CITY OF BANNING
STAFF REPORT

TO: CITY COUNCIL

FROM: Elizabeth Gibbs, City Manager

PREPARED BY: Jennifer Terry, Finance Director

MEETING DATE: July 14, 2026

SUBJECT: Update on Utility Billing Recovery Efforts

STAFF RECOMMENDATION:

Receive an update on the City's utility billing recovery efforts and provide direction as needed. Staff also recommends temporarily deferring service discontinuance for customers who submitted a payment plan application that remains under review.

BACKGROUND:

On November 1, 2024, the City implemented a new utility billing system. Technical and operational issues prevented the City from generating utility bills, requiring a return to the legacy system in December 2024.

The transition resulted in an approximately six-month billing interruption. Billing resumed in April 2025, and the City added staff and accelerated billing cycles to address the backlog. During this period, customers received multiple monthly bills within a single month. By April 2026, the City had completed the billing catch-up process and returned to its regular billing schedule.

Temporary Payment Plan Policy

On January 27, 2026, the City Council adopted Resolution 2026-22, establishing a Temporary Payment Plan Policy and a grace period that was later extended through June 2026. During the grace period, the City suspended late fees, service disconnections, and credit card processing fees to allow customers additional time to reduce balances or establish payment plans.

Under the temporary policy, customers on approved six- or twelve-month payment plans may have their service discontinued if their accounts become more than 60 days delinquent.

Delinquent Accounts Following the Grace Period

Following the grace period, the City is scheduled to resume delinquency procedures in accordance with adopted policies. Accounts are considered delinquent when payment is not received within 20 days of the bill date. Service may be discontinued once an account has been delinquent for at least 60 days, provided the City mails written notice at least seven business days before discontinuance.

Payment plan requests increased significantly near the end of the grace period. Hundreds of customers visited City Hall in the days before the end of the grace period, and approximately 400 online requests were submitted on the final day. Staff worked weekends and the July 4 holiday to process payment plan requests for customer approval and to make the initial payment in accordance with the plan. As of the date this report was prepared, 1,545 customers have active payment plans and are making the agreed-upon payments.

Staff recommends deferring service discontinuance for customers who have submitted an application and are actively working with staff to complete their payment plans and make the required initial payment. This approach allows staff to process applications in an orderly manner while providing customers a fair opportunity to participate in the payment plan process.

JUSTIFICATION:

The purpose of this staff report is to provide the City Council and the public with an update regarding the status of the City's utility billing recovery efforts, including the City's transition back to a regular billing schedule, implementation of the Temporary Payment Plan Policy, and the administration of delinquent accounts following the conclusion of the grace period.

The City has a responsibility to collect outstanding utility revenues necessary to support the continued operation of the electric, water, and wastewater utilities for all Banning utility customers. At the same time, staff recognize that the billing interruption and subsequent catch-up billing process created financial challenges for some customers. The recommended approach balances these considerations by continuing collection efforts in accordance with the policies followed while providing customers with notice, access to payment plan options, and a reasonable opportunity to address unpaid balances.

Temporarily deferring service discontinuance for customers with pending payment plan applications will allow staff to complete the review process before any discontinuance action is taken. This approach promotes fairness, consistency, and transparency during the City's ongoing utility billing recovery process.

FISCAL IMPACT:

There are currently approximately 3,710 delinquent utility accounts with a combined outstanding balance of $7,086,763.26.

These outstanding balances are significant and represent revenues necessary to support the continued operation, maintenance, and financial stability of the City's utility systems. Accordingly, it is important for the City to continue working with customers to recover unpaid balances in a fair, consistent, and policy-based manner.

The temporary deferral of service discontinuance for customers with pending payment plan applications does not waive or reduce outstanding balances. Rather, it affects the timing of revenue recovery while customers make their monthly installment in accordance with their approved payment plan.

ATTACHMENTS:

1. CC Resolution No. 2026-22.pdf
2. Banning_Utility_Billing_FAQ.pdf