



# ORRVILLE UTILITIES

## DRAFT DELINQUENT UTILITY POLICIES / PROCEDURES PUBLIC MEETING QUESTIONS AND RESPONSES

### What is the process for tenants to sign-up?

*Rental Property Utility Service Application Process:*

*At least one tenant, listed as a party on a fully executed rental agreement, must come to the Orrville Utilities Billing Office to apply for service. An application must be completed and a valid form of identification presented. The application is processed through a third party provider, On-Line Utility Exchange. Based on information received from the third party provider a deposit amount is determined. The deposit can range from \$75.00 to \$225.00.*

### Does Orrville Utilities use a credit/background check?

*Yes. Orrville Utilities utilizes a third party provider – On-Line Utility Exchange.*

### Why can't Orrville Utilities require a larger deposit?

*This is something we will consider. However, when reviewing the APPA Survey regarding customer deposits we believe our deposits are in alignment with other utilities. There are many rental property owners who believe the current deposit schedule is a deterrent to prospective tenants.*

### Why should tenants pay their utilities if they know the landlord is responsible?

*Rental property owners are in a better position to know the forwarding address of their tenants due to the deposit with the landlord and the lease agreement which provides more methods of recourse. The higher deposit inherent with rental properties provides a higher probability that a tenant will provide the landlord with forwarding information rather than the utility office.*

*Landlords will also have ample notice that a tenant has a history of delinquencies. It will be the Landlord's responsibility to monitor payment progress and discuss with tenant. Proper screening and lease terms can be utilized by the rental property owner to provide some assistance in this area as well.*

*Also, with the current policy tenants may believe that they do not have to pay their final utility bill. Tenants may assume if they do not provide a forwarding address to Orrville Utilities they will not be located and can forego paying the final utility bill.*

### When is the Landlord notified that the tenant is delinquent?

*Landlords who have executed a Landlord / Property Owner Transfer Agreement will be notified immediately, by email, when a tenant account becomes delinquent. It would be the landlord's responsibility to ensure Orrville Utilities has a correct email address on file at all times.*

### What is the success rate of Orrville Utilities at small claims court?

2016 8%

2017 24%

**How does Orrville Utilities determine the deposit amount?**

*A prospective customer’s application is processed through our third party provider, On-Line Utility Exchange. Based on information received from the third party provider a deposit amount is determined. The deposit can range from \$75.00 to \$225.00.*

*The deposit amount is determined based on information received from a third party that analyzes the credit risk each applicant poses to the Utility.*

**Why doesn’t Orrville Utilities charge a \$350 deposit, close to what Wadsworth charges and turn them off right away?**

*This is something we can consider. However, when reviewing the APPA Survey of deposits we believe our deposits are in alignment with other utilities so as to not be a deterrent to prospective tenants. In addition, Orrville Utilities number of days from bill date to disconnect is 39. Wadsworth has 46 days from the bill date to the disconnect date. Both Orrville and Wadsworth are billing for the previous thirty days.*

**What are the delinquencies of rental properties versus property owners?**

Orrville Utilities Delinquent Finals Report 2012 - 2016		
	Tenant	Owner
Year	Uncollected	Occupied Uncollected
2016	81%	19%
2015	92%	8%
2014	76%	24%
2013	91%	9%
2012	89%	11%

**What percent of delinquencies are electric? water? sewer?**

*The delinquencies are exactly the same for all three utilities. While partial payments are permitted they are allocated proportionately to the total bill.*

**What percentage is being collected through small claims court?**

**2016 8%                      2017 24%**

**What is the burden and cost to Orrville Utilities when notifying Landlords?**

*There is no additional cost to Orrville Utilities in notifying rental property owners by email when their tenant accounts become delinquent. In fact, the burden and cost associated with rental property owners / tenants will be reduced and possibly eliminated if the proposed policies are implemented.*

**Why go to the Landlord first?**

*The landlord is ultimately the “property owner”. Rental property owners make a conscious decision to enter into the rental business. All businesses have inherent risks and profit making potential. Orrville Utilities is simply proposing that ALL property owners be held to the same standard.*

### **Why doesn't Orrville Utilities charge a flat \$ 225.00 deposit and monitor accounts closer?**

*See attached Utility Procedure Recap. Based on the attached survey, we are monitoring and taking actions on accounts more aggressively than the communities mentioned in the Landlord Public Hearing. Additionally, we are in alignment with the American Public Power Association Survey of public utility providers across the country.*

### **What is the procedure/policy for accounts with medical seals?**

*Orrville Utilities Policies and Procedures (Medical Seals)*

25. MEDICAL ALERT SITUATIONS *Electric Utility Rules and Regulations 60 25.1 The Electric and Water Departments will maintain a list of customers who may not be shut off due to medical necessity.*

