



## CITY OF BANNING STAFF REPORT

**TO:** CITY COUNCIL

**FROM:** Arturo Vela, Interim City Manager

**PREPARED BY:** Art Vela, Interim City Manager

**MEETING DATE:** January 27, 2026

**SUBJECT:** Consideration of Resolution 2026-22, Approving a Temporary Payment Plan Policy for a Period of Twelve Months

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### **RECOMMENDATION:**

Adopt Resolution 2026-22

### **BACKGROUND:**

During the January 13, 2026 regular City Council meeting, the City Council discussed the structure for payment plans in consideration of the City's recent Utility Billing challenges (see 1/13/26 staff report attached hereto). Concluding the conversation staff was provided with direction to include the following details moving forward:

#### **Grace Period**

- A three-month Grace Period will be provided. During the Grace Period customers will have the opportunity to either pay down their balance or submit a payment plans application.
- No late fees or shut offs will occur during the Grace Period.
- No credit card fees will be applied during the Grace Period.
- Standard shutoff process will resume after the Grace Period, which includes the discontinuance of service when a utility account becomes 60 days delinquent.

#### **Types of Payment Plans (Defined in Administrative Policy B-34)**

- Extensions
- Amortizations
- Alternative Payment Plans

#### **Payment Plan Terms and Deposits**

- 6-month term and 5% deposit (of delinquent balance).
- 12-month term and 10% deposit (of delinquent balance).

#### **Discontinuance of Service**

- During a payment plan term, if an account becomes 60-days delinquent, the City shall discontinue service.
- Exceptions: Special Medical and Financial Circumstances (Defined in Administrative Policy B-34).

#### **Late Fees**

- Late fees will not be assessed during the term of a payment plan.

### **Credit Card Fees**

- Credit card transaction fees will commence the next full day following the expiration of the Grace Period.

It should be noted that customers do not all receive their monthly utility bills at the same time. Staff is evaluating the implementation of a rolling grace period that would begin based on each customer's individual bill date, rather than a single, uniform grace period start date, which could result in some customers receiving more time than others.

Due to the billing catch-up schedule recently falling behind scheduled due to unforeseen staff shortages and technical difficulties, staff is requesting City Council direction on whether the grace period should commence with the January billing cycle or the February billing cycle. The attached resolution will be revised to reflect Council's direction.

### **JUSTIFICATION:**

The extended utility billing delays resulted in customers receiving multiple bills within a short period as the City worked to return to a normal billing cycle. While necessary to restore operations, this catch-up process may have created financial hardship for some customers. Reviewing and considering temporary modifications to the City's Payment Plan structure will allow the City to balance revenue recovery with customer affordability.

### **FISCAL IMPACT:**

The utility billing delays resulted in the deferral of approximately six months of electric, water, and wastewater revenue, negatively impacting cash flow within the utility funds. While these revenues are expected to be recovered, the timing of recovery will be directly influenced by the length and structure of payment plans.

### **ALTERNATIVES:**

1. Approve with modifications.
2. Do not approve and provide alternative direction.

### **BUDGETED?:**

No

### **CONTRACT/AGREEMENT:**

No

### **ATTACHMENTS:**

1. [Resolution 2026-22.docx](#)
2. [1.13.25 Staff Report Payment Plan.pdf](#)
3. [Administrative Policy B-34.pdf](#)