

ORDINANCE NO. 945

AN ORDINANCE OF THE CITY OF CALLAWAY, FLORIDA, TEMPORARILY REDUCING BY 100% THE CITY OF CALLAWAY'S TRANSPORTATION IMPACT FEE PREVIOUSLY ESTABLISHED BY ORDINANCE 862; PROVIDING FOR REINSTATEMENT OF THE AMOUNT OF IMPACT FEES; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEAL; PROVIDING FOR INCLUSION IN CODE; PROVIDING AN EFFECTIVE DATE..

WHEREAS, the City Commission of the City of Callaway has determined that a reduction in impact fees will serve a public purpose of encouraging development.

NOW THEREFORE BE IT ENACTED by the Callaway Commission of the City of Callaway, Florida that:

SECTION 1. REDUCTION OF CURRENT AMOUNT OF IMPACT FEES.

The Callaway Transportation Impact Fee Ordinance No. 862 is hereby amended to temporarily reduce the current amount of all transportation impact fees by one hundred percent (100%) for twelve (12) months from the effective date of this ordinance.

SECTION 2. REINSTATEMENT OF THE CURRENT AMOUNT OF IMPACT FEES.

The current amount of all Impact Fees set forth in Ordinance No. 862 shall be automatically reinstated, enforced and collected twelve (12) months after the effective date of this ordinance. This ordinance shall not be applicable to development for which a building permit was issued and impact fees were paid prior to the date of this ordinance.

SECTION 3. SEVERABILITY.

If any section, subsection, clause, phrase, or provision of this Ordinance is

held invalid or unconstitutional, such invalidity or unconstitutionality shall not be construed as to render invalid or unconstitutional the remaining provisions of this Ordinance.

SECTION 4. REPEAL

All ordinances or parts of ordinances in conflict with this ordinance are to the extent of such conflict hereby repealed. Except as set forth herein all other provisions of Ordinance No. 862 shall remain in full force and effect.

SECTION 5. INCLUSION IN CODE.

It is the intention of the City Commission, and it is hereby provided that the provisions of this ordinance shall become and be made a part of the City of Callaway Code of Ordinances; that the sections of this ordinance may be re-numbered or re-lettered to accomplish such intention; and that the word "ordinance" may be changed to "section", "article" or other appropriate designation.

SECTION 6. EFFECTIVE DATE.

This ordinance shall take effect immediately.

PASSED, APPROVED AND ADOPTED at the regular meeting of the City Commission of the City of Callaway, Florida, this 28th day of October, 2014.

THOMAS W. ABBOTT, MAYOR

ATTEST:

SANDRA B. HIRTH, CITY CLERK

**City of Callaway Board of Commissioners
Agenda Item Summary**

October 28, 2014

AMR/AMI Water Meter System – Request for Proposals

<p>1. PLACED ON AGENDA BY:</p> <p>J. Michael Fuller, City Manager</p>	<p>2. AGENDA:</p> <p>PRESENTATION <input type="checkbox"/></p> <p>PUBLIC HEARING <input type="checkbox"/></p> <p>CONSENT <input type="checkbox"/></p> <p>OLD BUSINESS <input checked="" type="checkbox"/></p> <p>REGULAR <input type="checkbox"/></p>
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3. IS THIS ITEM BUDGETED (IF APPLICABLE)?: Yes No

Project is included in the FY15 budget

4. BACKGROUND: (WHY, WHAT, WHO, WHERE, WHEN, HOW, & IDENTIFY ALL ATTACHMENTS)

At the last regular meeting, the Commission directed staff to re-write a Request for Proposal (RFP) for the purchase of an AMR/AMI capable water meter system and allow the Commission to review it prior to advertising. The Commission also requested the City Attorney review the draft RFP prior to the next meeting. A copy of the draft RFP has been attached for review by the Commission. The primary objective was to make all parts of the RFP consistent and broader. Please note that the meter system specifications are not included and will be finalized prior to the meeting.

Attachments

- Draft RFP

5. REQUESTED MOTION/ACTION:

Staff recommends that the Commission approve the Request For Proposal and authorize staff to advertise/announce the bid opening.

