City of Harrisonville est. 1836

AGENDA
CITY OF HARRISONVILLE
FINANCE/PERSONNEL COMMITTEE
REGULAR MEETING
CITY HALL
FEBRUARY 24, 2014
6:00 PM

I. Call to Order

A. Roll Call

II. Approve Minutes

A. Finance/Personnel Committee - Regular Meeting - Oct 21, 2013 6:00 PM

III. Agenda Items

A. Presentation by Steve Bennett, Fyndera Co.

B. MOPEP Update

C. Vehicle maintenance procurement

D. Discussion of Video Conferencing Policy

E. Level pay for Commercial utility accounts

F. Utility Deposit Amendment Discussion

IV. General Discussion

V. Adjournment

This meeting will be open to the public.

Posted on City Hall Bulletin Board this 20th day of February, 2014

____
Kim Hubbard, City Clerk

Publish

City of Harrisonville est. 1836

DRAFT

MINUTES
CITY OF HARRISONVILLE
FINANCE/PERSONNEL COMMITTEE
REGULAR MEETING
CITY HALL
OCTOBER 21, 2013
6:00 PM

I. Call to Order

The meeting was called to order at 6:00 PM by Chair Bill Mollenhour

Attendee Name	Title	Status	Arrived
Kevin Wood	Member	Present	
Doug Meyer	Member	Present	
Stacey Dahlman	Member	Present	
Morris Coburn	Member	Present	
Marcia Milner	Member	Present	
Bret Reece	Alternate	Absent	
Bill Mollenhour	Chair	Present	

Others in attendance: City Administrator Keith Moody, City Clerk Kim Hubbard, Public Information Officer Sheryl Stanley, Finance Director Mike Tholen, Public Works Director Jerry Gibbs, Assistant Public Works Director Eric Patterson, Community Development Director Rick DeLuca and Economic Development Manager Jim Clarke

II. Approve Minutes

A. Finance/Personnel Committee - Regular Meeting - Sep 23, 2013 6:00 PM Accepted

Minutes were approved.

III. Agenda Items

A. Sapp Brothers and Love's Travel Centers

Director DeLuca reviewed Love's and Sapps travel center projects. Director DeLuca gave a PowerPoint presentation which reviewed the needed infrastructure for both projects, gave an update on the Love's prjoject, discussed the development tools needed, and discussed the sanitary sewer infrastructure between the Wal-Mart DC and the Sapp Brothers Site.

Mr. DeLuca emphasized the importance of having sanitary sewer in the areas of the these projects and noted that the pump station at the Wal-Mart DC is a packaged plant and is nearing its' lifespan.

Mr. DeLuca reviewed the following questions: Will the Board support a Community Improvement District (CID) and Transportation Development District (TDD) for the Love's and Sapp's developments which will help in the construction of the needed infrastructure and if the Board would support contributing money to the a sanitary sewer extension and getting rid of the package plant at the DC facility. Mr. DeLuca stated he did not need answers tonight but asked the Board to consider these questions for future decisions.

There was also discussion of adequate water for the businesses and that the development areas are served by water district 4.

Economic Development Manager Clarke presented a PowerPoint on development tools and growth. Mr. Clarke reviwed that Truck Travel Centers draws activity to the corridor in which they are located, reviewed brands and branding and explained how different businesses can have an effect on a community's purchasing power. Mr. Clarke also reviewed CID'S and TDD's

Alderman Dahlman asked if any surveys have been done with Harrisonville's major employers to find out what percentage of their workforce drives in to work and their purchasing habits. Mr. Clarke stated this has not been done but it could be something beneficial.

Alderman Mollenhour asked if the city would benefit from sewer service in these proposed development areas and was told yes that it would be based on water usage through water district 4.

B. Implementation of Board Policies Recommended as a Ordinance

City Clerk Hubbard reviewed the proposed policy on clarifying meeting procedures along with other procedures that have been questioned in the past.

There was also discussion regarding the City's practice of passing an ordinance to its second reading at the same meeting. Alderman Dickerson voiced his concerns of eliminating the practice of a unanimous vote to take an ordinance to its second reading. Alderman Dickerson expressed his thoughts that this could take away the opportunity for the public and members of the Board to further research if they felt it was needed. Mayor Wood noted a vote can also be taken to table an item if a Board member feels it's necessary.

Alderman Coburn asked that under section 110.030-Mayor Qualifications that the word inhabitant be added and used as in section 110.020. Alderman Coburn also asked for specific time frame for the semi-annual statements to be published. It was stated that State Statutes would be reviewed before any changes are made.

IV. General Discussion

There was no general discussion.

V. Adjournment

The meeting was closed at 6:57 PM

Mayor Wood moved to adjourn the meeting. Alderman Milner seconded the motion and it was approved by a voice vote.

Kevin Wood, Mayor & Ex-Officio
Chairman of the Board of Aldermen

ATTEST:

Kim Hubbard, City Clerk

City of Harrisonville est. 1836

STAFF REPORT

TO: **Finance/Personnel Committee**

FROM: **Sheryl Stanley, Deputy City Clerk**

DATE: **February 19, 2014**

SUBJECT: **Steve Bennett, Fyndera**

Type of Item: *Presentation*

Mr. Steve Bennett of Fyndera Co., Kansas City, has asked for an opportunity to introduce himself and the performance reporting system to the group. Mr. Bennett has been developing the system in order to improve citizen access and understanding of performance measure data for municipalities. He is still developing the system and is looking for constructive feedback from citizens on what is important to them and what formats are more insightful. Are assistance will provide us use of the finished product at no cost. Mr. Bennett has provided the following to give you a brief introduction to his work.

"U.S. cities are facing historically tough challenges, including reduced revenue, aging infrastructure, and ever-increasing operational costs. At the same time, citizens' expectations of quality local government management and transparency are at an all-time high.

Cities who embrace analytics for data-driven decisions have a decisive advantage over those who do not. Data-driven decisions provide many benefits, including retaining and attracting residents, businesses, employees and investors.

Fyndera is a civic-minded company that has developed a performance measurement and analytics framework. Our goal is to help city managers take advantage of "big data" to optimize strategic and operational decisions in local government.

The framework includes a management console, public dashboard, data capture, data validation and change management assistance."

A. Discussion Item (ID # 1322)

Presentation by Steve Bennett, Fyndera Co.

City of Harrisonville est. 1836

STAFF REPORT

TO: **Finance/Personnel Committee**

FROM: **Keith Thomas, Director**

DATE: **February 13, 2014**

SUBJECT: **MOPEP Update**

Type of Item: *Report*

Below is a broad summary of demand charges from MOPEP to the member cities, capacity credits, and our generation resources.

MOPEP's Portfolio

When MOPEP originated the majority of the member cities had their own generation. The organization used the member's old and inefficient diesel generators for their base load power supply. As the organization grew with non-generating members and the electric utility industry changed, MOPEP ventured into the power supply market for more energy efficient generation.

MOPEP currently owns 136 MW's of coal-fired base load resources (30 MW's of Iatan Unit 2, 86 MW's of the Prairie State units, and 20MW's of Plum Point). Additionally, MOPEP has cost-based power purchase agreements for 50 MW's of Plum Point, 57 MW's of Nebraska City Unit 2, and 100 MW's of a portfolio of primarily coal fired units that were recently sold to Dynegy by Ameren.

MOPOEP owns a 12 MW co-gen facility in Laddonia, MO that burns natural gas and a 5.6 MW facility that burns landfill methane in Lamar, MO. These units run 24/7 so they function as base load resources. MOPEP owns a 50 MW share of Dogwood, a gas-fired intermediate plant in Pleasant Hill, and a 5 MW wind farm in Rock Port, MO.

MOPEP's portfolio also includes about 250 MW's of mostly diesel peaking units operated by MOPEP's members (counting 50 MW's of coal and diesel plants at Marshall), although several of these units are expected to be retired in the coming year. Members also hold contracts for 23 MW's of hydroelectric power from the Southwestern Power Association. Additionally Macon has a 9 MW co-gen turbine to the Laddonia turbine, and Chillicothe runs intermediate and peaking gas turbines with 80 MW's of capacity.

The construction of the MOPEP-owned 24 MW intermediate/peaking gas turbines in Fredericktown is complete, but it is not yet operational because of negotiations with Ameren regarding its connection to their transmission system. MOPEP owns a 3 MW solar farm under construction in Butler, MO and also recently purchased a 20 MW stake in a wind farm under construction in Marshall, Kansas.

Capacity Credits

Capacity credits are awarded to the MOPEP cities with generating capabilities. Capacity credits are based on several factors including the capacity of the unit, the quick-start capabilities of the unit, the number of hours per year that the unit is capable of running, the cost of running the unit, and the comparative market rates for the energy. These member cities were given lower power purchase agreements for this. As MOPEP grew with more non-generating members, many questions arose concerning the actual value of the capacity credits being issued for many of the units.

Mandatory testing started and it was discovered many of the units were not operational, inefficient, could not quick-start, and could not achieve their actual name plate rating. The capacity credits for these units were modified. At the MOPEP meeting on 10/24/2011, a motion was passed to reduce the capacity credits by 15% in May of 2012, 15% in May of 2013, and 20% in January 2014. Therefore in January of 2014, the members that were receiving capacity credits saw the final planned 20% reduction. A majority of the units have been retired, due to our purchased power being cheaper than they could generate without capacity credits. This was not a popular decision with the municipalities who had been receiving the credits due to the negative impact on their electric rates.

Demand Charges

There was a large spread between the highest and lowest demand charges between the member cities until 2012 when a new policy was created by the pool members to go into effect in 2013. Each year the pool determines a fixed rate that is forecast to keep the spread in annual all-in cost of all members within an 11.5% bandwidth. This was a compromise to bring the highest demand charged cities down and the lowest up to a smaller spread between members. The demand rate that members pay was fixed at $10,000 beginning with the January 2013 service, and then lowered to $8,150 beginning with the September service. The rate will be reviewed by the pool at the end of the summer each year to maintain the 11.5% spread. Any of the capacity charges incurred by the pool that exceed the amount collected under the fixed rate are billed as energy charges.

The magnitude of a member's peak demand is determined by that member's load during the hour in which the MOPEP pool used the peak amount of energy in the past twelve months.

This method remained the same as in the previous years. The current demand quantities are based on each member's usage during the MOPEP peak on 8/30/2013.

B. Discussion Item (ID # 1319)

MOPEP Update

City of Harrisonville est. 1836

STAFF REPORT

TO: Finance/Personnel Committee

FROM: Mike Tholen, Director

DATE: February 20, 2014

SUBJECT: Vehicle maintenance procurement

<u>Type of Item:</u> *Report*

The current practice of the City for vehicle maintenance is varied, according to the needs of the department using the vehicle. Warranty work is done by factory-authorized shops, generally dealers, and at no cost to the City. Many departments do their own routine maintenance (oil, filters, tire rotation, etc.), and some major equipment maintenance and repair goes to heavy equipment vendors in the metro area.

The remaining routine maintenance is spread out through shops throughout the City. One of those shops is Milner-O'Quinn Ford, which gives rise to the question of any conflict of interest since Alderman Milner took office in December, 2012. Section 105.454 of the state statutes seems to be closest to applying, although it specifically refers to officials "serving in an executive or administrative capacity", which does not describe an Alderman. City Attorney Mauer didn't find any cases concerning Aldermen, but did concerning the position of Mayor, and he feels that we should be on the safe side and address the issue proactively.

The statute prohibits transactions in excess of $500 per transaction or $5,000 per year, unless a contract or competitive bid is involved. I researched the previous six years, and, excluding public bids for new vehicle purchases, in no year did the City do more than $2,900 of business with Milner-O'Quinn. There have been some services over the $500 threshold (eight in the six years), so we have looked at options. While the case at hand involves vehicle maintenance, it could easily involve other services the City procures from other future elected officials, so the policy issues involved should be examined broadly.

One option is to eliminate the business from the City's vendor list for services as long as they are also represented by an elected official. This would seem to discourage involvement in local government at a time when municipalities across the nation are striving to encourage such participation. A second option is to require that all services procured by the City be subject to competitive bid. While this might seem fair to some, the additional procedures will reduce the pool of local vendors willing and able to do business with the City, and could reduce the efficiency of department managers in performing the day-to-day tasks they are charged with. Neither of these options is recommended; they both are disproportional to the issue.

The City has, in the past, done a good job of controlling costs while utilizing local businesses for routine services, and I would hope we can continue to do this. I would recommend that in situations like the one with Milner-O'Quinn Ford, we alert our departments to flag any transactions which may exceed $250 (random amount, but well under the $500 threshold), and utilize the bidding process for those services. Routine maintenance such as oil and filters, tire rotations, etc. could continue as they are today, but monitored to not approach the cumulative $5,000 annual limit. Specific guidelines can be developed, depending on the outcome of this policy discussion.

C. Discussion Item (ID # 1325)

Vehicle maintenance procurement

City of Harrisonville est. 1836

STAFF REPORT

TO: **Finance/Personnel Committee**

FROM: **Keith Moody, City Administrator**

DATE: **February 17, 2014**

SUBJECT: **Discussion of Video Conferencing Policy**

Type of Item: *Report*

SB 170 passed in the 2013 legislative session provides an option for elected officials to cast roll call votes via video conferencing. At the request of the League, Lauber Municipal Law has prepared a sample policy for member cities to consider should the municipality decide to implement this option. Copies of the policy are available on the League Web site:

D. Discussion Item (ID # 1320)

Discussion of Video Conferencing Policy

Attachments:

VideoconferencePolicy.12-16-Finance Committe 2-24-14 (PDF)

Sample Missouri Video Conference Meeting Policy

Prepared by: Joseph G. Lauber and
Megan L. Taggart, Law Clerk, 2014 J.D. Candidate of the UMKC School of Law

In 2013, the Missouri General Assembly adopted SB 170, which amended § 610.015, RSMo to allow roll call votes to be cast by elected members of a public governmental body who are attending by video conference. While this measure was vetoed by the Governor, the General Assembly overrode that veto in its special veto session. Prior to the amendment, roll call votes could only be cast by members physically present at the meeting. Practical implementation of this amendment may be difficult due to ambiguity of the language caused by undefined terms as well as public policy concerns related to the public's desire to have elected officials physically present at meetings for face-to-face interaction.

In light of these concerns a municipality should consider adopting a policy establishing parameters for video conference attendance of meetings by members of public governmental body. While the most appropriate policy for any municipality is one determined in the specific factual context of the community, we have provided a sample policy for adoption as an insertion to an existing policy, or as a stand-alone policy addressing the practical application of meetings having a video conference component.

In addition to the language we recommend for a resolution or ordinance adopting this policy, we have embedded footnotes in each subsection to describe some of the policy considerations that should be made in conjunction with the adoption of this policy. These footnotes are for the information of the public governmental body considering the adoption of this policy, and as such the footnotes and explanatory information in *italic font* should be deleted from the final version of the ordinance or resolution ultimately adopted by the public governmental body.

<u>Ordinance or Resolution Language</u>:

1. **Section _____. Meetings Using Video Conference Technology.**
   a. <u>Policy Statement</u>.[1] While it is legally permissible for members of the City's public governmental bodies to attend meetings and vote via video conference transmission,

[1] *This policy statement is designed to balance the benefits of additional participation from members who would not otherwise be available to be physically present with the concern that elected and appointed officials should take*

a member's use of video conference attendance should occur only sparingly.[2] Because it is good public policy for citizens to have the opportunity to meet with their elected officials face-to-face, elected members of a public governmental body should endeavor to be physically present at all meetings unless attendance is unavoidable after exercising due diligence to arrange for physical presence at the meeting. The primary purpose of attendance by video conference connection should be to accommodate the public governmental body as a whole to allow meetings to occur when circumstances would otherwise prevent the physical attendance of a quorum of the body's members. A secondary purpose of attendance by video conference should be to ensure that all members may participate in business of the public governmental body that is emergency or highly important in nature and arose quickly so as to make attendance at a regular meeting practically impossible. Except in emergency situations, all efforts should be expended to ensure that a quorum of the members of the public governmental body be physical present at the normal meeting place of the body.[3]

b. Video Conference Defined.[4] For purposes of this section "video conference" or "videoconferencing" shall refer to a means of communication where at least one member of a public government body participates in the public meeting via an electronic connection made up of three components: (1) a live video transmission of the member of the public governmental body not in physical attendance; (2) a live audio transmission allowing the member of the public governmental body not in physical attendance to be heard by those in physical attendance; and (3) a live audio transmission allowing the member of the public governmental body not in physical attendance to hear those in physical attendance at a meeting.[5] If at any time during a

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their roles seriously and make attendance at meetings a priority in their schedules. Evidence of these concerns can be found in the legislative intent as expressed by Senator Chappelle-Nadal and by Governor Nixon. (Senator Chappelle-Nadal's brief explanation behind the bill can be found on her website at: http://www.senate.mo.gov/13info/members/mem14.htm and the Governor's veto letter can be found at: http://www.senate.mo.gov/13info/GovLetters/SB170.pdf.)

[2] *§ 610.015, RSMo does not restrain on the use of videoconferencing; rather videoconferencing is allowed and now has been extended by the amendment to § 610.015 to allow roll call votes to be cast in meetings held using this technology. Despite this, some have grown concerned that videoconferencing undermines the public's desire to meet face-to-face with its elected and appointed officials as they carry out the public's work. Nevertheless, there are instances where videoconferencing can be a useful tool to allow public governmental bodies to function where circumstances prevent a quorum of members from attending a public meeting. Likewise, videoconferencing may be necessary in times of emergency for a public governmental body to meet and conduct official business, even that requiring a roll call vote, in order to act in the best interest of the community. As a measure of best practice, a municipality should consider the balancing of these concerns in its own context and adopt a policy to establish expectations of members of a public governmental body with respect to the use of videoconferencing technology at meetings.*

[3] *Practically, if multiple members of the public governmental body cannot be in physical attendance at a meeting the body should consider rescheduling the meeting and/or holding a special meeting that is more accommodating to the body's schedule.*

[4] *Videoconferencing is not expressly defined in the Sunshine Law, but it is good public policy for all participants in a meeting to be able to see, hear, and fully communicate with one another because it both focuses the members on the governmental tasks at hand and also ensures to confirm the identity of the participants (thus preventing any risk of impersonation).*

[5] *In defining "public meeting" at § 610.010(5), RSMo, the General Assembly indicates meetings may be conducted in person or by means of communication equipment, including "conference call, video conference, internet chat, or*

meeting one or more of the elements of a video conference becomes compromised (e.g., if any participants are unable to see, hear, or fully communicate), then the video conference participant is deemed immediately absent and this absence should be reflected in the minutes. A video conference participant's absence may compromise a quorum in which case the applicable Missouri laws shall take effect regarding a broken quorum.

c. <u>Frequency of Use of Video Conference Attendance</u>. A member of a public governmental body shall not attend more than ___ meetings via video conference in a rolling twelve-month period.[6] In keeping with the policy stated in subsection (a) above, attendance via video conference should only occur sparingly and for good cause. Such good cause shall be at the discretion of the member seeking to attend by video conference, but shall be for significant reasons such as serious illness or injury of the member or a member of his or her immediate family, including father or mother, spouse, sibling, child, or grandchild.[7]

d. <u>Physical Location</u>. Members of the public may not participate in a public meeting of a governmental body via video conference.[8] The public wishing to attend a meeting, and elected officials not participating via videoconferencing of a meeting, shall participate at the physical location where meetings of the public governmental body are typically held, or as provided in a notice provided in accordance with the Sunshine Law. The public governmental body shall cause there to be provided at the physical location communication equipment consisting of an audio and visual display, and a camera and microphone so that the member(s) of the public governmental body participating via videoconferencing, the members of the public governmental body in physical attendance, and the public in physical attendance may actively participate in the meeting in accordance with rules of meeting decorum. The communication equipment at the physical location of the meeting must allow for all meeting attendees to see, hear, and fully communicate with the videoconferencing participant.[9]

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internet message board…" The use of "video conference" in this serial list suggests that "videoconferencing" cannot be a "conference call", "internet chat", or "internet message board."

[6] *This provision is likely to be one of the most difficult provision to agree upon and enforce as it begs very difficult questions of where to "draw the line" as to whether to include a hard cap on the number of video conference meetings a member may use and what happens if all of those meetings have been used and another tragic event occurs for a particular member. However, this was chief among the concerns raised by the Governor in his veto letter as a potential method of abusing the use of this technology. Obviously, both the cap and the time frame against which the cap is measured can be modified.*

[7] *This also represents a potentially controversial topic to be addressed for this policy as it attempts to define what is or isn't a catastrophic event for a particular member. Alternative methods for addressing this issue would include expanding or retracting the list of example "significant events," or making the matter the subject of a vote of the other members of the public governmental body before allowing the video conference attendance to occur.*

[8] *The language of the statute reflects this assertion however, the Sunshine Laws might lend themselves to an interpretation that if members of the public governmental body may participate via videoconferencing, so too can the public. Such an interpretation would cause an undue logistical burden on government bodies to provide the equipment and technology to support participation of this nature by both elected officials and members of the public.*

[9] *§ 610.020.4, RSMo, requires all public meetings be reasonably accessible to the public. To the extent legally required, meetings should be held in facilities appropriate for the anticipated amount of attending public and be accessible to persons with disabilities as required by the ADA and Sunshine Law. This will require the video*

e. Voting. Elected members[10] of a public governmental body attending a public meeting of that governmental body via video conference are deemed present for purposes of participating in a roll call vote to the same effect elected members of a public governmental body in physical attendance at a public meeting of that governmental body are deemed present.[11] As indicated in subsection (b) above, if any component of the video conference communication fails during the meeting, the member attending the meeting by video conference whose connection failed shall be deemed absent immediately upon such failure, and if the public governmental body was in the act of voting, the voting shall stop until all of the components of video conference attendance are again restored and the video conference participant's presence is again noted in the minutes.

f. Closed Meetings. In a meeting where a member of a public governmental body is participating via videoconferencing and the meeting goes into a closed session, all provisions of Missouri law and City ordinances relating to closed sessions apply. Upon the public governmental body's vote to close the meeting, all members of the general public shall not be present. Likewise, a member of a public governmental body participating via videoconferencing must ensure there are no members of the public present at their location to see, hear, or otherwise communicate during the closed session.[12] The member must also take all reasonable precautions to guard against interception of communication by others. Failure to ensure the requirements of this subsection may result in corrective action by the full public governmental body in accordance with City regulations.

g. Minutes. In the meeting, whether in open or in closed session, the minutes taken should reflect the member, if any, participating via video conference; the members in physical attendance; and members, if any, absent.[13]

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conference participant be accessible to the public in attendance and to any in attendance with disabilities meaning a screen projecting the participant will need to be at the physical meeting location that is large enough and placed in a location for all to view and speakers provide audio so that everyone may hear the video conference participant. To utilize full communication, there must also be a microphone and camera so that any member of the public (or elected official in physical attendance) may communicate back to the video conference participant. The camera should be able to focus on anyone speaking at any one time and the microphone should be able to relate any expressions made by a meeting attendee directed to others in attendance.

[10] *Note that previously the physical presence requirement only applied when (1) votes were taken by roll call; and (2) the public governmental body consisted entirely of elected officials (except for the General Assembly and a committee established by a public governmental body). Thus, bodies consisting of non-elected officials have always had the ability to meet and vote, even by roll call, notwithstanding the 2013 amendment. As roll call voting now applies to many more votes and roll call votes are completed over a longer time frame than non-roll call votes, it is even more necessary to develop a policy for the situation when a video conference connection fails during the act of voting.*

[11] *Consistent with § 610.015, RSMo.*

[12] *The location of a person who is participating via video conference can vastly vary. In fact by its very nature they can be participating from almost any location imaginable. The implications of this are such that they may not be isolated from other people at their location making it more difficult to comply with the requirements of a meeting closing to the public than if they were at the physical meeting location. It is however, of the utmost importance that should a meeting go into a closed session the video conference participant completely isolate themselves from anyone else.*

[13] *§ 610.020.7, RSMo requires the journal of minutes of the meeting, whether open or closed, to reflect members present and members absent. To carefully comply with this statute it should expand the reflection of members*

h. Emergency meetings. In the event that emergency circumstances create impossibility for the members of a public governmental body to physically attend the body as a whole may meet, and if necessary vote, by video conference. Examples of such emergency circumstances include, but are not limited to, war, riot, terrorism, widespread fire, or natural disaster such as earthquake, tornado, hurricane, flood, or blizzard. To the extent possible in such circumstances, the public governmental body shall use reasonable efforts to cause a physical location to be provided for public attendance and participation.

present to distinguish those physically present and the elected official participating via video conference (although technically if participating via video conference the member is deemed "present").

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STAFF REPORT

TO: Finance/Personnel Committee

FROM: Mike Tholen, Director

DATE: February 20, 2014

SUBJECT: Level pay for Commercial utility accounts

Type of Item: *Report*

Alderman Dickerson asked about the feasibility of allowing Commercial utility accounts to participate in the City's Level Pay program. The program, as it exists today, is only available to residential customers with electric service (see memo on original plan - Sept. 25, 2007).

When the program was started, the training staff at INCODE (the provider of utility billing software to the City) and other municipal users advised City staff that there were more problems associated with commercial level pay than residential, as they can have more variations in their consumption, and thus, their bill. That decision to implement belongs to the City, however; INCODE software does allow level pay on Commercial accounts.

It seems that the reasons advanced at the time of adoption are still valid today, and the lack of a level pay option for Commercial accounts hasn't posed an issue for our customers based on their questions or complaints to the City. There is greater potential for variation in business utility consumption due to changes in business activity driven by forces in the economy. A good business climate could create a situation where a business using level pay would be faced with a substantial payment at the true-up date or be in a position that they have been paying the city more for utilities than they were actually using during periods when their business activity is down (a recession period). Neither of these two situations would be beneficial to the business. A business is generally better off if they match expenses and revenues to the month of activity. There are certainly exceptions to every rule, but in general terms level pay is not the best option for businesses.

E. Discussion Item (ID # 1324)

Level pay for Commercial utility accounts

Attachments:

Utility Average Monthly Payment (DOC)

TO: Dianna Wright, City Administrator
FROM: Mike Tholen, Finance Director
DATE: September 25, 2007
SUBJECT: Utility Average Monthly Payment

Type of Action: Discussion Item

Issue: Utility Average Monthly Payment plan

Background:

The City of Harrisonville has considered establishing an average monthly payment (AMP) program for some time, but several things needed to occur before that could happen. First, the utilities needed to have billing software capable of handing the average billing, and that is now in place. Second, the billing software had to generate enough history to be able to calculate averages for individual customers, and that history has accumulated. Third, the individual utilities had to have sufficient reserves to carry additional accounts payable balances, since the City would have to pay the full expense on a current basis, but would, at times, be floating the collection of those bills. Those cash reserves have had the opportunity to build to sufficient levels.

There are a number of basic policy decisions to be made for the implementation of an average monthly payment (AMP) plan. Since all utility billing is done on a credit basis (the bill for service is not generated and sent until after the service has been received and used by the customer), an AMP plan could result in a further extension of that credit. Which customers, then, would qualify to participate? The first criteria would be how many months of service the customer has had, since we can't calculate an average without some data to work with. Staff recommends using the current bill and the previous eleven whole months of service, thus a customer would not be eligible for AMP until they have one year of current history with the City.

The next question deals with class of customer. Staff recommends that any AMP program be limited to accounts which have residential electric or residential – total electric service included with them. If an account does not have any electrical service, it could only contain water, which is much less volatile in consumption, sewer, which is already fixed based on the winter average usage, and/or solid waste, which is a flat monthly fee. Commercial and Large Power customers are not eligible for the sewer averaging, and should not be eligible for electrical averaging either. It should be noted that the AMP would apply to the customer's entire bill, not just the electric portion of it.

The final question about eligibility concerns the payment history of the customer. While many customers have instances where they have missed paying the utility bill on time, the City should be careful extending additional credit to those with repeated problems on their history. Staff recommends that customers on the bad check list (3 NSF checks) or those with 1 or more appearances on the disconnection for non-payment list in the last 12 months would not be eligible for the AMP program. To summarize the staff recommendations so far, eligibility for the AMP program is open to customers with:

1. At least one year of current history,
2. Residential electric or residential – total electric service, and
3. Good credit history with the utility.

The details of the plan are set by the utility billing software, and it allows the option of either a fixed average with a multiplier or running average method. While the running average method keeps the customers account balance closer to zero, we feel that the fixed method is simpler and more clearly understood by all as closer to a true level payment plan. The multiplier would be selected to reflect the impact of rate increases and to build a small cushion in the account. This will require some careful monitoring to ensure that account balances do not get out of hand. Once set, the individual AMP amount for the account would be level through the year.

The AMP would be recalculated in the month of January each year following initial enrollment. Any balance on the account would be due at that time, and any credit would be refunded or applied to the next year AMP program. The customer would be obligated to keep the account current (paid by the 15th of the month to avoid late charges) and remain in the same dwelling unit in order to maintain participation in the AMP program.

Recommendation:

Approve a utility average monthly payment program to begin January, 2008 with the following features:

1. Open to residential electric customers with at least one year of current history and good credit with the City,
2. Level payments based on previous history at same address,
3. Multiplier set at 4% plus average rate increase,
4. Account must be kept current (no late charges) at same address
5. All other features of our utility payment system would be remain available (payment by automatic bank draft, payment by credit card, in person, by mail or drop-box).

City of Harrisonville est. 1836

STAFF REPORT

TO: **Finance/Personnel Committee**

FROM: **Kim Hubbard, City Clerk**

DATE: **February 19, 2014**

SUBJECT: **Utility Deposit Amendment Discussion**

Type of Item: *Report*

Alderman Stull asked to have a discussion on Ordinance 3228 which was passed February 4th, 2013.

The amendment eliminated the practice of refunding utility deposits to customers with two years of paying on time. This amendment was a compromise to raising the amount of the deposit to a level that would cover the two months of service that an average customer consumes before they are subject to being turned off and can leave unpaid if they move out. These unpaid utility bills become added expense to the balance of our customers that do pay. Other utility providers do not return customer deposits until final bills have been satisfied. The amendment puts our practices on par with other utilities. Our deposit may be larger than that charged by telephone, gas or cable but that is because the city provides four utility services under one bill (water, sewer, refuse and electric) where the other utilities only bill for one service.

Attached is the ordinance.

F. Discussion Item (ID # 1323)

Utility Deposit Amendment Discussion

Attachments:

Ordinance 3228 (PDF)

COUNCIL BILL NO. 010

ORDINANCE NO. 3228 (006-13)

AN ORDINANCE AMENDING CHAPTER 700, UTILITIES, OF THE CODE OF THE CITY OF HARRISONVILLE, MISSOURI.

WHEREAS, the City of Harrisonville desires to amend its policies concerning utility deposits in order to further protect ratepayers;

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF HARRISONVILLE, MISSOURI, AS FOLLOWS:

Section 1: Section 700.310(B) shall be amended by repealing said section in its entirety and replacing it with the following new Section 700.310(B): When a customer with no deposit on file is disconnected for non-payment of utilities such customer shall be required to place a new utility deposit with the City.

Section 2: Section 700.320 shall be amended by adding the following sentence to its end: Such deposit may be increased from time to time in accordance with Section 700.410(B).

Section 3. Section 700.360 shall be amended by deleting the first sentence, which references refunding deposits after two years.

Section 4: Section 700.410(B) shall be amended by repealing the section in its entirety and replacing it with the following new Section:

B. When an order for disconnection of utility services due to non-payment has been written, a fifty dollar ($50.00) service administrative fee shall be assessed on the account. An additional twenty-five dollar ($25.00) deposit shall be assessed on the account but not more than eight (8) times, to be credited to the customers' existing deposit amount. This administrative service fee and deposit shall be assessed and paid regardless of the status of any actual disconnection of service. All past due amounts including any other amounts or fees due the City for any reason shall be paid in order to maintain or restore utility service. In the event that utility service is disconnected for non-payment of the bill, service shall not be reconnected until all past due bills and applicable fees for municipal services have been paid in full.

Section 5. That this ordinance shall become effective with utility bills due and payable March 1, 2013.

Vote taken as follows:
Ayes: Aldermen Reece, Stull, Meyer, Milner, Dickerson, Coburn, Dahlman
Nays: None
Absent: Alderman Mollenhour
Abstain: None

Read two times by title only on the 4th day of February, 2013, and passed by the Board of Aldermen this 4th day of February, 2013.

Kevin W. Wood, Mayor and Ex-Officio
Chairman of the Board of Aldermen

ATTEST:

Kim Hubbard, City Clerk

APPROVED by the Mayor this 4th day of February, 2013.

Attachment: Ordinance 3228 (Utility Deposit Amendment Discussion)