



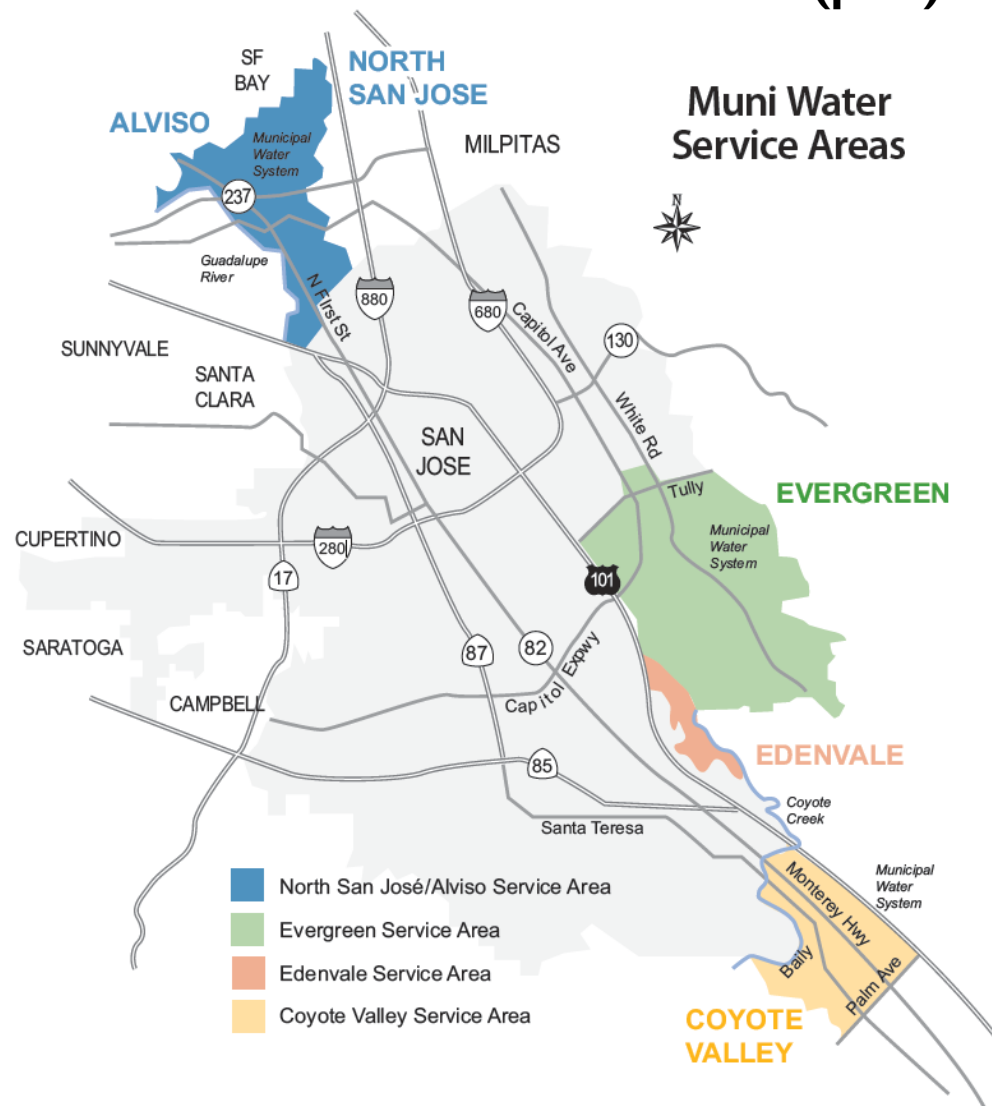
Municipal Water Billing And Customer Service: The City Can Take Steps To Enhance Customer Service During An Unprecedented Time

A Report from the City Auditor
Issued October 2021
<http://www.sanjoseca.gov/auditor>

Background

- Muni Water serves 26,000 customers across North San José, Alviso, Evergreen, Edenvale, and Coyote Valley.
- Three primary departments (ESD, Finance, and ITD) coordinate to deliver water, generate billing statements, and respond to customer requests.
- Muni Water and its customers have been challenged by the financial impacts of the COVID-19 pandemic, increasing water rates, and the region's current drought conditions.

