

# HEBER PUBLIC UTILITY DISTRICT REPORT TO BOARD OF DIRECTORS

**MEETING DATE:** November 17, 2022

**FROM:** General Manager  
**Prepared by:** Adriana Amezcua, Finance Manager

**SUBJECT:** Adopt Resolution 2022-23 to modify the Administrative Service Fee Schedule to Adjust Fees for Late Payment, Service Connection/ Disconnection, and Credit Card Processing.

**ISSUE:** Shall the Board Adopt Resolution 2022-23 to modify the Administrative Service Fee Schedule?

**General Manager’s Recommendation:**

Adopt Resolution 2022-23 to modify the Administrative Service Fee Schedule to adjust fees for Late Payment, Service Connection/ Reconnection, and Credit Card Processing.

**FISCAL IMPACT:**

Increase amount collected for fees, which will cover the cost to provide the current services. The highlighted blue cells are proposed to be changed.

HEBER PUBLIC UTILITY DISTRICT ADMINISTRATIVE SERVICE FEE SCHEDULE		
TYPE OF SERVICE	FEES ADJUSTED 11/17/22 RESOLUTION 2022-23	FEE PRIOR TO 11/17/22 ADJUSTMENT
New Service Account Set Up	\$ 50.00	\$ 25.00
Disconnection Fee	\$ 75.00	\$ 60.00
Re-Connection Fee	\$ 75.00	\$ 60.00
Late Fee Water & Sewer	\$ 20.00	\$ 15.00
Late Fee Trash Service	\$ 5.00	NEW FEE
Returned Checks	\$ 30.00	SAME
Deposits Residential - Tennants Only (2 X monthly water, sewer & Trash)	2X water, sewer & trash rate	SAME
Deposits Business - Renters Only (2 X monthly water, sewer & trash - based on meter size)	2 X their monthly rate which is based on meter size	SAME
Hydrant Service Set Up Fee	2 X month water rate for deposit and connection fee	SAME
Hydrant Connection Fee	75.00	SAME
Hydrant Disconnection Fee	75.00	NEW FEE
Temporary Shut Off For Repair	\$ 10.00	SAME
Credit Card Processing Fee	\$ 3.25	NEW FEE

**DISCUSSION:**

The Finance department and staff evaluated the cost to provide specific services that are not property related rate based. These services include setting up new accounts, opening and closing water services, and processing late payment notifications.

Staff has determined that many of our cost have increased since the fee schedule was adjusted in 2015. Labor cost, overhead cost, materials, supplies, fuel and other expenses have increased. Due to the increase in HPUD's cost to set up a new account and open a new service staff is recommending an increase from \$25 to \$50. This increase is reflected in the table above.

The cost for the additional notifications for later payments, which must be sent to customers prior to service shutoff, has increased due to new legislation SB 998. HPUD modified our policy to meet the mandates of SB 998 in March 2020. This policy modification has resulted in increased mailing of late payment, shut off notifications, 24-hour notices, and the number of man hours needed to hand deliver the notification. Prior to the implementation of SB 998, staff would mail approximately 350-400 late notifications and hand deliver 80-125 Shut Off notices per month. After SB 998, staff mails 800 late notifications (regular late notices, special to tenant notifications, 10-day notification, 5-day notification) and hand delivers 100-125 Shut Off notices per month.

In order to recover the additional cost associated with the increase number of notifications that must be sent, which includes postage, envelopes, paper, ink and manhours, the late payment fee must be increased. Finance Department has determined that this increase in operational supplies, which is a 27% increase, plus the manhours necessary to meet the new mandates, can be recovered through an increase of \$5 to the current late fee. This amount is reflected in the table above.

The current late fees are to recover cost for water and sewer services that are not paid. During COVID when more customers were experiencing hardship and not able to pay for our services, we realized that we were not recovering any late fees for trash services. When HPUD received COVID relief funds to assist our customers, the recovery benefit was to water and sewer past due accounts, but did not include trash rates. Thus, HPUD was paying our waste hauler for the services received by our customers, but not receiving payment from our customers or from other funding agencies or sources. The same number of customers who are late on their water and sewer bill are late on their trash bill, yet every month HPUD must pay in full to our waste hauler for every customer even when we haven't received money from our customers. Thus, staff is recommending a late fee for trash services of \$5 to recover the cost to carry the past due and late payments that are paid to our waste hauler.

Staff is also recommending an increase in our connection and reconnection service fee to recover the cost to have our employee shut off customers for non-payment and then reconnect customers after they have paid.

In the last 3 years, and during COVID, HPUD has had an increase in customers using online payment and credit card as a payment method, which has increased the cost of bank service fee charges by 41% for processing of such payments. See the table below.