**CITY OF CALLAWAY
REQUEST FOR PROPOSAL: AMR/AMI WATER METER SYSTEM**

NOTICE IS HEREBY GIVEN that sealed proposals will be received by the City of Callaway, Florida for the items and services listed in this package for the completion of a radio reading meter reading system project. All meters will be replaced with solid state AMR/AMI water meters. Proposals may be submitted on or before the scheduled opening to take place at 4:30 p.m. CST, Monday, December 1, 2014 at Callaway City Hall, 6601 E. Highway 22, Callaway, FL 32404. The required meter system specifications are contained herein. Submission of a proposal constitutes acceptance of the terms and conditions of this request for proposals and the conditions and specification stated as follows:

The City of Callaway wishes to solicit Proposals for a Migratable Drive – By Radio Read System to provide meter-reading and other potential benefits to the City's utility system. The project is intended to include 6140 solid state AMR/AMI water meters, radio read system and supporting equipment.

The City of Callaway wishes to procure a system that has the ability to provide the following:

- Hourly interval data via Radio Read system.
- New replacement water meters that will increase the accuracy of the reads associated with the system.
- Increased efficiency of the water system, lower operating costs, and aid in Customer Service
- A Radio transmitter that shall allow migration from walk-by to drive-by to a fixed base without the need for a site visit.
- A fully two-way transmission all the way to the meter transmitter, allowing for not only reading but programming of the endpoint remotely
- Utilization of a Primary Licensed FCC Frequency to enable robust operation, high capacity bandwidth, and interoperability with current and future applications.
- Capability for leak detection on the customer side, and help support acoustic leak detection capabilities on the distribution side.
- Efficient automatic meter reading that will lower the amount of fuel consumed by the system and thus lower the carbon footprint.

The full required specifications are provided by the METER SYSTEM/SPECIFICATIONS section of this Request for Proposals. The City does not wish to purchase radio frequency systems governed by Part 15 of Title 47 CFR because of permissible band frequency interference. The City wishes to purchase a Primary FCC Licensed system in order to protect its investment in the infrastructure purchased over the equipment life cycle.

The City will enter into a three-year contract with the selected Contractor. The contract shall provide that all unit prices remain the same during the term of the contract and that the City may make multiple orders during the term of the contract based on the City's then current needs. The City anticipates that over the full term of the contact, it will order the quantities of products described by this Request for Proposals, but the City will not be required to do so.

The City of Callaway hereby reserves the right to reject any and all bids and to waive irregularities or informalities in the bids.

Dated this 1st day of November 2014.

/s/
Sandy Hirth
City Clerk

[Publish date: November 1, 2014]

**CITY OF CALLAWAY
REQUEST FOR PROPOSAL: AMR/AMI WATER METER SYSTEM**

INSTRUCTIONS

1. **Bid Documents:** The following are part of this Request for Proposals and shall be incorporated in the resulting contract :
 - a) Request for Proposal (RFP)
 - b) Instructions
 - c) Meter System/Specifications
 - d) List of Material/Equipment
 - e) Bid Sheet

2. **Definitions:** Whenever the word "Owner" is used in the contract, it shall mean the City of Green River, Wyoming. Whenever the word "Contractor" is used herein, it shall mean the person, firm or corporation entering into the contract for the performance of the work covered by these specifications.

3. **Reservations:** The City of Callaway, Florida, reserves the right to reject any or all RFP responses or any part thereof and/or to waive formalities, if such action is deemed to be in the best interest of the City. However items listed as strictly enforced shall be so enforced.

The City is requiring a proposal for all necessary components to acquire an AMI/AMR project. The Proposer must include all components and be willing to supply any component of the RFP which The City in its sole discretion shall award; The City will accept only those components that are deemed to be in its best interest. The City understands that product choice will affect other components (i.e. meters and registers etc.) and as such requires that all components awarded under this RFP shall be from the same Proposer.

4. **Quotations:** Proposer must choose its single best solution that meets the specification for this project. Proposers must determine for themselves which solution to offer.

5. **No Deviations To Specifications Allowed:** The Specifications outlined in this RFP shall be strictly enforced. No deviations will be tolerated unless the City determines in its sole discretion that the proposal results in a superior product or service for the City based on the City's particular needs and preferences. Any products not meeting the specification agreed upon in the resulting contract may be rejected by the City.

6. **Cartage, Freight & Transportation Charges:** No charge will be allowed for cartage or packing unless by special agreement. Unit prices shall include freight and delivery charges to locations as specified by the City.

7. **Title and Risk of Loss:** Title to products ordered shall pass to the City upon the City's receipt of the products at the address specified by the City. Risk of loss for the products ordered shall not pass from the Contractor to the City until such receipt of the delivery by the City.

