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BOONE COUNTY REGIONAL SEWER DISTRICT

STAFF REPORT

TO: Board of Trustees
FROM: Jesse Stephens, Executive Director
DATE: November 23rd, 2026
SUBJECT: Proposed Amendment to User Rate Regulations – Property Owner Billing and Account Responsibility

1. PURPOSE

The purpose of this report is to recommend that the Board amend the District's User Rate Regulations to establish property owners as the responsible account holders for sewer service provided to their properties, regardless of whether the property is owner-occupied or tenant-occupied.

Under the proposed policy, the District would send a bill to both the property owner and the tenant occupying the property. Tenants would continue to have the ability to make payments directly to the District, just as they do under the current billing arrangement. However, the property owner would be identified as the responsible account holder and would receive billing information directly from the District.

This approach would provide greater transparency to all parties, improve communication regarding account balances, and help protect the District against accumulating delinquent receivables.

The proposed change is not intended to prevent tenants from paying their sewer bills, eliminate existing rental arrangements, or require property owners to collect payments on behalf of the District. Rather, it establishes a consistent billing relationship that ensures property owners are informed about the status of sewer accounts associated with their properties.

2. BACKGROUND AND CURRENT CONDITIONS

The District currently allows sewer accounts for tenant-occupied properties to be established in the tenant's name. While this arrangement has been allowed, it creates certain collection challenges when tenants become delinquent and subsequently vacate a property.

Because sewer service is associated with the property, unpaid balances can create additional collection and administrative burdens for the District. When an account is held solely in a tenant's name, the District may have difficulty collecting outstanding balances after the tenant moves, particularly when the former tenant cannot be located or has limited ability to pay.

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The District has statutory authority under Chapter 204, RSMo, to establish charges for sewer service and provides mechanisms for collecting delinquent charges, including liens against the property when applicable statutory requirements are met.

The District believes it is appropriate to review its existing billing practices and establish a more consistent relationship between the property receiving sewer service and the property owner.

3. DELINQUENCY AND RECEIVABLE TRENDS

The District's outstanding receivables have increased over the past year. A comparison of current figures with those from approximately one year ago demonstrates the growing concern.

Measure	One Year Ago	Current	Change
Tenant bills more than 90 days delinquent	267	435	+168 (62.9%)
Total accounts receivable	$276,931	$335,801	+$58,870 (21.3%)
Owner-occupied delinquent bills	42	111	+69

The most significant concern is the increase in tenant accounts that have remained delinquent for more than 90 days. This figure has increased by approximately 63% over the past year.

Total outstanding receivables have also increased by nearly $59,000, representing an increase of approximately 21%.

Although owner-occupied delinquent accounts have also increased compared with the same period last year, staff reports that this category has been declining in more recent reporting periods. The increase in tenant-related delinquency remains a particular concern because of the additional collection difficulties associated with tenant turnover.

The District has an obligation to responsibly manage its financial resources and protect its ability to collect revenues necessary to operate and maintain the wastewater system. Allowing delinquent balances to accumulate creates additional collection expenses and ultimately places greater financial pressure on the District.

4. CHANGES IN COLLECTION ENVIRONMENT AND ENFORCEMENT LIMITATIONS

Staff believes there may be additional factors contributing to the increase in tenant delinquencies.

When the District transitioned its billing services away from Boone Electric Cooperative and assumed responsibility for its own billing system, it is possible that some tenants began viewing sewer service differently from other utility services. Under the previous billing arrangement,

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tenants may have associated failure to pay their sewer bill with the potential consequences of nonpayment of other utility services, particularly electric service.

Unlike electric service, sewer service cannot be disconnected in the same straightforward manner as other utilities. Consequently, some tenants may have come to recognize that failure to pay their sewer bill is less likely to result in an immediate consequence, such as losing an essential utility service.

Staff does not have information establishing that this change is directly responsible for the increase in delinquent accounts. However, it is a potential contributing factor worth considering when evaluating the District's current collection challenges.

The District does have options for addressing delinquent accounts, including the use of water service disconnection where available and legally permissible. However, this approach presents significant practical challenges.

Water disconnections can be extremely labor-intensive to execute and can involve substantial staff time and coordination. In portions of the District's service area, water service is provided by separate public water supply districts or other providers, requiring coordination with organizations outside the District's direct control.

