



**TOWN COUNCIL WORK SESSION**  
**Monday, February 4, 2019 @ 7:00 p.m.**  
**Town Hall Council Chambers**

**TOWN/STAFF RELATED ITEMS**

1. Electric Cost of Service Study – *Director of Energy Services (45 minutes)*
2. Bad Debt on Utility Accounts/Ordinance Amendment – *Director of Finance (20 minutes)*
3. Revenue/General Fund Expenditures Review – *Director of Finance (45 minutes)*

**COUNCIL/MAYOR RELATED ITEMS:**

4. Goal Setting
5. Council Discussion/Goals (*time permitting*)





## Work Session Agenda Form

Item# 1

DATE: February 4, 2019

**AGENDA ITEM:** Electric Rate Study Overview

**SUMMARY:** The Town has seen an increase in wholesale power cost over the past year to include transmission and congestion charges on the transmission network. This increase has prompted staff to engage GDS Associates to perform a Cost of Service Study to determine the appropriate rate structure to recover all costs.

Jacob Thomas, GDS Associates, will be present to discuss the Cost of Service Study with a summary and recommendations for rate structure now and into the future. The presentation is still in draft form but will be sent out prior to the meeting for your review.

**BUDGET/FUNDING:** N/A

**STAFF RECOMMENDATION:** Staff recommends approval of electric rate charges and fees as presented in presentation.

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## Work Session Agenda Form

Item # 2

DATE: February 4, 2019

**AGENDA ITEM:** Bad Debt on Utility Accounts

**SUMMARY:** Council requested staff research historic values on business utility accounts and review options for collecting bad debt on utility accounts associated with business accounts, such as LLC's or Inc.

During the last three years the Town has written off \$53,364.65 associated with business utility accounts; which equates to approximately 10% of the total dollar amount written off and 5% of the number accounts for the previous 3 years. The business accounts are usually some of the larger dollar figures being written off each year due to the commercial use. A small number of accounts makes up a larger amount of the total dollars written off.

One concern the Town has relating to business accounts is that the owner may have multiple accounts under different names due to having separate LLC's or incorporated businesses. Each LLC or Corporation is treated as a separate entity, so currently the only means the Town has to collect is from the specific LLC or Corporation.

A solution to collecting on business accounts could be to require either a personal guarantee or if the responsible party is not willing to sign a personal guarantee require an additional amount for deposit. The document following this cover sheet illustrates possible wording to assist in collection of possible bad debt on business utility accounts.

This could be adopted to be enforced on all current utility accounts or adopted to be enforced on future utility accounts moving forward from a specific date.

**BUDGET/FUNDING:** N/A

**STAFF RECOMMENDATION:** Staff recommends for Council to approve the additional section in Town Code as presented to assist in the collection of bad debt.

Work Session

## **134-71 UTILITY ACCOUNTS-PAYMENTS/TERMINATION OF SERVICE**

### **A. DEPOSIT:**

1. Amount: For an existing residential service location, the deposit required for Town utility services shall be an amount equal to the highest monthly bill for that location during the preceding twelve months or one hundred and twenty-five dollars (\$125.00), whichever is greater.

For an existing commercial service location, the deposit required for Town utility services shall be an amount equal to the highest monthly bill for that location during the preceding twelve months or two hundred dollars (\$200.00), whichever is greater.

To calculate the amount of the deposit for newly established residential or commercial service locations, the Front Royal Department of Finance shall establish the deposit at an amount equal to the customer's anticipated monthly usage of water and electric service, as may be the case.

If, at any time, the customer's deposit is waived or returned, as set forth below, but the customer's service subsequently is terminated for nonpayment or the customer has made four late payments during any twelve month period, a deposit, in an amount as set forth above, shall be required.

2. Deposit Waiver: Notwithstanding the foregoing, no deposit shall be required when an acceptable credit history is furnished by the customer from a previous utility provider. Acceptable credit history is defined as a customer who can demonstrate that during the previous twelve months his bills were paid with no more than four (4) late payments on a monthly billing system or no more than two (2) late payments on a bimonthly system.

3. Payment of Deposit: Payment of the deposit is due upon execution of the service work order. In lieu of the foregoing, when the required deposit for a residential customer exceeds one hundred dollars (\$100.00) but is less than two hundred dollars (\$200.00), the customer may elect to pay one hundred dollars (\$100.00) at the time the work order is executed and pay the balance of the deposit along with payment for the first month's service. When the required deposit exceeds two hundred dollars (\$200.00), the deposit may be paid in two equal installments with one half due when the work order is signed and pay the remaining half along with the payment for the first month's service.