8. **Taxes:** The Proposer shall be responsible for licensing fees for contractors associated with work being performed in the City of Callaway.
9. **Warranty:** All equipment, accessories, and component parts shall be guaranteed by the Proposer to be free of defects in workmanship and design and to operate as specified and intended. The manufacturer's standard warranty or a minimum one year warranty, whichever is greater, shall be given to the City at time of acceptance. The effective date of the warranty shall be the date of acceptable delivery by the City.

COPIES OF THE MANUFACTURER'S WARRANTY SHALL BE INCLUDED WITH EACH RESPONSE.

Proposer **must** be the factory authorized distributor capable of processing warranty claims.

10. **Collusion:** Proposer certifies that the proposal is made without any previous understanding, agreement or connection with any person, firm or corporation making a proposal for the same items, and is in all respects fair, without side control, collusion, fraud or otherwise illegal action.
11. **Interpretation:** Should any Proposer have any questions as to the intent or meaning of any part of this RFP, he must contact the following representative of the City in writing no later than two business days before proposals are due. All replies by the City will be in writing and will be available to all other proposers.

Catrese Bowley
Purchasing Clerk
cbowley@cityofcallaway.com

12. **Errors in Proposals:** Proposers or their authorized representatives are expected to fully inform themselves as to the conditions, requirements, and specifications before submitting their response. Failure to do so will be at the Proposers own risk and cannot secure relief on the plea of error. It shall be the responsibility of the Proposer to make sure that his response arrives at the proper place and time as required in the RFP.
13. **Federal And State Laws:** All items (equipment, products, accessories, and services) supplied by the Proposer shall comply with all Federal and State standards, applicable and effective on the date of acceptance.
14. **The evaluation of this proposal will be based primarily on compliance with or exceedance of the required specifications, quality of products, and overall system cost. The terms and conditions of the contract proposed pursuant to Section 19 and the cost and quality of system maintenance program proposed pursuant to Section 17 shall also be considered by the City.**
15. **Rights of parties:** The City will rank the fully responsive proposals and then attempt to negotiate a contract with the first ranked proposer. If the City is unable to successfully negotiate a contract with the first ranked proposer, the City may then attempt to negotiate a contract with the second ranked proposer. The City of Callaway retains the right to award or not award the contract or any portion herein to the party most qualified in the City's sole discretion. Responding firms shall have the right to withdraw their response in the event that selection is not made within 30 days or final contracts are not negotiated.
16. **Infrastructure Requirements:** The City desires to minimize the amount of time to collect meter reading data, as well as reduce inventory and maintenance requirements. The Proposed system must have the ability to migrate from a walk-by or drive-by system to a fixed base system without the requirement for a field visit.

The proposed system must have an option for on-going maintenance program.

Because the City of Callaway wishes to ensure the performance of its system over its useful life and minimize interference issues the proposed Product must utilize a licensed Primary FCC frequency; Proposer must submit evidence of the FCC License within its bid response. Failure to comply with this provision shall result in an automatic disqualification of the Proposer's Response.

17. **System Maintenance and Support:** In addition to warranty periods, proposers are required to supply information and pricing on maintenance programs beyond the warranty period for both hardware and software. Proposers must supply the actual contract terms that will apply to its maintenance program rather just a summary. The City may choose not to purchase the maintenance program proposed by the selected contractor.
18. **System History:** The Proposed radio read technology manufacturer must have produced at least one radio read system that has been in commercial use for a minimum of five years. Also, no less than 5 radio read technology systems produced by the manufacturer of similar or greater size than the City's system must be in use in the state of Florida and be available as references.
19. **Contract:** Proposer must submit their standardized/draft contract to the City outlining the terms and conditions of their bid. Once the Project has been awarded it is the intention of the City to negotiate a final contract with the Proposer based on his submitted boiler plate contract.
20. **Insurance Requirements:** During the delivery and support portion Proposer shall maintain and shall assure that its subcontractors maintain insurance as follows:
 - a) Worker compensation insurance (or self-insurance) in accordance with applicable law;
 - b) Comprehensive general liability insurance in an amount of at least \$1,500,000 per occurrence; and
 - c) Motor vehicle liability insurance in an amount at least equal to \$1,500,000 for each accident.Such coverage may be provided under primary and excess policies. At the request of City, the Proposer shall provide or cause its subcontractor to provide to the City a certificate of insurance with respect to such policies.

