

MINUTES
SPECIAL WORKSESSION/ROUNDTABLE
CITY COUNCIL OF THE CITY OF YUMA, ARIZONA
CONFERENCE ROOM 190, YUMA CITY HALL
ONE CITY PLAZA, YUMA, ARIZONA
October 21, 2014
5:30 p.m.

CALL TO ORDER

Mayor Nicholls called the City Council meeting to order at 5:31 p.m.

- Councilmembers Present: Wright, Knight, Beeson (5:39 p.m.), McClendon, Craft and Mayor Nicholls
Councilmembers Absent: Thomas
Staffmembers Present: City Administrator, Gregory K. Wilkinson
Finance Director, Pat Wicks
Various Department Heads or their representative
City Attorney, Steven W. Moore
City Clerk, Lynda L. Bushong

I. UTILITY DELINQUENCY FEES

Wilkinson provided an overview of the economy including the following numbers from the U.S. Census Bureau:

Percent Unemployed (Civilian Labor force) (City of Yuma):

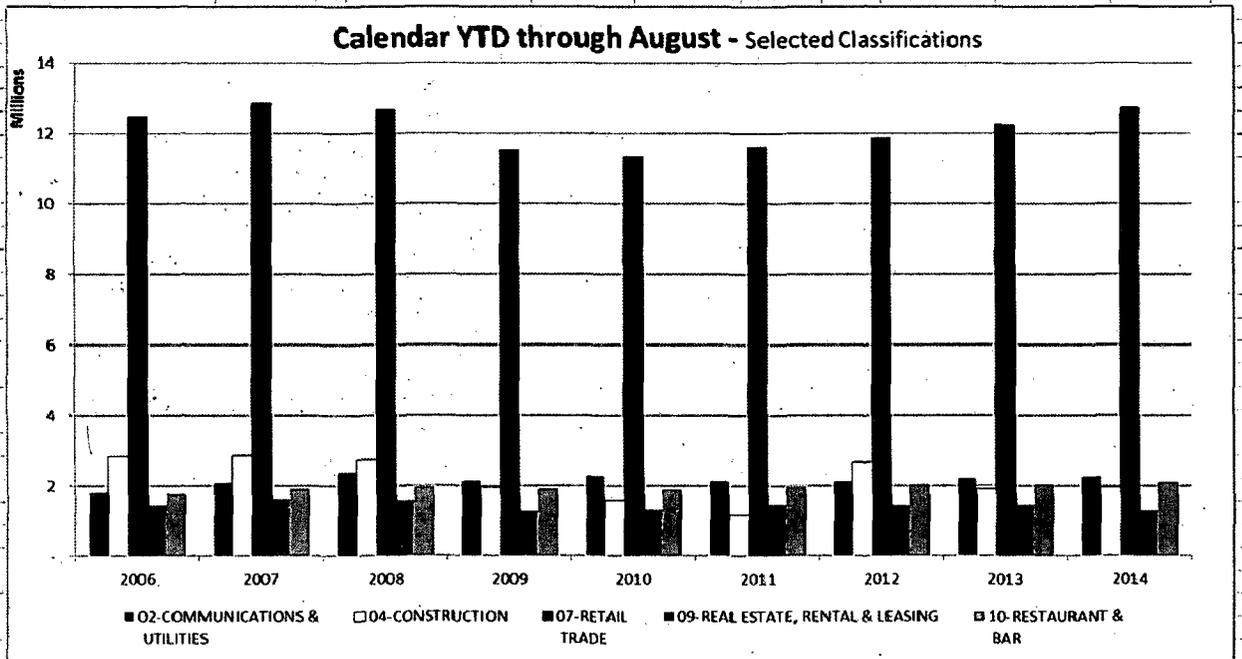
- 2009 – 11.5%
- 2010 – 14.2%
- 2011 – 13.0%
- 2012 – 13.5%
- 2013 – 12.1%

Highlights of the reviewed charts and graphs noted below:

- The 2014 retail figures are comparable to the peaked figures in 2007
- Restaurant & Bar tax revenues are in record numbers despite the headlines and stories about restaurants closing
- Construction is starting to come back
- With the exception of 2-3 months, numbers in the hotel/motel industry are up
- The increase in 2% fund is a direct result of the business of the restaurants/ bars and hotel/motel industry being up