4. Interest and Refunds: Deposits shall be held in an interest bearing account.

Deposit plus interest shall be refunded either: (1) upon termination of the service account in an amount equal to the deposit and accrued interest minus any amount deducted to satisfy customer arrearages or other debts owing to the Town; or (2) upon the customer's request after a period of twelve months of service during which there were no more than four delinquent payments. Upon request of a refund, the Director of Finance shall first ensure that customer does not have any debts owing to the Town. If the customer is indebted to the

Town, the Director of Finance will apply any refund toward satisfaction of these debts prior to the refund of any money to the customer.

### **B. PAYMENTS:**

1. Due Date - Fines and Charges: All payments for water, sewer, electric, and garbage collection services shall be due within 20 days of the date of billing. Accounts, for which full payment is not received within 20 days, are delinquent. A late charge of 2% of the delinquent bill immediately shall be charged to the delinquent account. If the account remains delinquent for 10 days after the original notice, an additional service charge of \$10.00 shall be charged. Finally, a service charge will be required to reconnect service that has been discontinued due to non-payment. If the reconnection occurs during normal business hours, the reconnection fee shall be \$20.00-first reconnection fee;

\$30.00-second reconnection fee; \$40.00-third reconnection fee; \$50.00-reconnection fee for all other times.

2. Allocation of Payments: During a delinquency in the payment for any service (electric, water, sewerage, or garbage collection) any subsequent payment received for services will be applied first against the most delinquent account which is not subject to a defense of any applicable statute of limitations.

3. Budget Billing: Notwithstanding the foregoing, the Director of Finance, in his discretion, may enter into agreements with customers for alternative billing and payment schedules with persons on fixed or limited incomes.

#### C. TERMINATION OF SERVICES:

1. Notice: The Director of Finance shall notify the customer in writing of all 20 day delinquencies, imminent service termination, and right to contest as set forth below. Notice also shall be posted on the door of the premise with the delinquent account.

2. Protest: The customer may contest the bill by contacting the Director of Finance for the Town of Front Royal who will immediately schedule a hearing on the customer's claim that his account is not delinquent.

3. Disconnection of Service: If the matter is not successfully contested by the customer and arrearages remain 10 days after the date of the aforementioned notices, water service shall be disconnected. If the account remains delinquent after another 2 days, electric service shall be disconnected. If, however, the customer has not secured water service, electric service (rather than water) will be disconnected after 10 days. Notwithstanding the foregoing, no services shall be disconnected prior to a requested hearing.

4. Persons in Poor Health: Customer may seek an additional 30 days before water and electric services are disconnected if the Director of the Warren County Health Department certifies in writing to the Town of Front Royal Director of Finance that the customer has a serious medical condition or the customer resides with a family member with a serious medical condition. Upon providing certification the service termination may be delayed twice within a 12-month period, but may not be consecutive, certification shall be valid for period of 365 days.

5. Conditions for Reconnection of Service: Once disconnected, services shall not be restored to that customer until the outstanding balance (service fee(s), penalty, and reconnection fee(s)) for that service location is paid in full, unless the Director of Finance has approved other arrangements for payment in full.

D. RETURNED CHECK POLICY: If a check is returned to the Town for any reason, the Director of Finance shall notify, in the same manner as provided above, the Customer. If payment, in full, plus a \$35.00 service charge is not received by the close of business three days after the date on the notice, all utility services to the customer's service location shall be disconnected. If the customer presents the Town with more than two bad checks during any twelve month payment, payment by check will no longer be accepted.

*E. BUSINESS ACCOUNTS. The Town shall require any entity not a natural person requesting a utility account to either: (1) provide the written personal guaranty of payment from a natural person holding an ownership interest in the entity or, (2) pay an additional deposit amount equal to the greater of: (a) twice the average monthly utility bill during the preceding twelve (12) month period for utilities provided at the service location or, (b) \$375.00. Any deposit paid pursuant to (2), above, after applying same to any past due balances, shall be refunded to the entity within a reasonable time after the utility account is closed.*

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## Work Session Agenda Form

Item # 3

DATE: February 4, 2019

### **AGENDA ITEM: FY20 Proposed Budget – Review of Revenues & General Fund Expenditures**

**SUMMARY:** Staff will present and review the FY20 Proposed Budget revenues and general fund expenditures.

**BUDGET/FUNDING:** N/A

**STAFF RECOMMENDATION:** Staff recommends to discuss any questions or concerns regarding the FY20 budget and discuss any additional information council would like to be provided prior to voting for adoption of a FY20 budget that is currently scheduled for April 22, 2019.

Work Session

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