<b>HEBER PUBLIC UTILITY DISTRICT</b>					
<b>Bank Fee Analysis</b>					
<b>FY</b>	<b>Number of Transactions</b>	<b>ACTUAL COST TO PROCESS TRANSACTIONS (NOT RECOVERED)</b>	<b>Amount PROJECTED TO BE RECOVERED with fee at \$3.25</b>	<b>COST PER TRANSACTION</b>	<b>ANNUAL INCREASE IN TRANSACTION COST</b>
<b>22-23</b>	<b>9,676</b>		<b>\$ 31,447</b>	3.25	0.45
21-22	10,423	\$ 29,231		2.80	0.40
20-21	10,098	\$ 24,309		2.41	0.38
19-20	8,507	\$ 17,251		2.03	

As you can see the transaction cost is increasing by \$.40 per year. It is recommended to establish a fixed charge of 3.25 dollars per transaction to recover the cost associated with this service. Various cities in Imperial Valley have this practice in place, such as the city of El Centro, with a charge of 2.6% and Holtville with 3.75 dollars per transaction.

It is important to recover the cost associated with providing these services, but it is the District's desire to balance the cost with the affordability of the users. Staff feels that the modification of these fees recovers the associated costs, yet is affordable for customers

The Fee and Charges Schedule has not been reviewed by the end users and staff recommends that the new fees be implemented on January 2023.

**CONCLUSION:**

Adopting Resolution 2022-23 to modify the Administrative Service Fee Schedule to Adjust Fees for New Service Account Set Up, Late Payment for water, sewer and trash, Service Disconnection/ Reconnection, and Credit Card Processing is a necessary step to ensure that the District recovers associated costs.

Staff recommends adopting Resolution 2022-23 to modify the Administrative Service Fee Schedule to Adjust Fees for Late Payment, Service Connection/ Reconnection, and Credit Card Processing as presented. Staff recommends that this Resolution should be implemented on January 2023.

Respectfully Submitted,

Laura Fischer, General Manager

Attachments: Resolution 2022-23 to modify the Administrative Service Fee Schedule  
 Bank Service Fee Cost 3 years Analysis  
 Mailing and shipping Monthly Cost 2 years analysis

## RESOLUTION NO. 2022-23

### A RESOLUTION OF THE HEBER PUBLIC UTILITY DISTRICT MODIFYING THE ADMINISTRATIVE SERVICES FEE SCHEDULE TO ADJUST FEES FOR NEW ACCOUNTS, LATE PAYMENT, SERVICE DISCONNECTION, SERVICE RECONNECTION, AND CREDIT CARD PROCESSING

**WHEREAS**, the Heber Public Utility District provides, maintains and operates a variety of programs and services to the public; and

**WHEREAS**, certain section of the Heber Public Utility District's policy authorizes the imposition and collection of fees to defray the costs of providing certain programs and services; and

**WHEREAS**, the Heber Public Utility District Board of Directors is charged with the responsibility of establishing Fees for Services that recover the cost of the District to provide those services; and

**WHEREAS**, the Board of Directors desires to modify the Administrative Service Fee Schedule to Establish and Modify Fees for New Account Set Up, Service Disconnection and Reconnection, Late Fee for Water, Sewer and Trash, Returned Checks, Deposit Amounts, Temporary Shut Off, and Credit Card Processing; and

**WHEREAS**, it is the intention and desire of the Board of Directors to implement the modified Administrative Service Fee Schedule on January 1, 2023; and

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Directors of Heber Public Utilities District as follows:

1. That the foregoing is true, correct and adopted.
2. Funds are needed to defray the cost of providing services furnished by the District.
3. The funds needed to defray and cover such operating expenses can and should be obtained by setting fees and charges for these services.
4. The setting of fees and charges for these services is exempt from compliance with the requirements of California Environmental Quality Act (CEQA) and Proposition 218 "The Right to Vote on Taxes".

5. All other fee resolutions in effect and not amended herein, shall remain in full force.

PASSED, ADOPTED AND APPROVED at a regular meeting of the Heber Public Utility District held on the 17th day of November 2022, by the following vote:

HEBER PUBLIC UTILITY DISTRICT

By \_\_\_\_\_

Kaine Garcia, President

I, Moises Cardenas, Heber Public Utility District Board Secretary, do hereby certify that the foregoing Resolution No. 2022-23 was duly and regularly adopted at a regular meeting of the Heber Public Utility District, held on the 17<sup>th</sup> day of November, 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

ATTEST:

By \_\_\_\_\_

Moises Cardenas, Board Secretary

HEBER PUBLIC UTILITY DISTRICT  
 ADMINISTRATIVE SERVICE FEE SCHEDULE  
 ADOPTED VIA RESOLUTION 2022-23  
 ATTACHMENT 'A'

TYPE OF SERVICE	FEES ADJUSTED 11/17/22 RESOLUTION 2022-23
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Hydrant Service Set Up Fee	2 X month water rate for deposit and connection fee
Hydrant Connection Fee	75.00
Hydrant Disconnection Fee	75.00
Temporary Shut Off For Repair	\$ 10.00
Credit Card Processing Fee	\$ 3.25

### Bank Service Fees Cost 3 years Analysis

Date	No. of transactions	Fee Summary
07/31/2019	645	1,263.60
08/31/2019	676	1,365.32
09/30/2019	640	1,277.50
10/31/2019	686	1,437.09
11/30/2019	676	1,330.60
12/31/2019	673	1,546.61
01/31/2020	692	1,312.73
02/29/2020	699	1,331.54
03/31/2020	698	1,367.09
04/30/2020	807	1,605.79
05/31/2020	816	1,692.53
06/30/2020	799	1,720.92
07/31/2020	844	1,917.04
08/31/2020	844	1,927.48
09/30/2020	815	1,853.21
10/31/2020	879	2,220.43
11/30/2020	768	1,796.09
12/31/2020	825	2,048.40
01/31/2021	840	2,018.24
02/28/2021	843	2,059.68
03/31/2021	881	2,152.83
04/30/2021	858	2,106.20
05/31/2021	852	2,061.05
06/30/2021	849	2,148.26
07/31/2021	860	2,190.97
08/31/2021	838	2,164.26
09/30/2021	830	2,094.27
10/31/2021	846	2,169.54
11/30/2021	771	1,982.65
12/31/2021	838	2,321.57
01/31/2022	879	2,249.01
02/28/2022	862	2,147.38
03/31/2022	983	2,593.06
04/30/2022	916	3,113.66
05/31/2022	911	3,149.47
06/30/2022	889	3,055.16

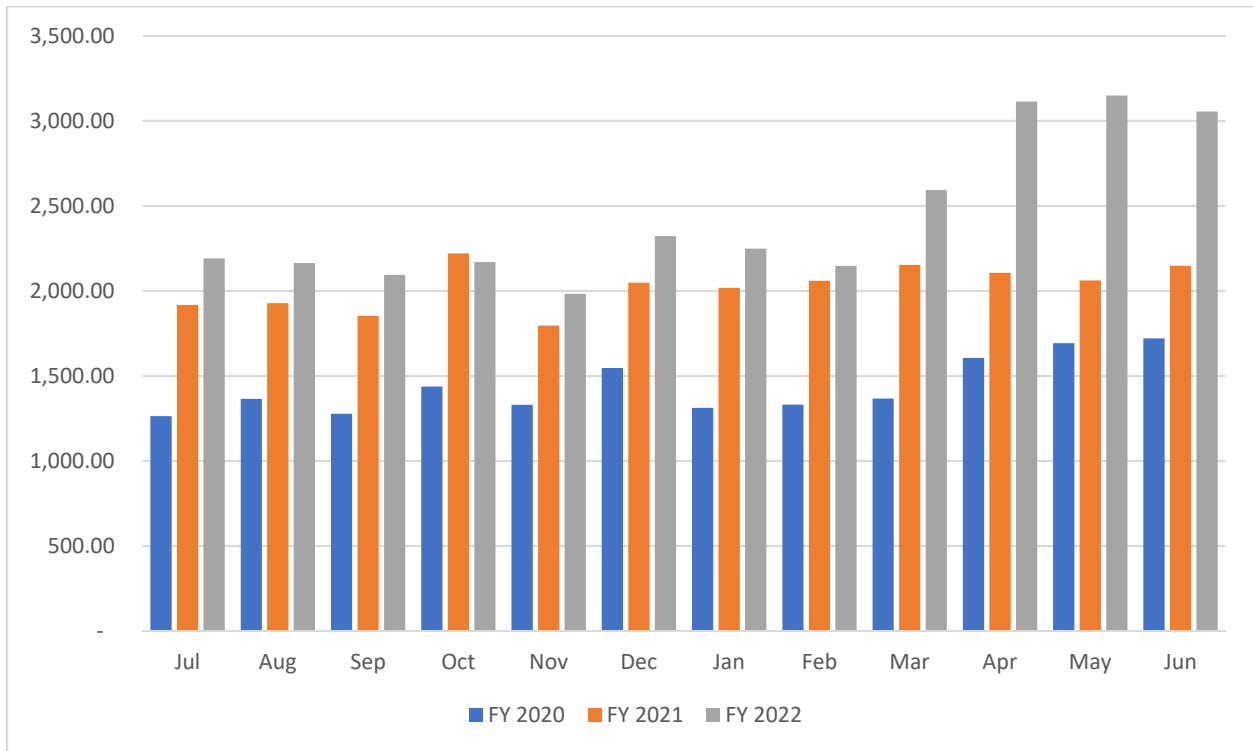
## Mailing & Shipping Monthly Cost 2 years analysis

Month	PY	CY	% increase
JAN	852.15	1050.87	1.233198
FEB	1022.52	1012.51	0.99021
MAR	867.68	1017.68	1.172875
APR	816.25	1019.87	1.249458
MAY	815.16	1016.09	1.246491
JUN	1543.95	1877.38	1.215959
JUL	1008.25	1084.29	1.075418
AUG	861.13	1198.37	1.391625
SEP	922.4	1150.94	1.247767
OCT	886.79	1459.55	1.64588

AVERAGE 1.246888



### Bank Service Fees Cost 3 years Analysis



### Mailing & Shipping Monthly Cost 2 years analysis