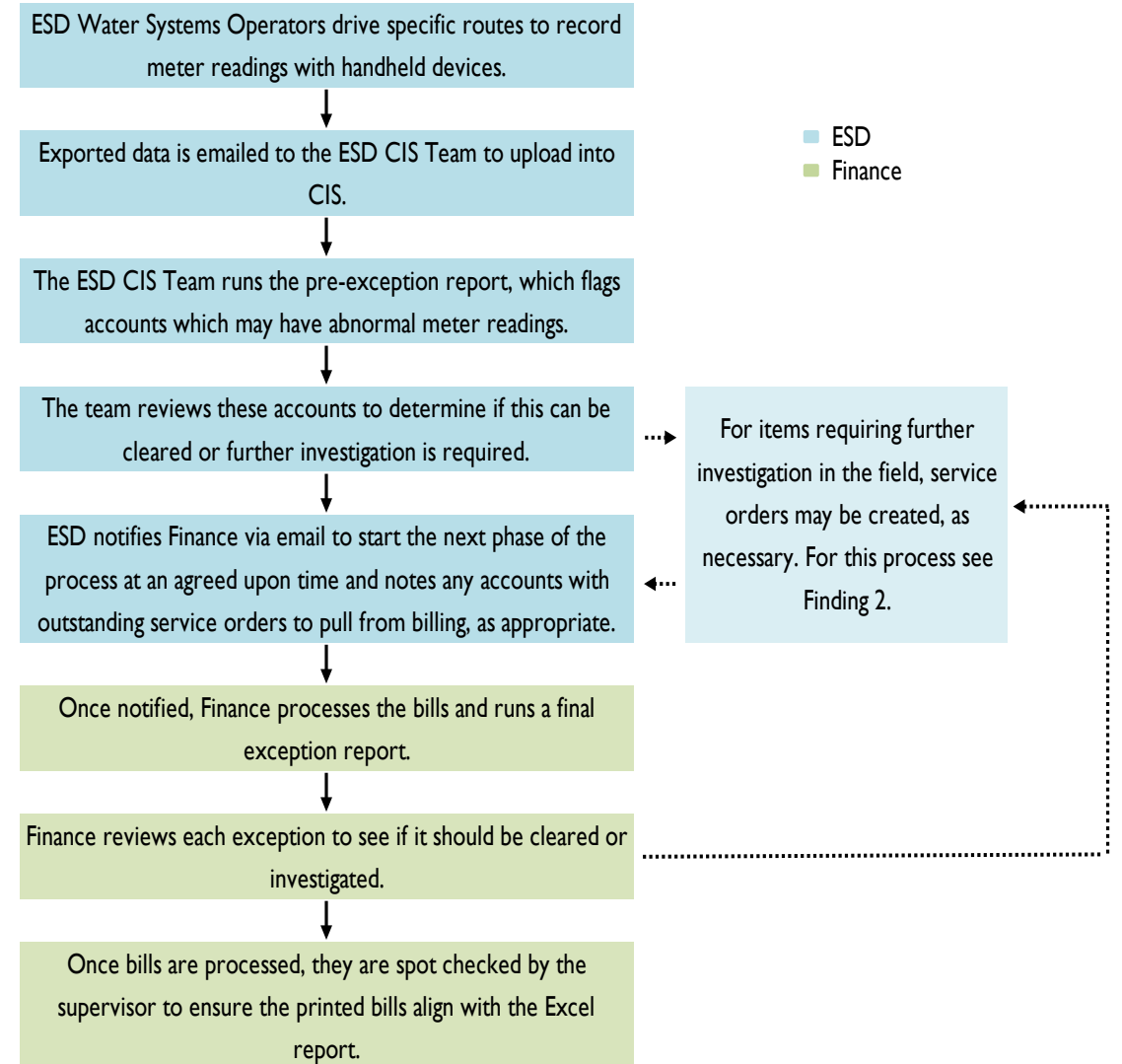
Exhibit I: Muni Water Service Areas (p. 11)



Finding 1: The Billing Process Ensures Accurate Billing Statements to Customers

- Bills in the sample were accurate and key inputs—such as customer information, rates, and meter readings—aligned with customer information in CIS, the City’s utility billing system.
- Billing formulas were calculated correctly and used Council-approved water rates and charges.

