

# Ombudsman Investigation

Water Bureau Collection Policies

March 10, 2004

**Introduction** In January 2003, the Water Bureau instituted its “Customer Equity Program,” a debt collection plan to recover the outstanding delinquent account balances due since the Open Vision switchover and a two-year debt collection moratorium. Both the Water Bureau and the Bureau of Environmental Services have an urgent need to reduce the balance on outstanding accounts. The billing system interruption created an extremely difficult situation for the customer service personnel, as well as for many customers.

In general, City bureaus must insure that revenue for service is collected in a fair and equitable manner. The basic standards of fairness include proper notification and collections from the proper individual. It is problematic to force one person to pay the debts of another. The policies and procedures for collecting revenue should be made clear to customers, particularly the consequences for failing to make timely payments. Bureaus should be provided with the tools to recover past due amounts in a manner that will minimize drastic measures. There is little doubt that there will always be a need to take resolute actions on accounts where payments are chronically delinquent and where account debts continue to increase. Bureaus should also recognize when customers come to accept their financial obligations and to support them in continuing their demonstrated effort to erase their account balances.

In the past two years, our office has received 77 complaints about the Water Bureau. The Customer Service supervisors of the Water Bureau and staff from the Commissioners’ offices have communicated with us regularly to keep us informed about their work and to respond to our specific concerns. They have amended some policies and provided additional notice to customers in response to our comments and recommendations.

However, there are three significant outstanding issues related to debt-collection where the Bureau has not accepted all our recommendations. Rather than report on individual cases, we would like to present our findings and recommendations related to bill collection policies in a more general report. We describe elements of a few cases only as examples.

This report addresses three separate issues that emerged from complaints by individual water and sewer customers:

- the policy of assigning owners of rental property responsibility to pay for service provided to tenants;
- the amount of flexibility in the payment plan policy; and
- the Bureau’s interpretation of a reasonable pre-shut off hearing.

Based on discussions of the draft of this report, the Bureau has already indicated that they will be making the following changes:

- Expedite current efforts to clarify code on landlord(owner)-tenant responsibilities
- Set up a committee to resolve current landlord(owner)/tenant issues on cases impacted by the Open Vision computer problems
- Extend the current payment plan policy for one year until June 30, 2005
- Implement leniency in review of suspended accounts in how delinquencies and defaults are counted
- Expedite customer service efforts to improve customer issues
- Clarify code differences related to BES and Water Bureau appeals/hearings by providing a uniform administrative review process

We are extremely pleased by the Bureau's cooperation and collaborative work and their receptiveness to our recommendations. However, we still disagree on two issues: about the responsibility of owners for water and sewer service used by tenants assigned to the owner without consent; and the policy of refusing to accept partial payments on accounts as opposed to the balance in full in certain individual cases.

The Bureau's articulated policy objectives have been to reach agreement with the City and Bureau leadership, especially with BES and the Commissioner in Charge; provide consistent guidance for staff training and reference to ensure consistent treatment to customers; and provide information to customers to understand actions on individual accounts. Although we appreciate those objectives, we believe that they can still be achieved while providing greater attention to individual customer circumstances.

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**Rental Property  
Billing  
Background**

The Bureau agrees that a common area of dispute over water and sewer bills arises over issues of who is responsible for bills for rental properties. The Bureau believes that amending Code to more clearly articulate their policy of holding owners responsible for water and sewer charges at rental properties would minimize such conflicts when accounts fall into delinquency in the future.

City Code 21.16.030 states that the user of the water is responsible for the bill, unless the owner of the property agrees to accept responsibility. Under the heading *Water Charged to Premises User*, this code section states as follows: "A property owner or his or her agent may become obligated for charges for furnishing such water to the user by accepting responsibility for payment thereof or by agreement with the Bureau." It

also states that “If the premises are not in use the daily fixed charges shall be the responsibility of the owner.”

However, the Water Bureau interprets a subsequent section, City Code 21.16.050, as the basis for its position that when there is a question about a past due bill for a rental property, the owner may be held responsible for the charges.

The language of this section entitled *Notice for Billing of Rental Property and Responsibility for Charges When Property is Vacant* is as follows: “The property owner is responsible for all water charges while a property is vacant and no renter has accepted responsibility for water charges.” This section is irrelevant, however, since it describes the billing responsibility for a vacant property, not one rented to tenants.

Under the Water Bureau’s interpretation, the water and sewer bill would go into the owner’s name when an old tenant moved out and the property was vacant. To this point there is no disagreement. If a new tenant moved into a property without notifying the Water Bureau, the bill remains in the name of the owner. This creates problems when the lease agreement requires the tenant to pay for water and sewer service. According to the Water Bureau, this situation does not often pose a problem because in most cases the tenant or the landlord does call with the information. When this does not occur, and a bill becomes past due, customer service staff can speak to both the owner and the tenant and reach an agreement as to when the tenant moved in and who is responsible for which parts of the bill.

This situation did become a problem however, when, due to the computer system problems, no bill went out to either the property owner or tenant alerting them that the bill was not in the name of the tenant; or if a bill went to the property address in the name of the owner, and the tenant simply failed to pay or forward the bill to the owner.

In the years 2000 through 2002, when many accounts were not billing and no debt-recovery actions were taken, some tenant changes took place without a change of names on the account. Before the computer problems, under the debt-recovery system, if a new tenant moved in and did not call to put the account into his or her name, and if the owner was not paying the bill, the service would be promptly suspended until billing responsibility was resolved. This system prevented large, unpaid bills from accruing.

Unfortunately, with the problems with the conversion to the Open Vision computer system, for some accounts no bill went out for quite some time, and for others, the owners were billed at the property address and did not know the tenant was ignoring the bill until it was too late to find and contact the tenant.

Under existing Water Bureau policy, unless the current or former tenant can be found and agrees to accept the charges, landlords are being held responsible for the water at properties they owned, even though they received no notices at the time from the Bureau that the bill was in their name. If the owners in these situations refuse to pay, the Bureau has threatened to cut service at other locations owned by the landlord, including their private residence or to send the bill to a collections agency.

**Findings** If City Code required an owner to pay the bill for a tenant who vacated a property without paying a delinquent account, the current policies would be less problematic. The owners would have been put on notice that the City was going to hold them responsible for the water used at their property by tenants. However, the Code currently states that the owner is not responsible for service used by someone else, unless the owner affirmatively agrees to pay.

It is recognized that some of these billing conflicts could have been avoided had owners been more vigilant in contacting the Bureau at the time of a new tenant's occupancy to verify that the tenant had assumed responsibility for the water bill. However, such a duty or expectation was not communicated to property owners. Current policies allow either the owner or the tenant to change the billing name on the account by phone. Furthermore, there are situations where a tenant did call to accept responsibility for the account, but the customer service representative did not complete the change and the landlord is being charged.

The Bureau has reviewed this policy and agreed to review the current Code and propose new language to clarify an owner's responsibility for service at a rental property so that any changes can be implemented when the new computer system goes into place. Before then, the Bureau has stated they will investigate the feasibility of adding a notification to landlords of tenant changes. While these efforts provide the potential for a permanent solution, they do not resolve current bills where landlords are being charged without their prior knowledge for water used by former tenants.

**Recommendations** When an owner can provide reasonable evidence of a tenancy, the Bureau should pursue collections from the tenant, not the property owner.

The Water Bureau should consider amending the code to make the property owner ultimately responsible, rather than the water user.

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## **Payment Plan Flexibility**

Many callers to our office have complained that they were not afforded sufficient time to pay off a delinquent balance before a threatened or actual shut off or termination of service.

### **Background**

Under the current policy, the Water Bureau may enter into payment plan agreements for delinquent bills with customers for a period of no more than 12 months for most accounts and for no more than 24 months for customers who received the 20% sewer credit for delayed billings, low-income customers or customers with documented medical needs for water service. Additionally, when payment arrangements are made the prospective future water and sewer charges are estimated and added to the monthly payment amount due.

The full payment arrangement policy can be found at:

<http://www.portlandonline.com/auditor/index.cfm?&a=24634&c=29149>

And the hardship policy is found at:

<http://www.portlandonline.com/auditor/index.cfm?&a=24633&c=29149>

The payment arrangement policy was scheduled to change as of July 1, 2004 to provide for shorter payment plan schedules, but the longer payment plans will be offered for an additional year, in response to our recommendation for more flexibility. Despite the fact that all accounts involved in delayed billing have received a 20% credit on the sewer portion of their bill and the computer system is now sending out timely bills, for various reasons, some delinquent accounts are quite large, and some customers feel that it is unworkable to pay off the balance within 12 or 24 months. The last resort alternative to paying the amount set by the Bureau under the 12 or 24 month schedule is to lose water service. Customers express feeling coerced into “agreeing” to a monthly payment plan without having a realistic ability to keep current given their income. We have been advised that as a result of comments from this office, customer service representatives are now negotiating more realistic payment plans with customers with past due accounts.

If payments are late, partial, or missed (variations of default), customers are required to pay either one-third of the account balance or pay the balance in full to avoid having their water shut off, depending on their payment history.

Before last July, there were no consequences for defaulting on a payment plan. Many customers defaulted numerous times and were making no progress on their payment plans. The Bureau instituted a new policy under which the balance in full became due after two defaults. In response to a recommendation from the Ombudsman, the Water Bureau created a third opportunity for certain customers (those who received the 20% credit and low-income customers) to enter into a payment plan after two defaults.

After the new policy went into effect, some customers alleged they did not understand that failure to pay would result in having to pay the bill in full, since in the past, even if they defaulted, new payment arrangements were allowed to be made. The initial process included a verbal explanation to the customer. In response to recommendations, the Bureau has begun to provide customers with written notice of the consequences of defaulting on a payment plan. This has helped the process and clarified requirements to the customer.

However, under even the expanded policy, there are individual cases in which the rule that the entire balance (or even one-third) must be paid is unreasonable and causes hardship. Our office has seen customers who have had many prior payment plans and defaulted. They may clearly have been poor customers in the past, but are now making a good faith effort to pay what they owe.

The Bureau offers some relief to qualified low-income customers which is now proposed to be expanded in the future. But, currently even with crisis vouchers and monthly discounts some customers still have trouble paying off delinquent balances. (These policies can be found online) <http://www.portlandonline.com/auditor/index.cfm?&a=24635&c=29149>  
<http://www.portlandonline.com/auditor/index.cfm?&a=24636&c=29149>

One example is the customer who had an admittedly poor payment history, having defaulted on monthly payment plans more than three times. Under the current policy he was told he had to pay \$565 in order to avoid shut off. The young man, who had been out of work for several months, was able to come up with \$500. We sent him to the customer service counter where he paid the \$500. The policy did not allow the customer service representative to advise the customer that the payment would preclude an immediate shut off.

In another case, the owner of a multi-use building had accumulated a large debt on his water and sewer account. He had made multiple monthly payment plans, but had defaulted on them. The final plan required 3 monthly payments of \$2000, which the owner felt was unrealistic to pay. And, in fact the owner did not make the October payment on time.

The Bureau's policy then required that he pay the amount in full or have the service terminated. On November 19, the day the balance of about \$5,500 was due, he paid \$4,000 and the total bill had grown to \$6,100. According to Bureau policy, the water probably should have been shut off then, but he was given another 7 days to pay the remaining \$2,100. He was not able to come up with that much money in so short a time and ended up paying another \$400 two weeks later on December 2, 2003.

Since he had made substantial progress on paying off the balance of the debt and the residential and commercial tenants at the building would experience hardship with no water service, we informally recommended on December 3, that the Bureau continue to provide service to the property. The Bureau responded that unless the balance of \$1,700 was received by December 8, the water would be shut off and locked. The owner was unable to pay and the water was shut off on December 9. The business located on the ground floor closed and has not reopened. The loan that the owner had been waiting for finally came through and the past due bill was paid on December 15, and the water was restored.

**Findings** Without the threat of loss of water service, many irresponsible customers have made paying their water and sewer bill a low priority. Customers took advantage of the fact that the City had suspended debt collection activities. Outstanding balances grew to an unmanageable amount. Once a customer is given a pre-shut off notice or the service is shut off, they usually realize they have to make the bill payment a priority. To terminate water service and cause further hardship when the customer truly has exhausted his or her financial resources, paying all they have to reduce their balance, may be of only minimal benefit to the City and other ratepayers.

In the cases described above, the customers had made payments that would have substantially caught up with the terms of their most recent payment arrangement. The current policy does not allow for consideration of a customer's financial situation or recent (as opposed to prior) payment history.

Policies should recognize that maintaining water service to customers who are now reducing their balances is as important as the ultimate goal of reaching a zero balance. This objective is especially justified for those customers who were either directly or indirectly impacted by the Bureau's delayed billing and the suspension of customary debt collection practices.

**Recommendations** The Bureau should amend collection and debt recovery policies to accept partial payments on delinquent accounts and maintain or restore the customer's water service, provided that the balance owed continues to be reduced and reasonable scheduled payment plan deadlines can be achieved. Provided a 1, 2, or 3-year debt reduction schedule can be maintained within an allowable timeframe, the water service should not be interrupted.

The Bureau should evaluate the effectiveness of current programs for low-income customers and consider offering payment plan terms of longer than 24 months for customers with substantial balances.

The Bureau should develop a relationship with a consumer credit counseling organization for referrals. Such organizations evaluate an individual customer's ability to pay and assume comprehensive management of a customer's debts.

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**Pre-Shut Off  
Hearing**

**Background**

City Code 21.16.040 states "Before water service is shut off the Bureau shall give notice to the water user...informing the customer of his or her right to request a hearing, and the procedure for requesting the hearing, to challenge the shut off." The pre-shut off notice provided to customers informs them of their right to request a hearing and directs them to the general Call Center telephone number.

Bureau representatives stated that they provide customers with a telephonic hearing whereby someone examines the charges and the facts of the case. If the customer is not satisfied with the result, he or she can request to talk to a supervisor who will review the account. The supervisor will determine if all of the charges are correct and the policies have been followed. Generally, in these conversations, the Bureau representative explains the policies that led to the shut-off order. There is not a reasonable opportunity for the customer to challenge Bureau decisions or request consideration of why the water should not be shut off based on hardship or good faith efforts to pay.

**Findings**

This informal internal review process constitutes an administrative review rather than a hearing. A hearing as commonly understood would be an independent review of an account where both sides have an opportunity to present arguments.

Customers should be offered an opportunity to question whether policies conflict with City Code, are failing to achieve their intended purposes, or creating unintended consequences. They should be able to present a case for why it would be unreasonable to shut off their water service. Written documentation would be collected from both sides and a written explanation of the basis of a decision should be provided.

When customers have the right to a review by an independent Hearings Officer, the outcome will be perceived as more credible and more likely to be accepted.

Recognizing the large number of shut offs currently being ordered, the Bureau would benefit by establishing a formal administrative review policy. Going through an administrative review process should be a prerequisite to a hearing. A person or review team acting under the Director's authority could attempt to resolve outstanding factual and policy issues before service is interrupted.

**Recommendations** The Water Bureau should amend City Code to define a pre-shut off administrative review process that provides customers with a determination regarding proposed shut offs, and the Water Bureau should consider adding an avenue of appeal for customers to the Hearings Officer.

The current notice to customers should be revised to explain the procedures for requesting an administrative review and any other subsequent appeal options that may be available.

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**Bureau Response** Please see the attached joint response from Mort Anoushiravani, Administrator, Bureau of Water Works and Dean Marriott, Director, Bureau of Environmental Services. While the Water Bureau implements the collection policies, the collection of revenue is relevant to the Bureau of Environmental Services. Commissioner Dan Saltzman has also submitted a memorandum that is to accompany this report.



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CITY OF  
**PORTLAND, OREGON**

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BUREAU OF WATER WORKS

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**Dan Saltzman, Commissioner**  
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March 5, 2004

To: Michael Mills, City of Portland Ombudsman

From: Mort Anoushiravani, Administrator, Bureau of Water Works  
Dean Marriott, Director, Bureau of Environmental Services

Subject: Response to Ombudsman's Report on Water Bureau  
Collection Policies

We appreciate the opportunity to comment on your report regarding Water and Sewer account collection practices. These are vital services for the community and we appreciate your efforts and assistance in improving our collection methods.

The City of Portland operates the water, sewer, and storm water systems for the benefit of all of its citizens and businesses. These systems must recoup their costs in order to continue to operate. The financial structures of both the Bureaus of Water and Environmental Services were established under the premise that these services provided would be paid for by those who use and benefit from these services. Rates must be adjusted higher in order to compensate for those customers who fail to pay. The City Code guides the Bureaus' debt collection actions. The Water Bureau coordinates billing and collection activities for water, sewer, and storm water systems representing both the Water Bureau and Bureau of Environmental Services.

Water and sewer customer service employees handle more than one million customer contacts a year. These include bills, telephone calls, walk-ins and personal meetings. We provide each customer our best service and continually seek ways to improve both service and value to our customers.

We share with your office a common goal of achieving high quality customer service with fairness and equity for all. As noted in your report, we do agree on a number of issues. We have taken several actions that directly respond to areas of agreement among our offices:

- We are expediting clarification of code on landlord-tenant responsibilities.

- We are resolving collaboratively current landlord-tenant cases impacted by the Open Vision (OV) computer issues.
- We have extended the current liberal payment plan policy for an additional year until June 30, 2005.
- We have changed our review process for delinquent payment plans to provide more leniency for customers.
- We are expediting improvements to customer service operations.
- We are expediting our administrative review process for customer appeals.
- We have added written clarification to all payment plan customers regarding the terms of the plan.
- We have improved our comprehensive training for customer service personnel.
- We propose in the 2004-2005 budget to double our annual crisis voucher amounts and increase the recurring discount for all low income customers.

We acknowledge that the Open Vision conversion resulted in confusion for some customers when their bills were delayed. We also acknowledge the financial burden for those customers who failed to set aside funds to pay for their water, sewer and storm water services. In response, we agree

- it is appropriate to extend greater flexibility to affected customers in helping them restore their accounts to zero balance;
- our customers continue to deserve fair and consistent treatment, prompt and courteous service, and
- it is our continued objective that staff makes every effort to assist customers in making genuine efforts to restore their good credit with us.

All water and sewer employees have worked very hard to restore the financial stability of both bureaus while limiting rate increases to our customers. Both bureaus have taken a conservative approach to restoring debt-recovery, allowing most customers to pare their balances to manageable sums. Water and sewer employees continue to work diligently to ensure that every affected customer receives appropriate and timely notices throughout the collection process. Since each customer's situation is different, both bureaus weigh compassion and understanding with their ongoing obligations to all customers for consistent, responsible and fair service. Both bureaus request, and depend on, legal advice from the City Attorney whenever issues arise or the Code is unclear.-

While we agree on many issues, there are some areas where we have a different perspective than what we understand to be represented in your report.

Your report contains several references to how the Water Bureau and Bureau of Environmental Services interpret City Code and apply policy. It is important to note that the bureaus do not develop interpretations of City Code. Rather, our policy is to follow City Code, seeking the advice of the City Attorney as required. While some may disagree with the content of the Code, both bureaus are obliged to follow it and ensure compliance. A copy of key sections of City Code is attached to this reply as reference.

Another area of different perspective relates to customer equity. Our rate-setting structure, approved by City Council, is designed so customers who pay promptly are not expected to shoulder the burden of those who do not pay. This approach ensures that those customers who are not compliant with payments are responsible for the costs of delinquent account actions.

We want to provide specific responses to the recommendations contained in your report.

Within the Rental Property Billing section of your report, a recommendation is made to accept owner provided evidence of tenancy for the purpose of pursuing collections from tenants. City Code certainly suggests it would be prudent policy, at the time of tenant occupation, for a property owner who wants to ensure that the account is in the tenant's, rather than the property owner's, name to:

- contact the City regarding a change in tenants or
- contact the City to determine whether a new tenant has opened an account and should, at a minimum,
- leave the City a current address so that billings or inquiries can be sent to an address where the property owner is likely to receive it.

As previously noted, both Bureaus are working on code amendments to clarify issues that have recently been brought to our attention. Lease or rental agreements, however, are part of a landlord's business practices and the City has no role in how these or other issues between landlord and tenant are resolved or overseen. This City position is consistent with utility policies throughout the state. A summary of our survey of area utilities is attached. We will continue our current practice of following City Code and current business practices pending any changes to City Code.