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Report Period	Region Code	Industry Group	August				Calendar YTD			
			2014	2013	Change	% Chg	2014	2013	Change	% Chg
8/31/2013	YM	MINING	63	15	48	212.2%	227	474	(247)	-52.1%
8/31/2013	YM	COMMUNICATIONS & UTILITIES	332,560	334,032	(1,472)	-0.4%	2,251,173	2,210,367	40,807	1.8%
8/31/2013	YM	TRANSPORTATION & WAREHOUSING	509	1,791	(1,283)	-71.6%	7,255	7,690	(435)	-5.7%
8/31/2013	YM	CONSTRUCTION	238,502	290,124	(51,622)	-17.8%	1,939,196	1,898,673	40,523	2.1%
8/31/2013	YM	MANUFACTURING	53,653	52,530	1,124	2.1%	520,262	542,911	(22,649)	-4.2%
8/31/2013	YM	WHOLESALE TRADE	52,395	42,001	10,395	24.7%	487,096	420,719	66,377	15.8%
8/31/2013	YM	RETAIL TRADE	1,311,099	1,227,218	83,882	6.8%	12,751,737	12,286,234	465,503	3.8%
8/31/2013	YM	FINANCE & INSURANCE	7,807	5,199	2,607	50.1%	59,967	47,006	12,961	27.6%
8/31/2013	YM	REAL ESTATE, RENTAL & LEASING	151,399	154,198	(2,799)	-1.8%	1,303,861	1,476,793	(172,932)	-11.7%
8/31/2013	YM	RESTAURANT & BAR	210,893	198,306	12,587	6.3%	2,113,826	2,036,156	77,670	3.8%
8/31/2013	YM	ACCOMMODATION	34,281	29,376	4,905	16.7%	378,260	355,623	22,637	6.4%
8/31/2013	YM	PUBLIC ADMINISTRATION	6,089	13,854	(7,765)	-56.0%	54,764	77,070	(22,305)	-28.9%
8/31/2013	YM	SERVICES	61,512	59,732	1,780	3.0%	585,060	629,202	(44,143)	-7.0%
8/31/2013	YM	ARTS & ENTERTAINMENT	17,408	20,858	(3,450)	-16.5%	178,575	191,044	(12,469)	-6.5%
8/31/2013	YM	OTHER	11,627	25,296	(13,669)	-54.0%	121,007	136,390	(15,383)	-11.3%
8/31/2013	YM	PROGRAM CITY TOTALS -->	\$2,489,799	\$2,454,529	\$35,269	1.4%	\$22,752,267	\$22,316,352	\$435,915	2.0%



