



**CITY OF KIRKLAND**  
Department of Finance & Administration  
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## MEMORANDUM

**To:** David Ramsay, City Manager

**From:** Tracey Dunlap, Director of Finance and Administration  
Michael Olson, Deputy Director

**Date:** October 7, 2009

**Subject:** Utility Billing Late Fee Policy

### Recommendation

Approve the attached ordinance amending Kirkland Municipal Code section 15.20.020 Due date—Delinquency—Penalty, authorizing the Finance Director to remove penalties on delinquent utility accounts in the circumstance of excusable neglect or extreme hardship.

### Background

A utility customer recently requested City Council to change the late fee policy for utility billing. The customer would like the Utility Billing staff to have some discretion on waiving late fees based on the accounts good payment history. Utility Billing staff receive similar requests from other utility customers on a weekly basis. The e-mail from the customer who made the request has been copied at the end of this memo for your reference. (Attachment A)

The Kirkland Municipal Code (KMC) states that a penalty of ten percent is added to the delinquent amount due if payment is not received within thirty days of the billing date. There are no exceptions or latitude for waivers/penalty removal in the code for utility billing late penalties. Staff practice has been to provide one late fee waiver for the lifetime of the account as the customer would be aware of the timelines after that initial waiver.

For reference, the late fee practices of neighboring utility districts are listed below.

Utility District	Late Penalty	Amount	Waivers
Redmond	No	n/a	n/a
Bellevue	Yes	\$10	1 time per year – not in code
Kirkland	Yes	10%	1 time only – not in code
Northshore Utility	Yes after 60 days. 5% discount if paid in 30 days.	10%	1 time per year – not in code

There are various places in the code which authorize directors to waive or modify the requirements addressed in the code. One example, authorizing the Finance Director to waive late penalties for business licenses, is listed below.

KMC 7.02.190 (4) *The director is authorized, but not obligated, to waive all or a portion of the penalties provided herein in the event that the director determines that the late payment was the result of excusable neglect or extreme hardship.*

Staff proposes to change the code to allow late penalty removal under certain circumstances consistent with the language cited above. Another option would be discontinuing the current practice so that no late penalties are removed.

Council Finance Committee reviewed and recommended the proposed change to the Kirkland Municipal Code at the August 25, 2009 meeting.

**From:** Paul R. Schechter [mailto:prschechter@gmail.com]  
**Sent:** Thursday, August 13, 2009 6:04 PM  
**To:** KirklandCouncil  
**Subject:** Late Fee Policy - Utility Billing

I know this might seem trivial given the amount in question; this is more about the principal of the issue itself.

I recently received a statement from the Kirkland Utility Billing Department showing I had a past due bill and was being assessed a late fee (\$8.02).

I just spoke to both the supervisor and the manager of the Kirkland Utility Billing Department (both of whom were very professional and courteous) and they informed me that they the governmental policy only allows them to waive one late charge per account, no matter the history or length of time of the account. I've been a resident of Kirkland since March, 1999. In that time, this is only the second time I've missed a payment. The first time was 2 years ago, for which the late charge was waived. I use the Wells Fargo online bill pay service and always go directly online when I receive a bill. It is entirely possible that I accidentally discarded the bill if it got intermingled with supermarket ads I receive as I routinely recycle those without looking at them. It is also possible that the bill was lost in the mail. I know this sounds like a typical excuse, and it does; however, things do get lost in the mail. I have had a real life experience with the Kirkland post office where their machine mangled one of the bills I mailed.

Anyway, the manager (Michael, forgot his last name...sorry) suggested I send an email to you suggesting a revision to the current policy. It seems to me that a customer's long standing good history should be taken into account and your staff should be allowed to make a judgment call and not be handcuffed by an arbitrary and antiquated policy. Any commercial business follows this model of good customer service.

I've just paid the bill, including the late charge, through the Wells Fargo bill pay service that I previously mentioned. I also just signed up to receive email notification in addition to the printed bill I receive in the mail (which was Michael's suggestion). I was not aware of this option; had I known of it, I might not be writing to you now.

Thank you for considering my request.

Regards,

Paul R. Schechter  
(425) 820-2424

ORDINANCE 4211

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO PENALTIES ON DELINQUENT ACCOUNTS FOR WATER AND SEWER UTILITIES AND AMENDING SECTION 15.20.020 OF THE KIRKLAND MUNICIPAL CODE.

The City Council of the City of Kirkland do ordain as follows:

Section 1. Section 15.20.020 of the Kirkland Municipal Code is hereby amended to read as follows:

**15.20.020 Due date—Delinquency—Penalty.**

All charges for utility services furnished by the city shall be due and payable to the city on the date shown on the face of the bill. Charges for services remaining unpaid at the close of business on the thirtieth day following the billing date shall be considered delinquent and automatically subject to an additional charge, as a penalty, of ten percent of the delinquent amount. Payments will first be applied to the oldest delinquent charges. Remaining funds will be credited first against current charges from the garbage utility, then against current charges related to the sewer system, and then applied to current charges from the water utility. If the delinquent charges and penalties are still unpaid at the close of business on the fortieth day following the billing date, the services shall be discontinued and the water supply shall be turned off at the meter. The water service shall not be restored until all charges, penalties and fees shall have been paid. The Finance Director is authorized, but not obligated, to waive all or a portion of the penalties provided herein in the event the director determines the late payment was the result of excusable neglect or extreme hardship.

Section 2. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this \_\_\_\_ day of \_\_\_\_\_, 2009.

Signed in authentication thereof this \_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

\_\_\_\_\_  
City Attorney