Another recommendation in the Rental Property Billing section is to consider amending the City Code to make the property owner ultimately responsible. Although there may be legal and political hurdles that would have to be overcome, this recommendation is under consideration as part of the efforts to clarify and improve City Code.

Within the Payment Plan Flexibility section of your report, a recommendation is made to accept partial payments on delinquent accounts and maintain or restore the customer's water service, provided the balance owed continues to be reduced and reasonable scheduled payment plan deadlines can be achieved. The Bureaus' current practice is to accept any payment offered by a customer, partial or complete. If no payment is made or only a partial payment is made, water shut off may occur or continue. Water shut-off is a choice of last resort but is a means to a fiscally responsible end. After ignoring notices, phone calls and negotiated payment plans, the customer faces shut-off. That is the method we employ to collect the funds both bureaus require to keep the systems running. The power, gas and other water utilities in our area employ similar practices.

Restoration of services for accounts which have reached shut off status does require specific payments in recognition of the efforts required when working with these customers. Continuing to spend time and resources on these accounts is not equitable to other ratepayers. We will continue to follow our current policies regarding payment expectations to both avoid shut off of service or to restore service.

Another recommendation in the Payment Plan Flexibility section is to develop a relationship with a consumer credit counseling organization for customer referrals. We agree to investigate this recommendation to understand the cost and availability of such a service to determine whether it is appropriate for the City to make such an arrangement. If implemented, the impact on budget and rates will be clearly defined for all.

Within the Pre-Shut Off Hearing section of your report, a recommendation is made to amend City Code to define a pre-shut off administrative review process and add an avenue of appeal for customers to the City's Code Hearings Officer. As discussed earlier, the administrative process within the Bureaus to handle customer disputes is being strengthened. We feel the inclusion of the Hearings Officer in dispute resolution process is premature and may be beyond the Hearings Officer's current authority and workload capabilities. We believe the structures and guidelines currently in City Code ensure fair and equitable treatment for all classes of customers. We will implement our expanded customer dispute process and evaluate the results carefully. If, after this evaluation, evidence shows that a more formal process is required, an evaluation of alternatives for that action will be undertaken.

While we acknowledge the impact of the billing system conversion on some of our customers, we have also provided considerable flexibility to affected customers. By default, many customers who were unaffected have enjoyed similar flexibility. As we negotiate customer payment plans, we have an obligation to set reasonable limits, consistent with City Code.

Thank you again for the opportunity to comment on this report and for all the efforts you and your staff have taken on behalf of the City. It is the healthy partnerships between our bureaus, your office, the City Attorney's office, our political leaders and the utility customers that make this complex system function. We look forward to continued improvements and cooperation.

Cc: Mayor Vera Katz  
Auditor Gary Blackmer  
Commissioner Jim Francesconi  
Commissioner Randy Leonard  
Commissioner Dan Saltzman  
Commissioner Erik Sten  
Ruth Spetter

Attachments:  
Excerpts from Current Portland City Code  
Utility Survey Results

## EXCERPTS FROM CURRENT PORTLAND CITY CODE REFERENCED ABOVE

### **21.16.030 Water Charged to Premises User.**

All charges for furnishing water within the City and also to premises outside the city served directly by the Bureau shall be chargeable to the user of said water at that premises (or any former premises where water was supplied). If the premises are not in use the daily fixed charges shall be the responsibility of the owner. A property owner or his or her agent may become obligated for charges for furnishing such water to the user by accepting responsibility for payment thereof or by agreement with the Bureau. Where a user or property owner has a delinquent bill for one premises, said delinquency shall be a charge against said user or property owner (for water obtained) at any of his or her other premises served by the Bureau.

### **21.16.040 Delinquent Water Bills.**

The Administrator shall have the authority to shut off water service to any customer when any charge to that customer has not been paid within 10 days after that charge is due and payable. Before water service is shut off the Bureau shall give notice to the water user, as well as any other party who has agreed with the Water Bureau to accept responsibility for payment. Such notice shall state the anticipated date when the water will be shut off, as well as informing the customer of his or her right to request a hearing, and the procedure for requesting the hearing, to challenge the shut off.

Once service is shut off, water shall not again be provided until all outstanding obligations for water provided to that user shall have been paid, or arrangements for payments have been made with the Bureau, including additional charges as established in the annual water rate ordinance. The Administrator may allow for continuation of water service prior to payment of outstanding charges if he or she finds the lack of water is endangering the health or causing great hardship. However, if the charges are not paid, then the water may again be shut off and not turned on again until the outstanding charges are paid in full or arrangements for payments are made with the Bureau.

The Administrator may provide for the institution of legal proceedings and contract with third parties for the collection of delinquent water bills and charges. The Administrator may require a deposit be made with the Bureau to ensure payment of future water bills and charges.

### **21.16.050 Notice for Billing of Rental Property and Responsibility for Charges When Property Is Vacant.**

Either a property owner or a renter may notify the Bureau of the date to open or close an account for a renter. The Bureau will honor the first date on which the request was received to open or close the account. The Bureau will change this date if agreed to by all other affected parties. The Bureau will not mediate a dispute between landlord and renter regarding the dates when billing responsibility changes.

The Bureau bills all water service charges daily, regardless of whether the property is occupied or vacant. The property owner is responsible for all water charges while a property is vacant and no renter has accepted responsibility for water charges. If neither the renter nor the owner notify the Bureau that a renter has left tenancy, and the Bureau determines by a visit to the property that the property is vacant, water charges shall commence on that date to be applied to the owner.

## Utility Survey Results

1. Pay Plans Offered?		2. Length/Past Due and/or Future Amounts Covered?	3. Interest?
PGE	Yes	Standard is 12 months but there is no limit; Past due and future	No
NW Natural	Yes	Past due and future	Yes (1.5% if over \$50)
Clark County	Yes	3-month limit on delinquent accounts; Past due and future	Yes (1% after 30 days)
Clean Water Svcs	Yes	Up to 36 months; Past due only	No
Gresham	Yes	Until next bill cycle	No
Rockwood	Yes	Until next bill cycle (60 days); Past due only	No
Salem OR	Yes	Individualized; Past due only	No
Seattle	Yes	Both short and long term; Past due and future	No
TVWD	Yes	Until next bill cycle (60 days)	No
EWEB (Eugene)	No	Payment in full is due 30 days after the bill cycle	No
Portland Water	Yes	Up to 12 months ( 24 mo for LINC / 20%) ; Past and future combo	No
Vancouver	Yes	Until next bill cycle (60 days); Past due only	No
4. Income Based Asst.?		5. Account Responsibility: Tenant/Landlord?	
PGE	No	"Default" option available to owners. Anyone can notify of change in responsibility.	
NW Natural	Yes	Either can call to establish service.	
Clark County	Yes	Either can call to establish service.	
Clean Water Svcs	No	User needs to call to start/change service.	
Gresham	Yes	Either can call to establish service.	
Rockwood	Yes	Landlord's responsibility.	
Salem OR	No	User needs to call to start/change service.	
Seattle	Yes	Either can call to establish service. Landlord is ultimately responsible.	
TVWD	Yes	Either can call to establish service.	
EWEB (Eugene)	Yes	The user/responsible party much establish service	
Portland Water	Yes	Either party may establish or terminate service	
Vancouver	No	Either can call to establish service. Landlord is ultimately responsible.	

**6. Owner Notified of Tenancy Change?**

PGE	No
NW Natural	No
Clark County	Yes (via letter)
Clean Water Svcs	No
Gresham	No
Rockwood	No
Salem OR	No
Seattle	No
TVWD	No
EWEB (Eugene)	No
Portland Water	No
Vancouver	Upon request only

**7. Utility Involvement in Landlord/Tenant Disputes?**

None. Bills would remain as they were billed.
We do what we can. We are required to keep gas on.
Hearing process w/3 people outside of Clark County.
None.
None.
None.
None. Most times landlord's date is honored.
None.
None.
None.
Will not mediate. Will accommodate any mutual agreement.
None.

**8. Delinquent Tenants: Notify Owner? Transfer Balance?**

PGE	No	No
NW Natural	No	No
Clark County	No	No
Clean Water Svcs	No	No
Gresham	Yes	Charges liened on property
Rockwood	No	No
Salem OR	No	No
Seattle	Yes	Yes
TVWD	No	No
EWEB(Eugene)	No	No
Portland Water	No	No
Vancouver	Yes	Yes

**9. Billing Cycle**

Monthly
Monthly
Bi-monthly
Monthly
Quarterly/Bi-Monthly
Bi-monthly

**10. When is Account Delinquent?**

Day 15
Cannot disclose.
2 days after payment is due.
Day 60
Day 27
Day 35
Day 36
Day 21
Day 14
Day 30
Day 22
Day 16 (customer is given 20-day grace period)

<b>11. Number of Days until Shut Off/\$ Amount</b>			<b>12. Delinquent Account Fees</b>		
			<b><u>Notice</u></b>	<b><u>Shut Off</u></b>	<b><u>Restore Service</u></b>
<b>PGE</b>	42	cannot disclose	n/a	n/a	\$25 w/in business hrs; \$75 5:30-8pm; \$130 weekends
<b>NW Natural</b>	n/a	cannot disclose	\$15 in field	n/a	\$25 to connect svc to same name w/in 12 months
<b>Clark County</b>	37	\$150	late fee = 1	none	none
<b>Clean Water Svcs</b>		Won't Shut Off	late fee = 2%	n/a	n/a
<b>Gresham</b>	46	\$10-\$20 each TBD	\$1.50/\$6.50	\$15	n/a
<b>Rockwood</b>	52	\$15	\$5/\$7.50	\$25	balance in full + \$50 deposit on account
<b>Salem OR</b>	44	Over \$25	*No fees charged at this time.		
<b>Seattle</b>	n/a	\$300 or multiple unpaid bills	\$10	\$32	n/a
<b>TVWD</b>	47-50	Any delinquent account	none	\$20	none
<b>EWEB(Eugene)</b>	54	Past due more than \$12.00	Urgent \$15	\$20	\$75 after hours
<b>Portland Water</b>	43	\$40 shut off \$50 lock meter	\$5.00	\$10	None 8am-5pm / \$75.00 5pm - 9pm / \$150 9pm-8am
<b>Vancouver</b>	n/a	Any delinquent account	none	none	\$36

\*Salem OR: when billing system is stabilized they will charge \$25 to restore service between 8am-3pm & \$75 to restore service after 3pm.

MEMO

March 5<sup>th</sup>, 2004

To: Ombudsman Michael Mills,  
Auditor Gary Blackmer

From: Dan Saltzman

Re: City Ombudsman's Water/Sewer collection practices report

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I wanted to take this opportunity to thank you for the excellent research and effort you have devoted in assisting Portland's water/sewer customers and the staff in Portland Water Works and the Bureau of Environmental Services. I have had a chance to review the report on the account collection practices of our water and sewer utilities and as the Commissioner with oversight authority of both these bureaus, wish to make a few comments.

Regarding the flexibility of payment plans for past due accounts, finding the correct balance between the fiscal needs of the utilities and the impacts these bills have on our customers is a constant challenge. The city must receive just compensation for the services it provides and maintain its fiduciary responsibility to its bondholders. It must also be compassionate and patient with customers in difficult economic circumstances. The current policies, personally approved under my tenure, reach this balance.

In terms of a formal hearing before water service is disconnected, the City code is clear. The Water/sewer bureaus provide face-to-face service in the Portland Building and customer service supervisors will personally call back customers with specific complaints. I have asked the bureaus to examine the feasibility of

an administrative review for contested accounts and they have begun this examination.

And finally, your research and ideas about the tenant/landlord situation are to be lauded. The bureaus have contacted numerous utilities throughout our area to see how they interact with tenants and landlords and we find that our procedures are par for the course. I have wanted more certainty that notices and bills are reaching the appropriate parties and have made this a core functionality of the pending billing system. I have also asked the bureaus to look closely at their current procedures and to implement any improvements they deem necessary to enable a more efficient process. Improvements will be forthcoming.

Thank you again for the Ombudsman's office's dedication and efforts to improve utility bill collection practices.

Cc: Mayor Vera Katz  
Erik Sten  
Jim Francesconi  
Randy Leonard  
Dean Marriott  
Mort Anoushirivani