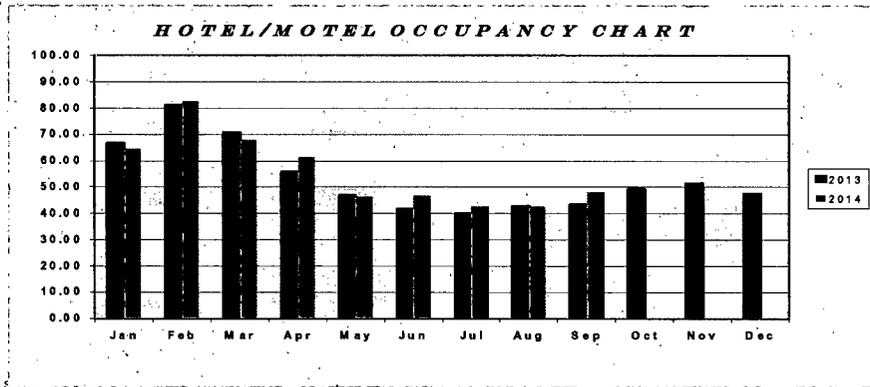
YTD new home sales

- 397 Homes in the County YTD
- 220 in the City of Yuma YTD

Yuma Stats®

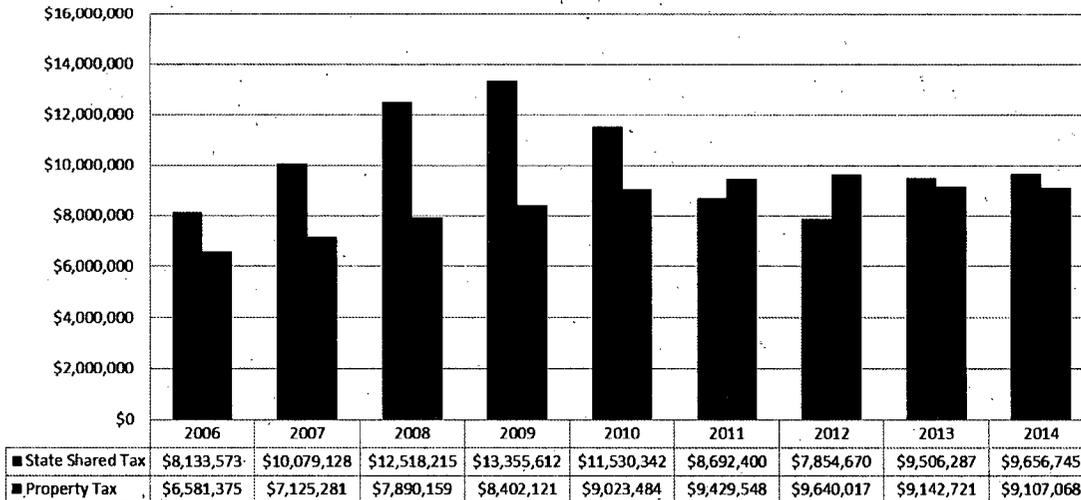
YUMA HOTEL/MOTEL OCCUPANCY SURVEY

PROPERTIES		September 2014	
Properties in Survey		31	
Number of Rooms in Survey		3,133	
Percent Occupancy (surveyed properties)		48.24%	
Month	2013	2014	% of change
January	64.42%	66.84%	-3.62%
February	82.49%	81.14%	+1.66%
March	68.03%	70.91%	-4.06%
April	61.24%	55.72%	+9.90%
May	46.42%	47.08%	-1.40%
June	46.54%	41.85%	+11.21%
July	42.68%	40.18%	+6.22%
August	42.73%	42.84%	-0.25%
September	48.24%	43.42%	+11.10%
October		49.21%	
November		51.51%	
December		47.56%	



Source: Yuma Stats

State Shared Revenues



Funding and Cost shifting

- State Shared Revenues loss of \$3.7 million – \$5.5 million per year
 - Losses due to economic downturn
- HURF loss of \$3 million per year
 - Losses due to legislation
- LTAF loss of \$496,000 per year
 - LTAF monies paid for transit that now has to come out of the general fund
- New Water and Sewer fees costs passed to Cities
 - The State has passed the funding requirements for some state agencies off to cities
- Sweep of 911 support funds
- ADEQ funding
- Potential EPA and drought impacts
 - If the EPA shuts down the coal plants in Arizona electricity rates could rise by as much as 300%
 - If the water continues to drop, in two years the dams could lose their power production capability which could result in electricity rates going up

Wicks presented the following information related to the utilities delinquencies:

Delinquency reduction

- Current policy
 - Only method to enforce payment is to cut service
 - \$20 reconnect fee is less than cost of service
 - Recurring cuts on a number of customer
- Recommendation
 - New delinquency fee for failure to pay on time
 - Increase fees to cover costs and modify customer behavior
 - Costs of delinquency should be borne by delinquent customers

Definitions

- Delinquency
 - Failure to pay bill by due date
- Write-off
 - Removal of balance due to City (receivable) after collection efforts exhausted

Delinquency/cut rates

Period	Delinquencies	Cut list
Mar-Apr 2013	35%	4%
Apr-Jun 2013	40%	6%
Jul-Aug 2013	42%	4%
Aug-Oct 2013	43%	2%
Oct-Dec 2013	29%	n/a

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Dec 2013-Feb 2014.	34%	n/a
Mar-May 2014	29%	3%
May-Jun 2014	33%	4%
June 2014	34%	4%
July 2014	37%	6%
Aug 2014	36%	2%

Write-off rates*

Period	% of Year-end Receivable	% of Annual Revenue
FY 2010	5.1%	.88%
FY 2011	3.8%	.68%
FY 2012	4.3%	.73%
FY 2013	2.3%	.53%
FY 2014	Incomplete	-

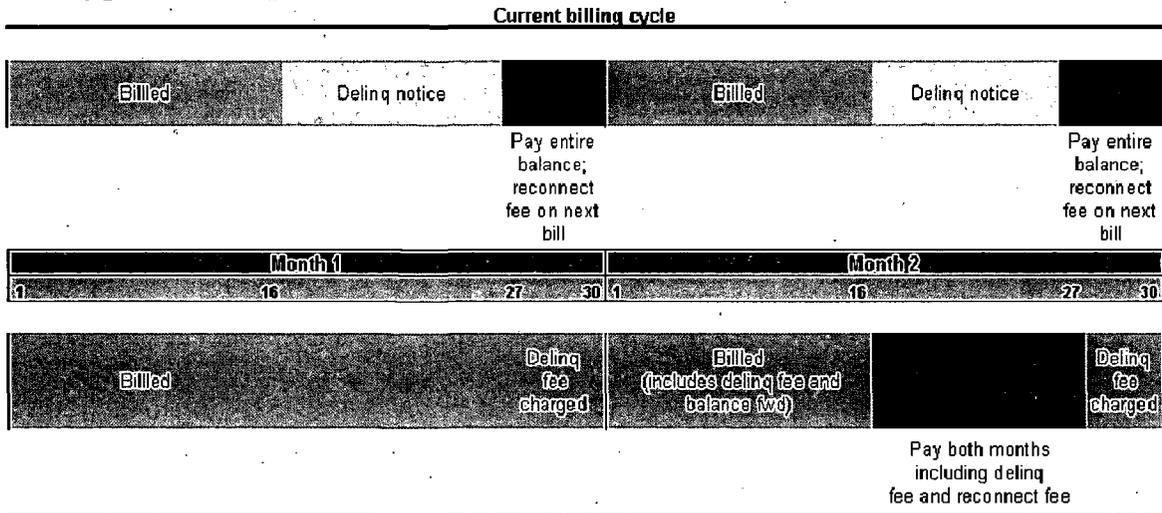
*Does not include later recoveries

Recurring cuts*
May 2013 – October 2014

Reconnects	Customers
1	2,442
2	787
3	337
4	136
5	75
6	40
7	19
8	4
9	1
Total	3,841

*Customers actually charged for reconnect fee – does not include waivers

Billing process comparison



Proposed billing cycle

Current billing process

- Bill sent at beginning of month
- Bill due in 15 days
- Bill delinquent on 16th day
- Delinquency notice mailed on 17th day
- Delinquency due on the 27th
- If not paid, end up on cut-list

Proposed billing process

- Bill sent at beginning of month
- Bill due in 15 days
- Bill delinquent on 16th day
- No delinquency notice mailed out at this time
- A day or so before the next bill is generated, a delinquency charge will be placed on the customers account and carried forward in their balance
- The bill color will change and will indicate a cut notice
- Bill due on 16th (of second month)
- Place on cut-list if not paid
- Both months plus delinquency fee, plus cut fee will be due in order to reconnect

Recommended fee changes

Fee	From	To
Delinquency fee (charged when bill has previous balance)	None	\$20
Reconnect fee	\$20	\$50
Reconnect fee after hours	\$45	\$100
Dishonored check fee	\$10	\$25

- The NSF fee charged to the City by the bank is \$4.75 per check

History of reconnect fees

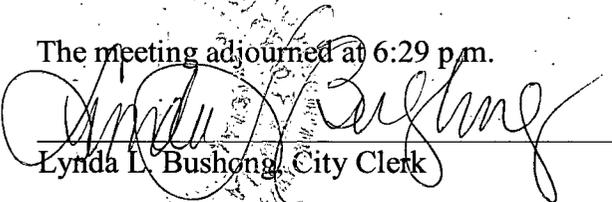
Year / Ordinance	Business Hours	Evenings/weekends
1980 - No. 1899	\$10	\$15
1982 - No. 2095	\$10	\$20
1996 - No. O96-81	\$20	\$45

Discussion:

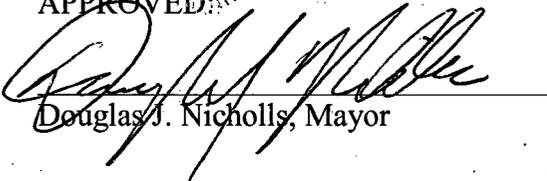
- The 3800+ recurring cut accounts include residential and commercial accounts
- The \$50 reconnect fee comes close to covering the City's costs
- It costs roughly \$100,000 a month to disconnect/reconnect and that figure includes some indirect costs, people, equipment and associated charges
- Offering a percentage discount on the bill is not enough incentive to get customers to pay more quickly
- In addition to bank drafting, which is currently available, the new website that will allow customers to pay their utility bills on line will be available November 17th. Customers will have the options of the auto pay feature or log in and pay monthly.
- If the delinquency process results in fewer disconnections, City Utility Staff will have more time to dedicate to other projects and to review processes for better efficiency.
- The City of Yuma reached out to some other cities and found that tiered billing did not work for them.
- This proposed billing process eliminates a delinquency mailing each month
- It was suggested to require a security deposit for repeat abusers
- After-hours reconnection is available
- The intent of the new process is that the cost the delinquencies add to the utility system should be borne by the people that are frequent offenders
- There is policy in place to accommodate a one-time waiver of fees or to work with a customer in certain circumstances
- The City is not involved in delinquency reporting to credit bureaus.
- Transaction fees run somewhere between 2.25% and 3%
- Council can expect the delinquency fee ordinance in approximately 1 month.

ADJOURNMENT

The meeting adjourned at 6:29 p.m.


Lynda L. Bushong, City Clerk

APPROVED


Douglas J. Nicholls, Mayor

Approved at the City Council Meeting of:

March 4, 2015

City Clerk:

