



CITY OF HARRISONBURG CITY MANAGER

409 SOUTH MAIN STREET, HARRISONBURG, VA 22801
OFFICE (540) 432-7701 • FAX (540) 432-7778

TO: Eric Campbell, City Manager
FROM: G. Chris Brown
DATE: April 8, 2020
RE: Ordinance to relieve certain customers from penalties for late payment of utility bills.

Summary: Harrisonburg City Code Section 7-4-3 provides for a penalty of 10% for utility bills (water, sewer, solid waste disposal) which are not paid in a timely manner. This ordinance provides relief from that penalty for customers directly affected by the COVID-19 pandemic.

Background: On March 12, 2020 Governor Ralph Northam declared a state of emergency due to the COVID-19 pandemic. The City Manager declared a local emergency on March 15, 2020, and City Council confirmed that action on March 24, 2020. Governor Northam issued Executive Order- Fifty Three on March 23, 2020. That order mandated the closing of restaurants and other food and beverage related businesses for all but take out and delivery service, ordered the closing of a specific list of recreational and entertainment businesses, and required social distance practices at a variety of non-essential businesses. Executive Order Fifty-Three resulted in a significant financial hardship for the affected businesses, their employees, and other residents of the City. This ordinance provides some relief to these businesses and residents by allowing the late payment of city utility bills without the 10% late fee and permits the Director of Public Utilities to enter into payment arrangements with those affected businesses and residents. This ordinance does not waive the actual service charges.

Staff considered recommending a blanket waiver of late penalties for all customers of the city provided utilities. However, staff is concerned that such a blanket waiver would provide an incentive for late payment by businesses and residents not substantially affected by the COVID-19 pandemic. The city receives from \$700,000 to \$800,000 per month from utility billings, depending on the time of year and usage. These billings are for actual services that have been rendered (water and sewer service and trash pickup and disposal). These funds are critical to the operation of the City and staff is attempting to balance the financial needs of the City with the needs of those truly financially affected by the COVID-19 pandemic.

The proposed ordinance attempts to provide relief to those businesses identified in Executive Order Fifty-Three and their employees and provides some flexibility for the Director of Public Utilities to provide relief for others directly affected by the COVID-19 pandemic, while protecting the City's finances to the extent possible.



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Key Issues: Waiver of late fees for late payment of bill for City provided utilities.

Environmental Impact: None

Fiscal Impact: The fiscal impact of this ordinance is unknown at this time.

Prior Actions:

Alternatives: (a) Approve ordinance as written
(b); or approve a different version of the ordinance to provide relief for more customers;
(c) decline to approve the ordinance

Community Engagement:

Recommendation: Staff recommends approving the ordinance as drafted.

Attachments: ordinance

Review:

The initiating Department Director will place in Legistar, in sequence of transmittal, the names of each department that must initial their review in order for this item to be placed on the City Council agenda. The completion of review only addresses the readiness of the issue for Council consideration. This does not address the recommendation for approval or denial of the issue.

