



CITY OF KIRKLAND
Department of Finance & Administration
123 Fifth Avenue, Kirkland, WA 98033 425.587.3100
www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay

From: Tracey Dunlap, Director of Finance and Administration

Date: February 22, 2007

Subject: Utility Billing Process Improvement

BACKGROUND DISCUSSION:

When the City took over the Rose Hill Water District there was a misalignment between the meter reading dates and associated billing dates.

The attached report, which was included in the February 20 Council Reading File, details the nature of the problem and the solutions that will be implemented during the months of March through May. We believe that these changes will result in significant system improvements. There may be some initial hardship for some of the utility customers; however, a variety of options will be made available to reduce any financial impact during this transition.

Michael Olson will be making an informational presentation on this issue at the March 6 City Council meeting.



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To: David Ramsay, City Manager

From: Michael Olson, Treasury Manager
Tracey Dunlap, Director of Finance and Administration

Date: February 13, 2007

Subject: Utility Billing Process Improvement – Changes to Customer's Billing Cycle

When the Rose Hill Water District was annexed into the City of Kirkland in 1992, the City began providing water service in that area. Before annexation, the City provided sewer service to some of these customers, but the City began providing water service to all of the customers upon annexation. A number of these customer accounts were placed in different billing cycles even though their meters were read at the same time. One of the reasons for this is that since the City was already billing sewer to accounts in that area, those existing customers kept their billing date. The annexed water accounts which didn't have sewer at the time kept their previous District billing date. The result is that about 1,200 customers get their utility bill more than two months after their meter is read.

This creates problems for the customer as they receive their water consumption information four months after they have used it. Customers who may have a leak are not aware of their consumption until months later. This issue creates billing problems for the utility billing staff as well. In addition, the time delay between the meter reading and billing has limited the City's ability to graph the water consumption history on the billing statements.

The attached map illustrates the issue for one of the impacted meter reading routes. All of the meters in Route 6 (yellow) are read at the same time (for example 1/10/07 for consumption in November & December), but adjacent customers receive bills either in February (Cycle 3 blue dot) or March (Cycle 5 red dot) which is one month later. The change will result in better alignment of the meter reads and bills (all bills would be Cycle 3 (blue)).

To correct this situation, utility billing staff will be moving the affected accounts from their current billing cycle to the billing cycle which corresponds to the time that their meter is read. Accounts that are billed in odd numbered months, (January, March, etc.) will be moved so that they are billed in even numbered months (February, April, etc.) The result of this change is that impacted customers will receive a bill for one month of charges on their regular bill date and then another bill the next month on their new bill date. This shift will result in the charges for services occurring one month closer to when services were provided and impacts the customers one time only. The attached schedule details the time line for what impacted customers in each billing cycle will experience.

The additional one-month bill is estimated at \$100 for the average residential customer. We recognize that this change may create a short-term hardship for some customers and we will allow for extended deadlines for payments without applying penalties and will also allow payment arrangements for impacted customers as needed. Customers will be notified of the billing date changes by a special mailing to each customer in late February as well as having a special notice included with their billing statement. Notification of the billing cycle changes will also be posted on the City's website, the Online Utility Billing site, and included in the March City Update page.

Implementation of this process improvement is currently underway. Michael Olson will be giving a brief presentation on the issue at the March 6 City Council meeting and is available to answer any questions you might have. The attachments provided include a display of one of the meter reading routes showing the billing date difference for customers in the same neighborhood, a timeline for implementation in each billing cycle, and a sample letter to the utility customers explaining the problem and process for changing.

Moving Accounts Billed in Cycle 5 which should be billed in Cycle 3 (approximately 710 accounts)

Affected routes which have accounts in the wrong billing cycle: R01, R02, R03, R04, R05, R06, R07

Date	Action	Consumption	
		Period	Period Billed
January 17, 2007	Cycle 5 billed	Oct - Nov	Nov - Dec
January 17, 2007	Cycle 5 billed accounts that should be in cycle 3	Sept - Oct	Nov - Dec
February 28, 2007	Send letter to affected accounts explaining changes		
March 14, 2007	Bill impacted residential accounts for one month including consumption	Nov - Dec	Jan
March 16, 2007	Bill impacted commercial and multi family accounts for one month including consumption (lower than usual bill, since only 1 month of basic charges)	Nov - Dec	Jan
April 18, 2007	Bill cycle 3 accounts including impacted accounts moved from billing cycle 5 (normal billing)	Jan - Feb	Feb - Mar

Moving Accounts billed in Cycle 3 but should be billed in Cycle 5 (approximately 560 accounts)

Affected routes which have accounts in the wrong billing cycle: R09, R10, R11, R12

Date	Action	Consumption	
		Period	Period Billed
February 21, 2007	Cycle 3 billed	Nov - Dec	Dec - Jan
February 21, 2007	Cycle 3 billed accounts that should be billed in cycle 5	Oct - Nov	Dec - Jan
February 28, 2007	Send letter to affected accounts explaining changes		
April 11, 2007	Bill impacted residential accounts for one month including consumption	Dec - Jan	Feb
April 13, 2007	Bill impacted commercial and multi family accounts for one month including consumption (lower than usual bill, since only 1 month of basic charges)	Dec - Jan	Feb
May 16, 2007	Bill cycle 5 accounts including impacted accounts moved from billing cycle 3 (normal billing)	Feb - Mar	Mar - Apr

Dear Utility Customer,

Your utility account is one of a number of utility accounts where the water meter is read more than two months before the billing occurs. The timing of the meter reads to billing creates difficulties in the billing process and gives you your water usage information up to 4 months after you have used the water. This timing issue is also the reason that the City is not able to graph the history of water usage on your bill.

To correct this situation Utility Billing will be changing the month of your billing from every odd month to every even month. During this one-time transition period, you will get a bill in March and April. The March bill will be about half of your normal bill as it will only include one month of basic service and your water consumption.

The April bill will be your normal utility bill for two months of basic service and water consumption. The changing of your billing month is illustrated below.

	If You Currently Receive a Bill in	You will Receive a One Month Bill in	You will Receive a Regular Two Month Bill in
Month Bill Received	January	March	April
Billing Period	November-December	January	February-March
Water Consumption Period	September-October	November-December	January-February

We recognize that this may create a hardship for some of our customers and do apologize for any inconvenience this may cause you. If you would like to make payment arrangements or would like to discuss this further please contact us at 425-587-3150 or utilitybilling@ci.kirkland.wa.us.

Sincerely,

Michael Olson
Treasury Manager