25.2 *To be put on this list a customer must submit a request to the Director of Utilities along with a physician's letter stating the medical necessity for providing power.*

25.3 *In the event of a power outage these people should be put back on first or an attempt made to provide temporary power. If temporary power is not available, emergency personnel should be notified.*

25.4 *A special numbered meter seal will be attached to electric meters for people who qualify for the special medical status.*

25.5 *Medical alert seals do not preclude customers from payment requirements.*

### **Can you clarify the timeline for billing?**

*See attached chart outlining billing timelines.*

### **Can Orrville Utilities investigate what other communities are doing, if they are not using the "property owner responsible" policy?**

*Orrville Utilities has reviewed research of 154 communities. The vast majority of those included in the study hold property owners responsible. There are 34 communities who do not. There is no difference in policy other than they simply do not hold ALL property owners responsible for outstanding utility debt.*

### **Why doesn't Orrville Utilities require a co-signer?**

*This is an option that can be considered in the future. This option was available in the past. Property owners, despite the information provided, did not realize the commitment they had made when the bills became delinquent. This provided many challenges for the customer and the Utility Billing Office. There were a minimal number of co-signers when this option was available.*

### **When will Orrville Utilities get real time metering?**

*Real time metering is not being considered, at least in the near future. We anticipate receiving high level estimates of the cost associated with this service through American Municipal Power. At this time there is not enough economic or rate support.*

**How can you pursue a landlord/property owner if you have already received a judgement in small claims court?**

*Orrville Utilities would not pursue a landlord / property owner if we were successful in getting a judgment in small claims.*

**Why are you using Wooster as a comparison, since they were not on the results of the survey listing?**

*The survey was conducted utilizing members of the American Municipal Power (AMP). The City of Wooster is not a member of AMP. Wooster was used as an additional comparison to provide for the public forum.*

**Why are you not pulling a hard credit report on applicants?**

*The information contained in hard and soft credit inquiries is identical. The method of acquiring the reports and the impact on individual's credit is different.*

*Hard inquiries generally occur when a financial institution, such as a lender or credit card issuer checks your credit when making a lending decision. Hard inquiries commonly occur when a consumer applies for a mortgage, loan or credit card and must be authorized by the prospective consumer. Rental property owners will also commonly pull hard credit reports.*

*Hard inquiries account for approximately 10% of the overall credit score and appear on a prospective consumer's credit report for two years and reduces credit scores for one year.*

*Orrville Utilities cannot justify pulling a hard credit report rather than soft when utility service ultimately cannot be denied and the information contained in the reports, for risk evaluation is identical. This would also create a negative impact on the prospective customer's credit report unnecessarily.*

**How can an ordinance supersede the ORC in the matter of water and wastewater delinquencies being attached to the tax ticket, when just one is covered?**

**Ohio Revised Code 729.49 states:**

## **729.49 Sewerage rates or charges of rent.**

*The legislative authority of a municipal corporation which has installed or is installing sewerage, a system of sewerage, sewage pumping works, or sewage treatment or disposal works for public use, may, by ordinance, establish just and equitable rates or charges of rents to be paid to the municipal corporation for the use of such services, by every person, firm, or corporation whose premises are served by a connection thereto. Such charges shall constitute a lien upon the property served by such connection and if not paid when due shall be collected in the same manner as other municipal corporation taxes. The legislative authority may change such rates or charges from time to time as is deemed advisable. The legislative authority of a municipal corporation operating under a charter may establish such schedule of rates and provide for its administration by designating the department or officer to be charged with the enforcement of sections 729.49 to 729.52, inclusive, of the Revised Code.*

**Continued . . . . How can an ordinance supersede the ORC in the matter of water and wastewater delinquencies being attached to the tax ticket, when just one is covered?**

**Effective Date: 10-01-1953 .**

**Ohio Revised Code 743.04 (in relevant part) states:**

## **743.04 Assessment and collection of water rents.**

**(A)** For the purpose of paying the expenses of conducting and managing the waterworks of a municipal corporation, including operating expenses and the costs of permanent improvements, the director of public service or any other city official or body authorized by charter may assess and collect a water rent or charge of sufficient amount and in such manner as the director, other official, or body determines to be most equitable from all tenements and premises supplied with water.

**(1)** When water rents or charges are not paid when due, the director or other official or body may do either or both of the following:

**(a)** Certify them, together with any penalties, to the county auditor. The county auditor shall place the certified amount on the real property tax list and duplicate against the property served by the connection if the auditor also receives from the director or other official or body additional certification that the unpaid rents or charges have arisen pursuant to a service contract made directly with an owner who occupies the property served.

The amount placed on the tax list and duplicate shall be a lien on the property served from the date placed on the list and duplicate and shall be collected in the same manner as other taxes, except that, notwithstanding section 323.15 of the Revised Code, a county treasurer shall accept a payment in such amount when separately tendered as payment for the full amount of such unpaid water rents or charges and associated penalties. The lien shall be released immediately upon payment in full of the certified amount. Any amounts collected by the county treasurer under this division shall be immediately placed in the distinct fund established by section 743.06 of the Revised Code.

**(b)** Collect them by actions at law, in the name of the city from an owner, tenant, or other person who is liable to pay the rents or charges.

**(2)** The director or other official body shall not certify to the county auditor for placement upon the tax list and duplicate and the county auditor shall not place upon the tax list and duplicate as a charge against the property the amount of any unpaid water rents or charges together with any penalties as described in division (A)(1)(a) of this section if any of the following apply:

**(a)** The property served by the connection has been transferred or sold to an electing subdivision as defined in section 5722.01 of the Revised Code, regardless of whether the electing subdivision is still the owner of the property, and the unpaid water rents or charges together with any penalties have arisen from a period of time prior to the transfer or confirmation of sale to the electing subdivision;

**(b)** The property served by the connection has been sold to a purchaser at sheriff's sale or auditor's sale, the unpaid water rents or charges together with any penalties have arisen from a period of time prior to the confirmation of sale, and the purchaser is not the owner of record of the property immediately prior to the judgment of foreclosure nor any of the following:

**Continued . . . How can and ordinance supersede the ORC in the matter of water and wastewater delinquencies being attached to the tax ticket, when just one is covered?**

**(i) A member of that owner's immediate family;**

**(ii) A person with a power of attorney appointed by that owner who subsequently transfers the land to the owner;**

**(iii) A sole proprietorship owned by that owner or a member of that owner's immediate family;**

**(iv) A partnership, trust, business trust, corporation, or association of which the owner or a member of the owner's immediate family owns or controls directly or indirectly more than fifty per cent.**

**(c) The property served by the connection has been forfeited to this state for delinquent taxes, unless the owner of record redeems the property.**

**Why is a property owner required to be present when disconnections / reconnections are made for a dwelling without curb boxes?**

**Orrville Utilities Policies and Procedures do not permit any employees to enter a residence without the property owner, or a designated representative, present for liability purposes.**

**What was the loss to Orrville Utilities on delinquent accounts?**

Orrville Utilities Delinquent Finals Report 2012 - 2016							
Year	Total Revenue	Grand Total Uncollected	% of Total Revenue	Tenant Uncollected	% of Grand Total	Homeowner Uncollected	% of Grand Total
2016	\$ 34,090,946	\$ 16,369	0.05%	\$ 13,317	81%	\$ 3,052	19%
2015	\$ 32,858,062	\$ 19,287	0.06%	\$ 17,698	92%	\$ 1,590	8%
2014	\$ 36,414,991	\$ 18,532	0.05%	\$ 13,996	76%	\$ 4,536	24%
2013	\$ 32,798,263	\$ 24,507	0.07%	\$ 22,397	91%	\$ 2,111	9%
2012	\$ 33,081,688	\$ 19,814	0.06%	\$ 17,568	89%	\$ 2,246	11%

Orrville Utilities Delinquent Finals Report 2012 - 2016						
Properties	Owners	%	Number of Rental Property Owners with Delinquent Accounts	% of Owners with Delinquent Accounts	Number of Delinquent Accounts	Value of Delinquent Accounts
5 or Less	346	90%	67	19%	76	\$ 18,218
6 - 10	17	4%	11	65%	23	\$ 6,397
11 - 15	5	1%	5	100%	13	\$ 3,806
16 - 25	4	1%	4	100%	17	\$ 3,725
26 - 45	7	2%	6	86%	62	\$ 12,821
70 and over	4	1%	4	100%	15	\$ 2,613
Total	383		97		206	\$ 47,580

20 Rental Property Owners Account for 48% of the delinquent accounts.

## Rental Property Owner Potential Liability

# of Rental Property Owners	% of Rental Property Owners	Average Liability for 3 Year Period	Necessary Monthly Increase to Cover Potential Liability
286	75%	\$ -	\$ -
67	17%	\$ 272	\$ 7.56
11	3%	\$ 582	\$ 16.17
4	1%	\$ 653	\$ 18.14
5	1%	\$ 761	\$ 21.14
4	1%	\$ 931	\$ 25.86
6	2%	\$ 2,137	\$ 59.36