CITY OF CALLAWAY
REQUEST FOR PROPOSAL: AMR/AMI WATER METER SYSTEM
METER SYSTEM/SPECIFICATIONS

Water Meter Specifications:
5/8"X3/4", 3/4" and 1" Sizes

1-1/2", 2", 3", 4", and 6" Sizes

RADIO READ SYSTEM SPECIFICATIONS

VEHICLE BASED MOBILE METER READING SYSTEM

AUTOMATIC METER READING SOFTWARE

**CITY OF CALLAWAY
REQUEST FOR PROPOSAL: AMR/AMI WATER METER SYSTEM**

LIST OF MATERIAL/EQUIPMENT

this project is to provide equipment to the City of Callaway in order to support a Radio Read Meter Reading System. The items listed in the table below are fixed quantities

Radio Read System Description	Quantity	Unit price	Amount
Water Meters			
5/8X3/4" Water Meter w/ Encoded Register	6140		
1" Water Meter w/ Encoded Register	####		
1.5" Compound Meter w/ Encoded Register	#####		
2" Turbo Meter w/ Encoded Register	####		
2" Compound Meter w/ Encoded Register	####		
3" Turbo Meter w/ Encoded Register only	####		
4" Compound Meter w/ Encoded Register only	###		
Radio Read System			
Vehicle Drive By Collection Unit	1		
Meter Reading Software	1		
Handheld Device	1		
Single Port Transmitter for above listed meters	6140		
Dual Port Transmitter for above listed meters	#####		

**CITY OF CALLAWAY
REQUEST FOR PROPOSAL: AMR/AMI WATER METER SYSTEM**

PROPOSAL SHEET

Project: Radio Read Meter Reading System

Company Submitting Response _____

Address of Proposer _____

Signature: _____

Signature of Proposer by signing above Proposer acknowledges that they have the authority to sign on behalf the company responding.

Total Project Proposal Price for Materials and Equipment \$ _____

Maintenance Program Price and Summary of Terms \$ _____

**City of Callaway Board of Commissioners
Agenda Item Summary**

October 28, 2014

Resolution 14-22 - Commission Meeting Schedule for FY15

1. PLACED ON AGENDA BY:

J.. Michael Fuller, City Manager

2. AGENDA:

PRESENTATION	<input type="checkbox"/>
PUBLIC HEARING	<input type="checkbox"/>
CONSENT	<input type="checkbox"/>
REGULAR	<input checked="" type="checkbox"/>

3. IS THIS ITEM BUDGETED (IF APPLICABLE)?: Yes No

N/A

4. BACKGROUND: (WHY, WHAT, WHO, WHERE, WHEN, HOW, & IDENTIFY ALL ATTACHMENTS)

After discussing the Commission's requests regarding the meeting schedule at the October 14, 2014 Commission meeting, attached is Resolution 14-22 and "Attachment A" which is the suggested list of meeting dates for FY15. Per the Commission's request, I have placed one meeting date for November and one meeting date for December.

ATTACHMENT:

- Resolution 14-22

5. REQUESTED MOTION/ACTION:

Request Commission to discuss and approve Resolution 14-22 designating Regular Commission meeting dates for FY15.

RESOLUTION 14-22

A RESOLUTION TO ADOPT A MEETING SCHEDULE FOR THE REGULAR MEETINGS OF THE CITY OF CALLAWAY BOARD OF CITY COMMISSIONERS FOR THE FISCAL YEAR 2014-2015; REPEALING ALL RESOLUTIONS IN CONFLICT HERewith AND RECITING AN EFFECTIVE DATE.

WHEREAS, the City of Callaway Board of City Commissioners have passed Ordinance #927 allowing for the adoption of an annual regular meeting calendar; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF CALLAWAY, FLORIDA THAT:

SECTION 1. The City Commission of the City of Callaway adopts the "2014-2015 Annual Calendar" for Regular Commission meetings as identified in Exhibit "A".

SECTION 2. REPEAL. All resolutions or parts of resolutions in conflict herewith are repealed to the extent of such conflict.

SECTION 3. EFFECTIVE DATE. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 28th day of October, 2014, by the CALLAWAY CITY COMMISSION meeting in regular session.

CITY OF CALLAWAY, FLORIDA

Thomas W. Abbott, Mayor

ATTEST:

Sandra Hirth, City Clerk

EXHIBIT "A"

2014-2015 ANNUAL REGULAR MEETING CALENDAR
OF THE CALLAWAY CITY COMMISSION

DATE	TIME
October 14, 2014	6:00 P.M.
October 28, 2014	6:00 P.M.
November 12, 2014	6:00 P.M.
December 9, 2014	6:00 P.M.
January 13, 2015	6:00 P.M.
January 27, 2015	6:00 P.M.
February 10, 2015	6:00 P.M.
February 24, 2015	6:00 P.M.
March 10, 2015	6:00 P.M.
March 24, 2015	6:00 P.M.
April 14, 2015	6:00 P.M.
April 28, 2015	6:00 P.M.
May 12, 2015	6:00 P.M.
May 26, 2015	6:00 P.M.
June 9, 2015	6:00 P.M.
June 23, 2015	6:00 P.M.
July 14, 2015	6:00 P.M.
July 28, 2015	6:00 P.M.
August 11, 2015	6:00 P.M.
August 25, 2015	6:00 P.M.
September 8, 2015	6:00 P.M.
September 22, 2015	6:00 P.M.

**City of Callaway Board of Commissioners
Agenda Item Summary**

October 28, 2014

Utility Billing and Cash Receipt Recommendations

1. PLACED ON AGENDA BY:

J. Michael Fuller, City Manager

2. AGENDA:

PRESENTATION	<input type="checkbox"/>
PUBLIC HEARING	<input type="checkbox"/>
CONSENT	<input type="checkbox"/>
REGULAR	<input checked="" type="checkbox"/>

3. IS THIS ITEM BUDGETED (IF APPLICABLE)?: Yes No

N/A

4. BACKGROUND: (WHY, WHAT, WHO, WHERE, WHEN, HOW, & IDENTIFY ALL ATTACHMENTS)

Recently, the City engaged Warren Averett to evaluate selected processes in the billing and cash receipt cycle of the Water Utility Enterprise Fund. Warren Averett collected and analyzed data from the past eighteen (18) to twenty-four (24) months. They presented their findings and recommendations in the Billing and Cash Receipt Evaluation Report dated October 13, 2014. A copy of the Recommendations is attached. The report outlined nine (9) observations and recommendations. Some of the recommendations are operational in nature, while others could affect policy. These recommendations are summarized below:

- 1) Organizational Structure – Utility Billing/Finance personnel functions and responsibilities.
- 2) Cycle Billing and Meter Reading – 2 or 3 cycles a month and electronic meter reading equipment.
- 3) Written Policy and Procedures – Updating/amending Accounting Policy and Utility Billing Policy Manuals.
- 4) Risk Assessment – annual/bi-annual account testing.
- 5) New Meter Connections – update new account set up and collection agency communication.
- 6) Exception Reporting – Springbrook to create report.
- 7) Bill Calculation – due dates and mailing.
- 8) End of Shift Procedures – closing and counting drawers.
- 9) Cash Receipts and Deposits – Cash and checks on daily basis.

Staff is requesting the Commission review the recommendations in the report and provide guidance to staff. Please note that staff is discontinuing check scanning and is already preparing to implement online billing. Staff is also in contact with Springbrook regarding a customized exception report. Some of the recommendations will require changing city policy.

Attachments

- Observations and Recommendations in Warren Averett Report

5. REQUESTED MOTION/ACTION:

Staff requests the Commission to adopt the recommendation outlined in the Warren Averett Report dated October 13, 2014.

OBSERVATIONS AND RECOMMENDATIONS

1. Functional Overview – Organizational Structure

Observation

The current lines of authority are not clear and transitions in the City Clerk, Finance Director, and City Manager functions along with customer service representative transition have impacted operations. In the current organizational structure, the utility billing and collection duties rest with both the Director of Finance as the manager of the function and the City Clerk. One customer service representative technically reports to the City Clerk and the other two representatives and the meter readers report to the Assistant to the Finance Director. Further the City's Utility Billing policy manual refers to a Utility Billing Supervisor; however, no such position formally exists.

Recommendation

The utility services function should be the overall responsibility of the Director of Finance. The customer service representatives, to include meter readers, should report to the Utility Billing Supervisor, who in turn reports to the Director of Finance. The Assistant to the Finance Director currently functions as the Utility Billing Supervisor.

It is possible an additional position is needed to serve the non-utility duties of the Assistant to the Finance Director role. Some strain on the system may be alleviated if the City were to implement cycle billing. Further the City is now operating without a Director of Finance and just modified City Hall working hours from five 10 hour days requiring staggered shifts to five 8 hour days. The changing circumstances make it difficult to make a formal recommendation; however the need for an additional part or full time position in the Finance function may need to be evaluated by the Commission in the near future.

2. Functional Overview – Cycle Billing & Meter Reading

Observation

The single billing cycle for all utilities results in increased overtime, unnecessary time compression and increased risk of errors. The City currently has one billing cycle per month to service approximately 6,400 utility accounts and 8,300 meters. We inquired of other municipalities providing similar utility service and determined that three cities with number of accounts that range from 6,700 to 10,000 are configured to four billing cycles per month (one per week). One municipality with 1,800 accounts operated one cycle billing. Further using exclusively drive-by meter readings, one municipality could read all meters in the weekly cycle in about 4 hours or in ½ of one day. This is accomplished by one meter reader.

Recommendation

Cycle billing can create a more balanced workload as well as improve cash flow by spreading out cash receipt. Physical observation during our procedures illustrated the current staff could not keep pace with the workload of customer assistance, payment processing or cut-offs and re-reads, all which affect utility bill processing and cash receipt processing. In an interview with the Director of Finance employed by the City from 2005 to 2013, she indicated during the week of the 15th, it was normally necessary for the Assistant to the Finance Director and the Director of Finance to process mail and drop box utility cash receipts batches in order for deposits to be made timely. The size of the City's utility operation would benefit from at least a twice a month billing cycle. Further the City Commission should continue consideration of electronic meter reading equipment.

3. Functional Overview – Written Policy and Procedures

Observation

The City has formal documentation of policy in the Accounting Policy Manual and the Utility Billing Manual. However certain policies need to be updated to reflect changes directed by the governing body such as utility deposits. In addition the current policy manual does not address outside collections or write-offs in the system. The policy documents are not distributed to new staff upon employment or job transition. For example, the City Clerk indicated that she was not aware of the policy that required cash deposits to be made within two days of receipt until brought to her attention in September 2014.

Recommendation

The accounting and billing policies should be updated to reflect current processes to include recommendations that may be adopted from this report. The documents should be reviewed for significant operational activities (such as collection efforts on delinquent accounts) that may have been overlooked. Job descriptions, to include policy documents that should be provided upon employment or job transition, should be developed and maintained in coordination with the HR function to ensure new employees or employees in new roles have resources and information to properly carry out their duties.

4. Functional Overview – Risk Assessment

Observation

The City does not have a documented control or fraud risk assessment. Risks in the utility billing function include, but are not limited to the risk that all active accounts in the system are not billed. As documented in attachment 6, we determined 12 accounts were not configured properly in the City's system and thus meters were not recently read.

Recommendation

While the exceptions noted are not material to the City's financial position, the City should consider performing tests, similar to those outlined in the account and meter analysis section, internally on a bi-annual or annual basis to ensure all accounts are configured properly to reduce the risk of not billing all accounts in the system. This strategy should be documented as part of its risk assessment.

5. Flow of Transactions – New Meter Connections

Observation

Current policies do not require a secondary review for new accounts opened.

Recommendation

We recommend that new accounts established are reviewed by the Assistant to the Finance Director or Director of Finance on a periodic basis to ensure the proper paperwork exists, deposits established are in accordance with policy, and the proper search of past due accounts under the customer name was performed. Springbrook should be able to produce an automated report that lists new accounts established within certain date ranges to facilitate the periodic review.

In addition each customer service representative has the individual responsibility to email the collection agency if they collect on an account previously turned over to the agency. We recommend the City work with Springbrook to develop an automated monthly report that could be submitted to the collection agency of past due collections by the City. This would ensure all information required to be communicated is captured rather than left to the responsibility of each individual customer service representative.

6. Flow of Transactions – Exception reporting

Observation

Currently the City does not have an efficient method to monitor for inaccurate meter reads. Customer service personnel manually scan the proof list to identify meter readings that might contain possible exceptions for re-reads. The City has attempted to develop an automated report from Springbrook but has not been successful in producing a report that meets their needs.

Recommendation

We continue to recommend the City work with their software vendor, Springbrook, to produce automated exception reporting. An automated report will reduce personnel time to scan the list and will also ensure all accounts falling outside the set parameters are flagged.

7. Flow of Transactions – Bill Calculation

Observation

The City's Utility Billing Manual does not address a policy for the acceptable number of days between when utility bills are sent and when they are due. The policy does address bills are due on the 15th day of each month. As illustrated in attachment 2, the number of days between bill due date and mailing due date, over the past 24 months, ranged from a maximum of 19 days to a minimum of 10 days, (excluding two months considered unusual).

Recommendation

The City should develop a policy such as bills are to be mailed 16 to 18 days prior to their due date in order to achieve consistency in billing for the users of the services. The City cannot control the number of days it takes the post office to deliver mail; it can control the date of the mailing. However due to the compression on the system based on volume of accounts and the single billing cycle, such a policy may not feasibly be able to be worked out until other aspects of operations are addressed.

8. Flow of Transactions – End of Shift Procedures

Observation

Customer service representatives are not balancing drawers to the proof list before closing of their respective shifts. The drawers are balanced the next day between 7:00AM and 7:30AM before City Hall opened. As a result of the impact of the staggered schedules and if any problems are encountered in balancing a drawer, both cash and check deposits are prone to delays in further processing under the existing procedures. We realize the staggered schedule issue was resolved with the change in operating hours effective October 1, 2014.

Recommendation

Customer service personnel should ideally balance their drawers to the proof daily at the close of the shift. To limit overtime, the City may consider shutting down one window at a time starting at 3:00PM and opening a new batch for deposits that are received after balancing the drawer. For example customer service representative A would shut down at 3:00PM and balance the drawer to the proof list and prepare the deposit. Customer service representative A would re-open the window and start a new batch at 3:30. At that time, customer service representative B would shut down the window and balance the drawer to the proof list. Customer service representative B would re-open the window and start a new batch at 4:00PM. Customer service representative C would shut down the window and balance the drawer at 4:00PM and a Sheriff's deputy would take the deposits to the bank at 4:30PM as further described in the next observation. Customer service representative C would then re-open the window and start at new batch at 4:30PM. The smaller batches opened between 3:30PM and 4:30PM are considered part of the following day's batch. This approach may achieve the desired control objective but limit overtime costs.

This process, if adopted, will require modification on the days of payment before penalties are assessed and cutoff.

9. Flow of Transactions – Cash Receipts and Deposits

Observation

Cash and checks remitted by the City in the utility billing function are not immediately deposited. Customer service personnel forward the cash and checks, along with other batch information, to the City Clerk for review prior to committing batches. In addition the City began scanning checks in June, 2012 rather than directly depositing them at the bank.

The check scanning process provides immediate deposit of the funds and reduces the need for branch visits. However the software does not always read checks correctly; particularly those that are manually prepared. As a result, time is incurred, particularly in large batch processing, to determine which images were not properly read. The City has been using a temporary employee to scan the checks as well as to function as a customer service representative on Mondays and Fridays due to the staggered schedules and backup for when there are vacancies such as when an employee is on vacation or sick. Batches which include both cash and checks are not forwarded to the City Clerk for processing until after the check scanning takes place. Check scanning is recognized as important but not a critical duty. The process will be delayed if the temporary employee is needed to perform other critical functions such as customer service or to process mail and drop box payments during times of heavy deposit.

Recommendation

Internal controls are not significantly enhanced by the second review by the City Clerk of cash and check received prior to committing the batch. Further cash should be deposited as soon as possible after receipt to limit physical security concerns since cash is the asset most susceptible to theft.

We recommend that cash and checks be immediately deposited after the balancing of the drawer to the proof list by the customer service representative which includes preparation of the deposit slips. Since Sheriff's deputies are already tasked to take deposits to the bank on a daily basis, there is limited value to the City in the scanning function. The deputies should be prepared to take a deposit at 4:30PM each day if the City were to implement the staggered drawer balancing.

The validated bank deposit slips and proof list should be used by the City Clerk to commit batches the day following deposit of the funds. Any discrepancies between the proof list and the validated deposit slips should be immediately brought to the attention to the Director of Finance and Assistant to the Finance Director for resolution. Since the customer service representatives have limited ability to make changes in the accounting system, any off the books fraud should be immediately detected as long as the batches are reconciled and committed on a timely basis. Voids and credits to customer accounts require approval by management and should also be reviewed on an ongoing basis by the Director of Finance as part of proper monitoring controls.