged for water and sewer service furnished by the System shall be set each year by Council in its annual budget, and may be changed during the year by resolution or ordinance. (Ord. No. 14-06, Effective 7-25-14) (Ord. No. 14-06, Effective 7-25-14)
- B. Types of Charges Charges for water and sewer service shall consist of the following:

Readiness-To-Serve Charge

All customers connected to the City's water and/or sanitary sewer system shall pay a monthly charge to recover a portion of the capacity costs of each respective system. The respective readiness-to-serve charges for water and sewer service shall be adjusted by meter size in recognition of the higher potential demands associated with larger meters.
(Ord. No. 14-06, Effective 7-25-14)

Volume Rate

All customers connected to the City's water and/or sanitary sewer system shall pay a volume rate for each thousand gallons (or portion thereof) of metered volume to recover the remaining costs of each respective system. (Ord. No. 14-06, Effective 7-25-14)

Unmetered Residential Service

The monthly charge for unmetered residential service shall be determined based upon the sum of, i) the readiness to serve charge for a 5/8" meter and, ii) the volume rate multiplied against 6,000 gallons. (Ord. No. 14-06, Effective 7-25-14)

- C. Annual Adjustment. Each year the respective readiness-to-serve charges and volume rates for water and sewer service shall be increased to an amount determined by Council. At a minimum, the rate increase shall be equal to the inflation rate as established by the Michigan Department of Treasury or its successor, for purposes of determining tax limitations as provided by Act 213 of the Public Acts of 1981, as amended (Truth in Assessing) and Act 5 of the Public Acts of 1982, (Truth in Taxation) or an equivalent standard established by the City Council. The annual rate increase shall be submitted to Council with the budget for the ensuing fiscal year in accordance with Sections 7-3 and 7-4 of the City Charter. The rate increase can be modified by Council resolution as needed. (Ord. No. 14-06, Effective 7-25-14)
- D. Special and Outside City Rates. For miscellaneous services, a special rate may be established from time to time by the Council. For outside City users in the absence of an agreement stating otherwise, all water and/or sewer services provided outside the City limits shall be billed the prevailing readiness-to-serve charge and volume rates, with an 18% surcharge on water readiness-to-serve charges and volume rates, and 154% surcharge on sewer readiness-to-serve charges and volume rate. (Ord. No. 14-06, Effective 7-25-14)
- E. Water Turn-Off/On Fee. Water supply turn-off and turn-on charges shall be set by Council resolution. (Ord. Unno. Passed 6-1-93.)
- F. Tap-In Charge. A tap-in charge shall be established by Council. The tap-in charge shall be established in an amount which shall recover the City's actual cost for time and material associated with the tap-in. (Ord. Unno. Passed 4-3-90.) (Ord. No. 14-06, Effective 7-25-14)
- G. System Development Charge. Water and sewer system development charges shall be established by Council. These charges are one-time charges paid for by new or redeveloped properties connecting to the City's water and/or sewer systems to cover the proportionate share of the City's cost for the established capital facilities needed to serve new connections for such things as transmission, water supply/treatment, and wastewater treatment/disposal. These charges shall be based upon either the estimated potential demands (if available), or the number and size of meters for each new customer, and shall be due prior to connection to the System. (Ord. No. 14-06, Effective 7-25-14)
- H. Exterior Water Consumption. Exterior water consumption which does not connect with the sewer system may be billed and metered separately without a sewer consumption or sewer readiness-to-serve charge under rules and regulations approved by the City Council. (Ord. Unno. Passed 2-2-88.)
- I. Free Service. No free service or service at less than cost shall be furnished by the system to any person, public or private, or to any public agency or instrumentality.