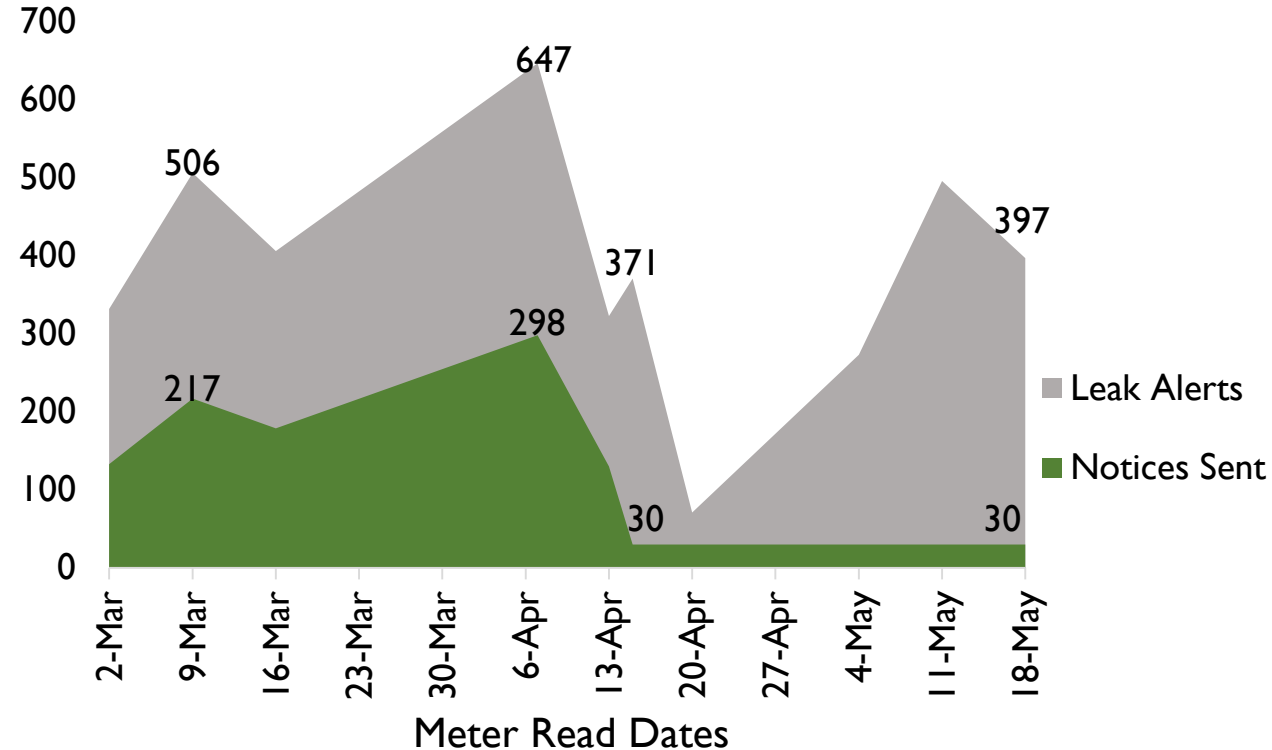
Exhibit 5: Meter Reading and Review Process (p.21)



Finding 2: Muni Water Can Take Steps to Better Notify Customers and Respond to Leaks

- Most customers are not notified of the potential water leaks. Between March and May just 29% of customer accounts with leak alerts were notified of potential leaks.
- The City may be able to expand and automate leak notices with currently available tools.

Exhibit 6: Not All Leaks Resulted in Leak Notices Sent to Customers (p.24)



Finding 2: Muni Water Can Take Steps to Better Notify Customers and Respond to Leaks

- Muni Water’s criteria used to initiate meter investigations have not been updated since 2016.
 - About 2 out of every 3 investigations finds the equipment working properly.
 - The criteria used to detect water leaks may be too high to help Muni Water and customers identify water leaks.
- The service order process is paper-based and managed by two separate teams. Enabling the teams to coordinate service orders electronically could improve operational efficiency.

RECOMMENDATIONS:

To better notify customers about potential leaks and increase operational efficiency, the City should:

- Collect additional contact information from customers and automate the leak notification process
- Periodically evaluate the criteria used for meter investigations
- Streamline the service order process
- Update the methodology used to assess performance



Finding 3: Muni Water Can Enhance Customer Service by Making Information More Accessible

- The Water Shutoff Protection Act requires water utilities to provide service options to low-income and medically vulnerable customers.
- To apply, customers must print out an English-only form and visit City Hall.
- Muni Water has not yet registered any customers in either the Low Income or Vulnerable customer designation.

Exhibit 12: Service Options for Low Income and Vulnerable Customers (p.39)

Designation	Additional Service Options
Low Income	<ul style="list-style-type: none">• Late fees waived every 12 months²⁶• Discount on reconnection fees within regular working hours ²⁷
Low Income and Vulnerable	<ul style="list-style-type: none">• An extended installment plan if the City determines the longer period is necessary to avoid undue hardship

Finding 3: Muni Water Can Enhance Customer Service by Making Information More Accessible

- Website content is not consistent across departments (such as in the FAQs) and can be expanded to address common customer requests.
- Not all customer-facing materials are translated into both Spanish and Vietnamese.
- The City should use plain language for notices sent to customers such as the Late Payment Notices and Notices of Termination.
- Billing statements are not available online, and billing and payment instructions should be updated or made more consistent.

