



**Memorandum**

TO: Mayor and City Council  
FROM: Bob Morgan, Deputy City Manager  
DATE: October 16, 2009  
SUBJECT: Items for Your Information

**IFYI HIGHLIGHTS**

- Contact Center Feedback
- Lien Law Abandonment

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**Contact Center Feedback**

Attached is the weekly report generated by our Contact Center for the week of 9/28/09-10/04/09.

**Lien Law Abandonment**

Attached is a memo from Water Resources Director, Allan Williams, regarding the current policy as it relates to utility liens. This information is associated to item 43 on the October 20 Council Agenda.

**Public Affairs**  
**Contact Center Weekly Report**  
**Week of 10/5/09 – 10/11/09**

**Contact Center**

5392 calls answered this week

**Top 5 calls by area**

Water Resources

Balance Inquiry – 1297

New Customer – 216

General Info. - 201

Bill Extension - 170

Request to Cutoff - 105

Field Operations

Bulk Guidelines – 70

Recycling Guidelines – 55

Appliance pick up – 48

Dead animal pick up - 48

No service – recycle - 40

All others

Police/Watch Operations – 329

Warrants – 158

Landfill/Transfer/HHW – 86

Online Payments – 56

Sheriff - 52

**Comments**

We received a total of 3 comments this week:

- 1 comment for **City Council**

Customer sent in an email commenting on the removal of the five points benches from the Warnersville neighborhood. Customer was not happy about the removal of these benches.

- 2 comments for **Field Operations**

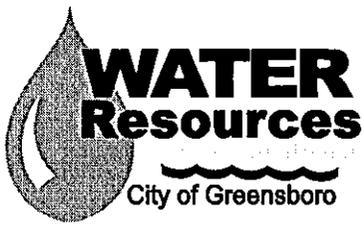
Customer called to report cans at the street all the time. Customer thought it would be a good idea for the City to send out rules to new occupants of rental properties on a yearly basis, so that they are familiar with guidelines and city ordinances.

Customer called to thank crews that were working in the British Woods/Brandywine area. In every case, they emptied cans of yard waste and they carefully turned the cans upside down to keep the rain from getting in them. This was so appreciated and very thoughtful. Customer wanted supervisors to be aware of this.

**Overall**

The Contact Center received its one-millionth call on Monday, October 5<sup>th</sup> shortly before 1:00 pm. City Services Representative Amanda Calvin received the call. The caller had a question about high water usage. Representatives from Fox 8, News 2, the Greensboro News and Record, and the CMO were on site to witness this event.

Call volumes were higher at the start of the week but returned to normal by the end of the week, with only one day last week having less than one thousand calls.



## DIVISIONS

### - BUSINESS

Phone 336-373-2055

Fax 336-412-6305

### - CONSTRUCTION & MAINTENANCE

Phone 336-373-2033

Fax 336-412-3936

### - CUSTOMER SERVICE

Phone 336-373-2344

Fax 336-412-3932

### - ENGINEERING

Phone 336-373-2055

Fax 336-412-6305

### - METER SERVICES

Phone 336-373-2071

Fax 336-574-4067

### - STORMWATER MGMT

Phone 336-373-2055

Fax 336-373-3119

### - WATER EDUCATION

Phone 336-373-2055

Fax 336-412-6305

#### ADDRESS FOR ABOVE LISTED DIVISIONS:

Kitchen Operations Center  
2602 S. Elm Eugene St  
Greensboro, NC 27406

### - WATER RECLAMATION

#### *North Buffalo Facility*

2199 White St  
Greensboro, NC 27405

Phone 336-373-5913

Fax 336-373-7585

#### *T.Z. Osborne Facility*

2350 Huffine Mill Rd  
McLeansville, NC 27301

Phone 336-373-7740

Fax 336-373-7720 Admin

& Laboratory

Fax 336-373-7723 Maint

### - WATER SUPPLY

#### *N.L. Mitchell Facility*

1041 Battleground Ave  
Greensboro, NC 27408

Phone 336-373-5855 Admin

Phone 336-373-7895 &

7905 Plant Operator

Fax 336-373-5834

#### *Lake Townsend Facility*

6268 Bryan Park Rd  
Browns Summit, NC 27214

Phone 336-373-7530 Plant  
Operator

Phone 336-373-7527 Lab

Fax 336-373-7507 Plant

Operator

Fax 336-373-7572 Lab

## MEMORANDUM

DATE: October 15, 2009

TO: City Manager's Office

FROM: Allan E. Williams, Director

SUBJECT: Lien Law Reversal

City Council will consider a Resolution to reverse the long standing process the City of Greensboro has used to assure collection of water and sewer bills. This resolution is Item 43 on the October 20, 2009 Agenda, Resolution authorizing the waiver of past due utility liens. The Agenda Memo specifies that the costs are unknown; while the exact cost is unknown at this time the loss of this mechanism is expected to substantially impact the cost of water and sewer service to our customers through the write-off of bad debts on a level similar to other NC cities. Water Resources has prepared the attached brief document to outline the advantages and disadvantages of such a change as well as some comparative numbers to other North Carolina utilities that do not have the benefit that the lien law provides to Greensboro. If you have any questions, please contact me, Rick Lusk or Jeff Kimel.

## **Lien Law Abandonment**

### **Advantages**

1. Removes losses to landlords in those few cases where tenant account balance exceeds \$100 utility deposit and Water Resources cannot locate and collect from delinquent customer.
2. Lessens burden on landlords to charge sufficient security deposit in an effort to cover tenants' delinquent account balances.
3. Removes burden on landlords to follow up with tenants that move out with delinquent utility account.

### **Disadvantages**

1. Would require deposits for all customers, property owners as well as tenants, to minimize annual bad debt expense.
2. Potential of losses, similar to those currently experienced by municipal utility systems without a Lien Law, from ½ to 1 ½% of sales revenue annually.
3. Increase cost associated with additional staff or contract with collection agencies to pursue increase in delinquent accounts.
4. Bad debt write-off will increase significantly from \$12,000 per year to a range of \$640,000 to \$800,000 annually for all customer accounts if the Lien Law cannot be used to enforce payment of delinquent utility accounts (see other City comparisons below).

### **Recent Improvements to the Current System**

1. The City implemented a new utility billing system in 2004 that allows staff to give individual customer information system (CIS) numbers to named account holders which can include both tenants and property owners. This helps keep an archived history of a customer's past account history with the City of Greensboro., facilitating recovery of past due tenants' utility bills, sometimes up to a year or more later.
2. The City has increased deposits to \$100 for each residential tenant.
3. The change in 2008-09 from quarterly billing to monthly billing has helped shorten the cut-off time for past due accounts and has helped limit the amount of past due bills.

The Water Resources Department has invested a great deal of money and effort in our Customer Information and Billing System and business processes in an effort to help landlords deal with lien issues.

## **Comparisons to other Cities:**

Water Resources receives many inquiries from other utilities as to how the City was able to put liens on property and cut revenue loss because of their collections problems, especially in light of the current economy. The Lien Law has been a state statute since at least the 1950s.

### **Deposits, Set-up Fees & Bad Debt Expense of other Cities in State of NC**

#### 1. High Point

Credit checks are performed with each application to determine if a security deposit will be required. If a security deposit is required, it must be paid before service can be connected. All requests to start water service are subject to a \$25 set-up fee.

\$50 deposit for all residential customers for water service unless credit score of 750 or higher.

#### 2. Raleigh

No deposit with a \$50 sign up fee. Bad Debt Expense (Write-offs) has averaged \$1,060,055 annually for past three years (1.0% of revenues).

#### 3. Cape Fear Authority (Wilmington)

\$50 sign up fee. Deposit without evidence of good credit is \$200 for tenant.

#### 4. Asheville

\$55 sign up fee and \$100 deposit for all residential customers unless good credit rating.

#### 5. Charlotte

No deposit with a \$32 sign up fee. Bad Debt Expense (Write-offs) has averaged \$1,919,971 annually for past three years (0.8% of revenues).

#### 6. Burlington

\$20 sign up fee; Deposit is \$75 for tenants inside city limits and \$100 for tenants outside city limits.

#### 7. Winston Salem

\$20 sign up fee. Upon initial service request, all customers, excluding governmental units and industrial customers, may be subject to a credit evaluation to determine if a deposit will be required for service activation. Based on the result of the credit evaluation, a security deposit of up to \$150 may be required.

8. Durham

\$50.00 deposit for all customers initially unless they present a letter of credit from another utility. After initial set-up, customers are charged an additional \$50 deposit each time they are disconnected, up to \$250 total deposit.

9. Cary

Sign up fee of \$18 applied to first bill. Residential customer deposit of \$60.

10. Greensboro

Sign up fee of \$15. Deposit of \$100 for residential tenants; commercial tenants pay a deposit based on estimated consumption. Minimal write off of revenues (approximately \$12,000 annually), a portion of which is subsequently collected.