



# **City of San Marcos**

## **City Council Work Session**

February 18, 2025



**Receive a follow up presentation from staff regarding the utility payment assistance program request for proposal, use of donated utility payment assistance funds for outside utility providers, utility usage notifications, language accessibility, utility penalties, utility reconnection fees, and multi-family property liens, and provide direction to the City Manager.**

# Utility Payment Assistance Agenda



- Background on City Council communication
- Utility payment assistance request for proposal (RFP)
- Using donated utility payment assistance funds for outside utility providers
- Utility usage notifications
- Language accessibility
- Utility penalties
- Utility reconnection fees
- Multi-family property liens for nonpayment of utilities

# Background on Communication



- August 20, 2024 meeting – utility payment assistance application process and the types of utility payment assistance available for residents
- September 3, 2024 meeting – utility payment plans, disconnect process, and improving the utility payment assistance process
- October 15, 2024 meeting – penalties, reconnection fees, disconnections, and City-funded utility payment assistance RFP
- November 18, 2024 memo – follow up from October 15, 2024 meeting

# Utility Payment Assistance RFP



- City-funded utility payment assistance provided by
  - \$120K budgeted annually
  - Funds donated by utility customers of City, currently \$45K
- Only a small amount of the annual City-funded budget is used
  - Average bill of customer receiving payment assistance - \$176.14
  - Community Action uses state/federal grants first
- Funds not being utilized being addressed through
  - Increased advertising of program
  - Revised Utility Billing Customer Service script
  - Utility Payment Assistance RFP to reach more customers

# Utility Payment Assistance RFP, cont.



- RFP issued December 2, 2024
- Original deadline January 9, 2025
- Deadline extended twice due to lack of submissions
- RFP notifications sent through bid announcements, cable channel, social media, and direct communication with area agencies
- Virtual non-mandatory pre-proposal meeting January 29, 2025 to address questions
- Final deadline February 6, 2025

# Utility Payment Assistance RFP, cont.



## Evaluation Criteria

- Agency Responsiveness
  - Staffing, communication, and timeliness of responses
- Accessibility
  - Language, access, intake process
- Completeness of Response
- Implementation and Program Management
  - Customization of application to meet City's needs
  - Reporting Process with City
- Price Proposal
- Local Presence

# Utility Payment Assistance RFP, cont.



- City currently has agreement with Community Action
  - Did not respond; however, requested a change to billing method
- Three responses were received
  - Business and Community Lenders (BCL) of Texas
  - Salvation Army
  - Communities in Schools
- Recommendation
  - Award funding to Community Action, the current provider
  - Award funding to the three respondents based on proposal scores
  - First contract period and funding amount will be prorated through September 30, 2025 to keep contracts on City's fiscal year





# Utility Assistance Payment RFP Recommend Awards

Agency	COSM Utilities Award	Donated Funds Award	Total Award	Allowed Admin 10%	Program Funding
Community Action	\$ 40,000	\$ 0	\$ 40,000	\$4,000	\$36,000
BCL Texas	33,000	19,688	52,688	5,269	47,419
Communities in Schools	30,000	16,875	46,875	4,688	42,187
Salvation Army	<u>17,000</u>	<u>8,438</u>	<u>25,438</u>	<u>2,544</u>	<u>22,894</u>
<b>Total</b>	<b>\$120,000</b>	<b>\$ 45,001</b>	<b>\$165,001</b>	<b>\$16,501</b>	<b>\$148,500</b>

- Award amounts are for a full year
- None of the 10% administrative allocation will come from donated funds

# Donated Utility Payment Assistance Funds



- City Council provided direction to use utility payment assistance donations for non-City utility providers at October 15, 2024 meeting (currently \$45K)
- Utility payment assistance donation language is being updated to let donors know donations may be used to help residents that have other (non-City) utility providers
- One-time donations can be made on monthly billing statement or online
  - Automatic donation option being tested
- Non-City utility providers interested in partnering
  - Bluebonnet Electric, Pedernales Electric, and CenterPoint Energy

# Donated Utility Payment Assistance Funds, cont.



- City is working on a process to use donated funds with non-City utility providers
  - Customer submits application through agency
  - Agency processes application
  - Agency sends pledge for payment to non-City utility provider and City
  - Non-City utility provider will notate the customer's account to avoid interruption of services
  - City submits payment to the Non-City utility provider

# Utility Usage Notifications



- Messaging on importance of keeping customer contact information current for emergency contact added
- Only water threshold notifications are currently available
  - Daily: 150 gallons, 250 gallons, or 350 gallons
  - Monthly: 1,000 gallons, 1,200 gallons, or 1,500 gallons
  - Threshold notifications are designed more for residential
- Software vendor scheduled to be onsite February 18-20th
  - Commercial thresholds
  - Designated time periods (e.g., overnight use)
  - Unusual usage
  - Electric service
- Also exploring weather related notifications

# Language Accessibility



- Utility Billing has five bilingual staff
- Spanish service available for customers
  - Counter
  - Phone
  - Email
- Connection and Disconnection forms available in Spanish
- Account terms available in Spanish
- Customer portal is not currently available in Spanish
  - Internet browser has capability for language translation



# Utility Penalties

# Utility Penalties



- Electric and Water/Wastewater penalties and fees are being reviewed
  - Presented to the Citizen Utility Advisory Board (CUAB) along with the user rates (consumption based)
  - CUAB recommendation presented to City Council
- Penalties are charged when an account is delinquent
  - Late penalty is 10% of delinquent bill
  - Conducted a peer city review that included 12 cities
    - 8 cities have late penalty of 10%
    - 3 cities have late penalty of 5%
    - 1 city has late penalty of \$20, plus 1% interest



# FY 2024 Penalties

Non-Multi Account Customers (e.g., Single Family, Individual Business)				
Type	Individual Accounts	Penalty Count	Penalty Amount	Average Penalty
Residential	6,701	27,794	\$ 513,611	\$ 18.48
Commercial	866	2,977	319,214	107.23
<b>Total</b>	<b>7,567</b>	<b>30,771</b>	<b>\$ 832,825</b>	<b>\$ 27.07</b>
Multi Account Customers* (e.g., Apartment Units, Apartment Common Areas)				
Type	Individual Accounts	Penalty Count	Penalty Amount	Average Penalty
Residential	8,588	30,565	\$ 326,292	\$ 10.68
Commercial	1,010	3,644	408,424	112.08
<b>Total</b>	<b>9,598</b>	<b>34,209</b>	<b>\$ 734,716</b>	<b>\$ 21.48</b>
Total of Non-Multi Account and Multi Account Customers				
Type	Individual Accounts	Penalty Count	Penalty Amount	Average Penalty
Residential	15,289	58,359	\$ 839,903	\$ 14.39
Commercial	1,876	6,621	727,638	109.90
<b>Total</b>	<b>17,165</b>	<b>64,980</b>	<b>\$ 1,567,541</b>	<b>\$ 24.12</b>

\*Six or more accounts at a single service address





# FY 2024 Penalty Comparison

## Non-Multi Account Customers (e.g., Single Family)

Type	Current 10%	Flat (Set) \$15	Difference from Current	Flat (Set) \$20	Difference from Current
Residential	\$ 513,611	\$ 416,910	\$ (96,701)	\$ 555,880	\$ 42,269
Commercial	319,214	44,655	(274,559)	59,540	(259,674)
<b>Total</b>	<b>\$ 832,825</b>	<b>\$ 461,565</b>	<b>\$ (371,260)</b>	<b>\$ 615,420</b>	<b>\$ (217,405)</b>

## Multi-Account Customers\* (e.g., Apartments)

Type	Current 10%	Flat (Set) \$15	Difference from Current	Flat (Set) \$20	Difference from Current
Residential	\$ 326,292	\$ 458,475	\$ 132,183	\$ 611,300	\$ 285,008
Commercial	408,424	54,660	(353,764)	72,880	(335,544)
<b>Total</b>	<b>\$ 734,716</b>	<b>\$ 513,135</b>	<b>\$ (221,581)</b>	<b>\$ 684,180</b>	<b>\$ (50,536)</b>

## Combined Customers

Type	Current 10%	Flat (Set) \$15	Difference from Current	Flat (Set) \$20	Difference from Current
Residential	\$ 839,903	\$ 875,385	\$ 35,482	\$ 1,167,180	\$ 327,277
Commercial	727,638	99,315	(628,323)	132,420	(595,218)
<b>Total</b>	<b>\$ 1,567,541</b>	<b>\$ 974,700</b>	<b>\$ (592,841)</b>	<b>\$ 1,299,600</b>	<b>\$ (267,941)</b>

[marcostx.gov](http://marcostx.gov)

\*Six or more accounts at a single service address



# Utility Reconnect Fees

# Utility Reconnect Fees



- Reconnection fees charged to turn service back on following disconnection due to non-payment
  - \$40 per metered service during business hours, \$170 after hours
- Reconnection fee cost recovery
  - Last updated during 2013-2014 fiscal year
  - Estimated cost to reconnect using fuel and employee time
    - Water service (manual in field, average of 1.5 hours) - \$136
    - Electric (manual in field, up to 2.5 hours) - \$90
    - Electric (remote, 1 hour) - \$25

# FY 2024 Reconnect Fees



## Non-Multi Account Customers (e.g., Single Family, Individual Business)

Type	Business Hours	After Hours	Total
Residential	\$ 81,370	\$ 14,676	\$ 96,046
Commercial	1,440	170	1,610
<b>Total</b>	<b>\$ 82,810</b>	<b>\$ 14,846</b>	<b>\$ 97,656</b>

## Multi Account Customers\* (e.g., Apartment Units, Apartment Common Areas)

Type	Business Hours	After Hours	Total
Residential	\$ 80,130	\$ 12,128	\$ 92,258
Commercial	680	-	680
<b>Total</b>	<b>\$ 80,810</b>	<b>\$ 12,128</b>	<b>\$ 92,938</b>

## Total of Non-Multi Account and Multi Account Customers

Type	Business Hours	After Hours	Total
Residential	\$ 161,500	\$ 26,804	\$ 188,304
Commercial	2,120	170	2,290
<b>Total</b>	<b>\$ 163,620</b>	<b>\$ 26,974</b>	<b>\$ 190,594</b>

[sanmarcostx.gov](http://sanmarcostx.gov)

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# Multi-family Property Liens



- Reduce delinquencies by imposing a utility lien on multi-family property owners for unpaid utilities
- Property lien will assist in addressing service interruption for multi-family units due to the property owner's nonpayment of utilities
- By imposing a lien, the City can improve tenants' rights
- To impose a lien, the City must adopt an ordinance allowing the lien
  - Texas Local Government Code § 552.0025(d)

# City Council Direction



- Proceed with contracts from utility payment assistance RFP?
- Is there a recommended late penalty amount?
  - Percentage or flat (set) penalty
  - Flat penalties can disproportionately impact customers
  - Changes will be incorporated into rate model
- Should the reconnect fee be included in the review?
  - Are there specific fee structure changes that should be focused on during the review? (automated vs manual)
  - Changes will be incorporated into rate model
- Bring back ordinance for City Council consideration on implementing multi-family property liens?
- Other direction?



# Questions and Discussion