RECOMMENDATIONS:

To increase accessibility of information to customers, the City should:

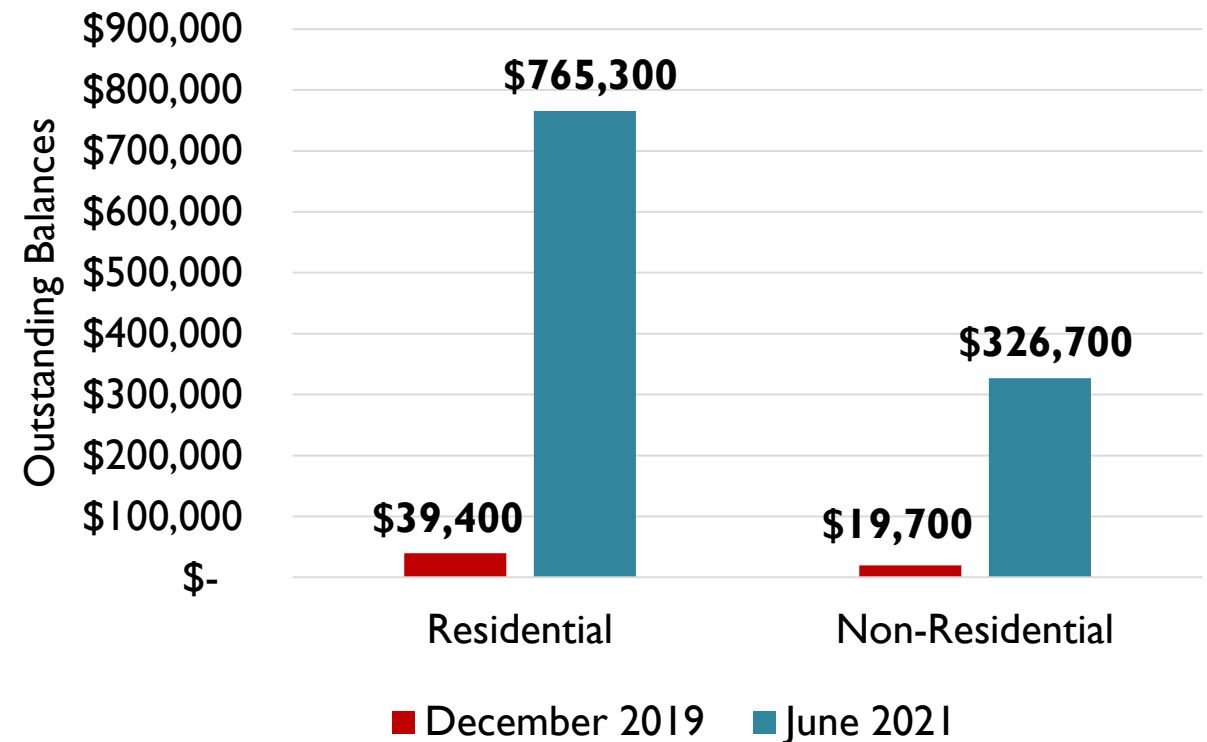
- Expand Muni Water's website content to address additional common requests
- Improve language accessibility
- Make it easier for low-income and medically vulnerable customers to apply for assistance programs
- Make detailed billing statements available online and standardize information across different platforms and materials



Finding 4: Customers Are Facing Financial Burdens Due to the Pandemic

- More than 1,160 Muni Water customers owed a combined total of \$1.1 million in overdue balances, as of June 2021.
 - This balance is more than 18 times what was owed before the pandemic in December 2019.
- The City billed \$1 million in late payment charges in FY 2020-21.

Exhibit 14: Outstanding Balances of Muni Water Customers Have Grown During the Pandemic (p.46)



Finding 4: Customers Are Facing Financial Burdens Due to the Pandemic

- Financial assistance may be available to customers through both existing and new federal and state programs. Potentially including:
 - Low Income Household Water Assistance Program
 - California Water and Wastewater Arrearages Payment Program
 - California's Rental Relief Program offers utility assistance

RECOMMENDATIONS:

To address the financial burdens of the pandemic on Muni Water customers, the City should:

- Implement a combination of strategies to assist customers, potentially including automatic enrollment into payment plans, outreach about state or local assistance programs, or distributing financial assistance to customers



Conclusion

Our audit report includes a total of 13 recommendations.

We would like to thank the Environmental Services Department, the Finance Department, the Information Technology Department, the City Attorney's Office, and the Budget Office for their time, information, insight, and cooperation during the audit process.

The audit report is available at www.sanjoseca.gov/auditor