- J. Fixing and Revising Rates; Rate Covenant. The rates charged pursuant to this section are estimated to be sufficient to provide for the payment of the expenses of the administration, operation, maintenance and capital needs of the system as necessary to preserve the system in good repair and working order, and, when taken together with net revenues, to provide an amount equal to the annual principal and interest requirement on all bonds that the water and sewer utility is responsible for as the same become due and payable, the creation and maintenance of the reserves therefor, and all other obligations and expenditures for the system required by law, including this chapter. Notwithstanding 1040.04(C), the rates shall be fixed and revised from time to time as may be necessary to produce these amounts. (Ord. Unno. Passed 2-9-87.) (Ord. No. 14-06, Effective 7-25-14)

1040.05 BILLING; FAILURE TO PAY; DISCONTINUANCE OF SERVICE; OTHER REMEDIES

- A. All metered customers will be billed monthly. All bills must be paid within fifteen days from the date of the bill. Ten percent (10%) of the amount due will be added to the amount of the bill if payment is not received within fifteen (15) days from the date of the bill. Water and/or sewer services shall be shut off if a bill is not paid within forty-five (45) days of the due date. Water and/or sewer service shut off shall not be turned on again until all sums due and a delinquent reconnection charge are paid in full. (Ord. Unno. Passed 6-1-93; Ord. 98-07 Passed 5-12-98, Ord. 02-03 Passed 4-2-02) (Ord. No. 14-06, Effective 7-25-14)
- B. The charges for service of the system pursuant to the provisions of Act 94 shall be made a lien on all premises served thereby, except as provided in Section 1040.06, whenever such charges against the premises shall be delinquent for six (6) months. City officials in charge of the collection of water and sewer charges shall certify the delinquency annually, by May 15th to the tax assessing officer of the City who shall enter the lien on the next tax roll as a charge against such premises. The lien shall be enforced in the same manner as general City taxes. In addition to other remedies provided, the City shall have the right to shut off and discontinue the supply of water or sewer service or both to any premises for the nonpayment of water and/or sewer charges when due as provided in subsection (a) hereof. (Ord. 02-03 Passed 4-2-02) (Ord. No. 14-06, Effective 7-25-14)
- C. Water and/or sewer service will not be placed in an individual's name until all previous balances due from the individual are paid in full. (Ord. No. 14-06, Effective 7-25-14)

1040.06 AFFIDAVIT FILED BY LANDLORD; TENANT RESPONSIBILITY TO PAY

- A. If a landlord properly files an affidavit pursuant to MCL 123.161 Et Seq. (Michigan Municipal Water Liens Act) that a tenant is responsible for water and/or sewer charges related to a rental premises, no lien shall attach to the premises served after the filing of the affidavit and security deposit and the water and/or sewer service shall be placed in the name of the tenant. The amount of a security deposit made pursuant to this Section shall be established

by City Council pursuant to resolution or ordinance and shall be made at the time of filing of the affidavit. (Ord. No. 14-06, Effective 7-25-14)

- B. Payment by a tenant of a security deposit for water or sewer service does not relieve the tenant of the obligation to pay for water and sewer charges as required by this chapter in the same manner and on the same terms as any other users of City water and sewer services. (Ord. 02-03 Passed 4-2-02) (Ord. No. 14-06, Effective 7-25-14)
- C. If a tenant, or owner, shall fail to pay for water and sewer charges when due, all water services to the affected premises shall be terminated in accordance with this chapter and any deposit paid to the City by a tenant or landlord shall be forfeited to the City and be applied against any unpaid water and sewer charges and against any unpaid fees and any remaining security deposit shall be turned over to the party who made the deposit. (Ord. 02-03 Passed 4-2-02) (Ord. No. 14-06, Effective 7-25-14)
- D. The affidavit process described in this Section, is not available for rental properties with multiple units unless there is a separately metered service for each unit and the unit's shut-off is accessible to the City from the outside of the building. (Ord. No. 14-06, Effective 7-25-14)

1040.07 FREEZE UP LIST, RUN WATER NOTICE

A. The City shall maintain a "freeze-up" list of addresses that have water service which have been known to freeze in the past. These customers will be directed to run their water during the winter months to prevent a freeze-up from happening and their bills will be estimated during that time period and adjusted, if needed, after the run water requirement ends. (Ord. No. 14-06, Effective 7-25-14)

B. Any customer on the "freeze-up" list that experiences a frozen water service will be responsible for the entire cost of thawing their line, including reimbursement of any City incurred costs. (Ord. No. 14-06, Effective 7-25-14)

C. From time to time, the City may issue a Run Water notice if weather conditions dictate. A run water notice will be published in a newspaper of general circulation in the City and on the City's website, at a minimum. Bills will be estimated during that time period and adjusted, if needed, after the run water requirement ends. (Ord. No. 14-06, Effective 7-25-14)

D. Any customer that experiences a frozen water service after a run water notice is issued will be responsible for the entire cost of thawing their line, including reimbursement of any City incurred costs. (Ord. No. 14-06, Effective 7-25-14)

1040.08 FIRE HYDRANTS; FIRE PROTECTION SYSTEMS

A. For the use of water through fire hydrants and for the availability of such water, the City shall pay, in equal quarterly installments, the sum of sixty dollars (\$60.00) per hydrant, per

year, said payments to be made from funds legally available for such purpose or from the proceeds of taxes which the City shall levy.

City fire hydrants shall be used solely for the suppression of fires within the City, and any non-authorized use of fire hydrants is hereby prohibited. The use of fire protection systems, public or private, for other than fire protection, is prohibited. (Ord. Unno. Passed 7-2-85.)

- B. Owners of private fire protection systems, including standpipes, sprinkler systems and other unmetered systems, designed solely for fire suppression inside structures, shall pay a special rate established in accordance with 1040.04(D). This amount is payable whether or not the building is occupied. This amount shall not be payable in the event the City has physically disconnected the building from the water system or in the event that the plumbing inside the building has been legally altered to make the system unusable. (Ord. Unno. Passed 4-3-90.) (Ord. No. 14-06, Effective 7-25-14)

1040.09 UNMETERED COMMERCIAL OR INDUSTRIAL USES

The unmetered commercial or industrial use of either sewer or water service (other than for fire protection) is hereby prohibited. (Ord. Unno. Passed 6-15-82.)

1040.10 OPERATING YEAR

The system shall be operated on the basis of an operating year which shall coincide with the City's fiscal year. (Ord. Unno. Passed 2-9-87.)

1040.11 FLUORIDATION OF PUBLIC WATER SUPPLY

The City Manager or designee is hereby directed to provide the means for, and to proceed with the introduction of, fluorines into the public water supply distributed by the City in such quantities as are required to maintain throughout the pipe distribution system a fluorine concentration of approximately one part per million, provided that plans for the necessary equipment, installation and operation are first approved by the Michigan Department of Health. (Ord. Unno. Passed 7-21-91.)

1040.12 TAMPERING WITH HYDRANTS, STOP COCKS, STOP GATES, ETC.; AUTHORITY OF FIRE CHIEF

No person shall meddle or interfere with any hydrant, stop cock, stop gate or tools or appliances of the City, except by authority of the City Manager or designee, provided, however, that in case of fire, the Chief of the Fire Department, or any person acting under his or her authority, may open or close any hydrant where, in his or her judgment, it may be necessary to do so. (Ord. Unno. Passed 7-21-91.) (Ord. No. 14-06, Effective 7-25-14)

1040.13 TAMPERING WITH AND POLLUTING WELLS

No person shall commit any nuisance or deposit any substance or matter or do any other act at, about or near wells or sources of water supply of the City that may tend to make such water impure or unwholesome. (Ord. Unno. Passed 7-21-91.)

1040.14 TAMPERING WITH OR DESTRUCTION OF COMBINED WATER AND SEWER SYSTEM

No person shall deface or injure any building or other improvements, or disturb or injure any lawn, grass plot, flowers, vines, bushes or trees, belonging to the combined water supply and sewage disposal system. (Ord. Unno. Passed 7-21-91.)

1040.15 PROHIBITION OF PRIVATE WELLS AND SEPTIC SYSTEMS IN CITY

Private water wells and septic systems are prohibited in the City limits. All users must connect to the public water supply and sanitary sewer unless provided a waiver by the City. Any individual or company using an existing well or septic system for potable water or wastewater disposal must connect to the City water supply or sanitary sewer upon failure, abandonment or substantial repair needed to the existing well or septic system. Wells for non-potable or process water may be allowed upon approval by the City. (Ord. No. 14-06, Effective 7-25-14)

1040.99 PENALTY

(EDITOR'S NOTE: See Section 202.99 for general Code penalty if no specific penalty is provided.)