



Staff Report

AGENDA ITEM REPORT

DATE: June 22, 2026

SUBMITTED BY: Brittnei Nanson, Finance

ITEM TYPE: Agenda Item

AGENDA SECTION: CONSIDERATION OF AND ACTION ON

SUBJECT: Provide Direction to Staff Regarding the Proposed Paper Billing Fee Structure, Including the Treatment of Senior Customer Accounts, and Authorize Inclusion of the Selected Rate Structure in the Fiscal Year 2026-2027 Utility Rate Public Hearing Process

BACKGROUND: The City currently mails utility bills to all customers who have not elected electronic billing. While paper billing has long been the standard method of communication, the costs associated with printing, materials, postage, and processing continue to increase. Staff estimates the total cost of producing and mailing a paper utility bill is approaching \$1.00 per account per month and is expected to continue rising as postal rates increase.

While cost recovery is an important consideration, the primary driver behind this proposal is the increasing number of customer complaints regarding paper bill delivery. Utility Billing office staff routinely receive calls from customers reporting that they did not receive their bill, received it after the due date, or received it with insufficient time to make payment. Although the City generates and mails bills in a timely manner, delivery through the postal system is outside of the City's control and has become increasingly inconsistent.

Electronic billing provides immediate delivery upon issuance and allows customers to access their account information 24 hours a day through the City's online utility portal. Unlike paper statements, electronic bills are not subject to postal delays and provide customers with a more reliable method of receiving account information.

Staff believes encouraging customers to transition to electronic billing will improve customer service, reduce complaints regarding bill delivery, and provide a more efficient and dependable billing process for both customers and the City.

To encourage utilization of these services and reduce the growing costs associated with paper billing, staff recommends establishing a \$1.00 monthly paper billing

fee for customers who elect to continue receiving printed bills. Customers may avoid the fee by notifying the City that they wish to discontinue paper statements and utilize the City's electronic billing options.

The proposed fee is not intended to generate additional revenue, but rather to recover a portion of the costs associated with providing a paper billing option while encouraging migration to more efficient and reliable electronic delivery methods. Customers who prefer paper bills may continue to receive them but would be responsible for the associated monthly fee.

During Council discussion, Councilmember Hodges expressed concern regarding the impact of the proposed paper billing fee on senior utility customers. While staff's original recommendation was to apply the fee uniformly to all customer classes receiving paper bills, Council discussion raised questions regarding whether senior customers should be exempt from the fee or whether they should receive the same paperless billing incentive as other customer classes. As currently structured, senior customers would continue to receive their existing discounted rate regardless of billing method. Staff is seeking Council clarification regarding the intended treatment of senior accounts before finalizing the proposed rate structure and presenting the item as part of the Fiscal Year 2026-2027 utility rate public hearing process.

Proposed rate increases would be as follows:

	With Paper Bill	Without Paper Bill
Residential	\$3.00	\$2.15
Seniors	\$2.40	\$1.55
Disabled	\$2.40	\$1.55
Commercial	\$5.50	\$4.65
Schools	\$5.50	\$4.65

Depending on Council direction, senior rates may remain unchanged regardless of billing method, or seniors may receive the same paperless billing incentive available to other customer classes (included on the chart above).

Because the proposed paper billing fee would be implemented as part of the City's utility rate structure, it will be presented during the required public hearing process associated with the Fiscal Year 2026-2027 utility rate adjustments. This will provide customers an opportunity to review the proposal and offer public comment prior to adoption.

To allow sufficient time for customer notification and enrollment in electronic billing, staff recommends an effective date of October 1, 2026.

SUGGESTED ACTION:

Direct staff to include a proposed \$1.00 monthly paper billing fee in the Fiscal Year 2026-2027 utility rate schedule for consideration during the required public hearings, with an effective date of October 1, 2026.

ATTACHMENTS: