



To: Mayor and City Council

From: Robert D. Goode, Assistant City Manager

CC: Marc A. Ott, City Manager
Bob Gedert, Director, Austin Resource Recovery Department

Date: August 25, 2014

Subject: ARR Billing Reconciliation Project

The purpose of this memo is to provide City Council with information and next steps regarding an Austin Resource Recovery (ARR) billing reconciliation project.

Background

ARR performed a quality control internal reconciliation between the GIS system and the Citywide billing system finding that about 5,000 accounts were not being billed for all of the ARR fees. The majority (90%) of these accounts were not being billed the Clean Community Fee and the rest were not billed applicable cart or base fees. ARR has approximately 373,000 clean community customers and the non-billed accounts equate to 1% of that amount. ARR has approximately 189,000 curbside collection customers and the non-billed accounts represent 0.2% of the total.

Clean Community Fee

The Clean Community Fee pays for services that keep Austin clean and enhance the livability of our neighborhoods and the downtown area. These citywide services include: litter and nuisance clean up, street cleaning, and operations of the household hazardous waste facility. This is a required fee charged to all City of Austin residents where utility service is active.

The Clean Community fee customers that were not being billed were recently constructed apartment complexes. The process for establishing the billing for all newly constructed premises involves coordination between Austin Energy's (AE) Premise Management Team and ARR's Premise Management and Billing Team. AE facilitates the upload of addresses to the billing system, adds the necessary information to allow billing for electric services, then sends a notification to ARR to add the necessary information for billing for ARR services. During the quality assurance audit, we found a breakdown in the communication and processes regarding these multi-family addresses so that the ARR billing information was never added to the addresses.

Cart and Base Fees

The cart and base fee billing errors occurred primarily when a new customer didn't have a new cart delivered. This can occur if they brought their cart from their previous address, took someone else's cart, or the cart wasn't picked up from the previous tenant because it was in the garage or other area outside of the view. Also, like the multi-family customers, if ARR is not notified of the existence of a newly constructed home and doesn't add on the necessary ARR billing information, a customer would not be billed ARR fees even if they may be receiving ARR curbside collection services.

Status of the Project

The ARR Billing group is working diligently to get all customers billed as quickly as possible, and to permanently address this concern. Staff are focused on finishing this billing reconciliation by the end of fiscal year 2013-14. After careful consideration of the staff time required toward adjusting these customer accounts, and the impact on our customers, the primary focus of staff time is dedicated to correcting the service accounts to reflect current services provided. The decision to not pursue back-billing in these situations reflects the consideration that this situation was caused by internal procedural errors and not caused by our customers. In addition, the extra staff time required to research the account and determine back-billed amounts is higher in cost than the low yield of new revenue. The goal of this current billing activity is to complete the task of correcting these customer service accounts by the end of September.

Next Steps

Moving forward beyond the current situation, ARR will embrace the procedures utilized by Austin Energy and Austin Water regarding correction of service records and back-billing procedures, as outlined in the Austin Code of Ordinances Regulation §15-9-140(B). This regulation also applies to ARR services and customers.

In an effort to guard against future billing errors, ARR Finance and Quality Assurance staff are collaborating with Austin Energy's Premise Management and Billing teams on the development of standard operating procedures to ensure that ARR is notified of any and all new addresses that may be in the ARR service area. Additionally ARR is developing a recurring internal reconciliation process between the billing and addressing systems to ensure that all customers are correctly being billed the appropriate fees for the services provided.

If there are any concerns regarding this billing issue, please call Bob Gedert at 512-974-1926.