Additionally, the process can result in hundreds of dollars in additional charges, fees, and expenses being added to a tenant's outstanding balance. Rather than improving the likelihood of collecting the original sewer charges, this approach can leave the tenant with an even larger outstanding debt.

Water disconnection is therefore not an ideal routine collection method. It is an enforcement option that can be costly and difficult to administer, particularly when compared with preventing delinquent balances from accumulating in the first place.

Staff believes that establishing property owners as the responsible account holders, while continuing to provide tenants with bills and the ability to pay, offers a more practical and proactive approach to addressing these collection challenges.

5. PROPOSED CHANGE TO OWNER BILLING

Staff recommends changing the District's billing regulations so that the property owner is established as the responsible account holder for sewer service provided to the property.

Importantly, this proposal does not eliminate the tenant's ability to pay the sewer bill.

Under the proposed arrangement:

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- The property owner would be identified as the responsible account holder.
- A bill would be mailed to the property owner.
- A duplicate bill would also be mailed to the tenant occupying the property, upon either the request of the owner or the tenant.
- The tenant would retain the ability to make payments directly to the District.
- Payments made by the tenant or property owner would be credited to the property's account.
- Both the property owner and tenant would have visibility into the account balance and payment status by seeing the bill on a regular basis.

This arrangement would allow landlords to continue requiring tenants to pay sewer charges as part of their rental agreements. However, the property owner would receive the same billing information and would be able to monitor whether payments are being made.

If a tenant fails to pay the bill, the property owner would have an opportunity to address the delinquency before the balance becomes substantially overdue or the tenant vacates the property.

The District is not asking property owners to become collection agents or to assume responsibility for contacting tenants on the District's behalf. The District will continue to issue bills, accept payments, maintain account records, and administer its collection procedures. The additional billing to the property owner simply ensures that the party with a direct ownership interest in the property is aware of the account's status.

The intent is not to prevent tenants from paying their sewer bills or to change the financial arrangements between landlords and tenants. Rather, the intent is to establish a more reliable billing relationship between the District and the property owner while providing both parties with the information necessary to ensure accounts remain current.

6. STATUTORY AUTHORITY AND LEGAL CONSIDERATIONS

The District operates under Chapter 204, RSMo, which provides statutory authority for sewer districts to establish user charges and collect delinquent amounts associated with sewer service.

RSMo 204.455 – Delinquent Fees or Charges by Sewer District

Section 204.455 provides that user charges, connection fees, and other charges levied by a sewer district become delinquent when not paid by the established due date. The statute further provides that delinquent charges may become a lien upon the land charged following the filing of a notice of delinquency with the county recorder of deeds. Such liens may be enforced through suit or foreclosure.

This provision establishes an important connection between the District's charges for sewer service and the property receiving that service.

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The District has prepared proposed revisions to Section 2.18.1 of the User Rate Regulations to clarify the financial responsibility of property owners and establish consistent account requirements.

The proposed language expressly establishes that the liability for payment of user charges, connection fees, and other charges shall be against the owner or owners of the real property connected to the District's sanitary sewer system.

7. TRANSITION OF EXISTING ACCOUNTS

The proposed regulatory amendment provides a reasonable transition period for existing accounts that are currently established in the name of a tenant or another individual other than the property owner.

Under the proposed language, beginning on the effective date of the amendment, all new District customer accounts would be issued, held, and maintained in the name of the property owner.

Existing accounts established in the name of a tenant or other individual prior to the effective date would be permitted to remain in their current name until the earliest of the following circumstances:

1. The account becomes delinquent as defined by District regulations.
2. The customer in whose name the account is held closes the account.
3. The customer in whose name the account is held no longer occupies the property.

When one of these circumstances occurs, the account would transition to the property owner's name.

Once an account has transitioned to the property owner's name, it would remain in the owner's name for subsequent occupants of the property. This provides consistency in account administration and avoids repeatedly transferring financial responsibility between tenants and property owners as occupants change.

The proposed language also clarifies that allowing an existing account to remain in the name of someone other than the property owner does not relieve the property owner of financial responsibility for sewer charges or affect the District's rights to assert a lien against the property under RSMo 204.455.

Staff believes this transition approach will allow the District to implement the policy in an orderly manner without requiring the immediate transfer of all existing tenant accounts.

8. RESPONSE TO PROPERTY OWNER CONCERNS AND ADDITIONAL CONSIDERATIONS

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Staff recognizes that some property owners have expressed concerns about being held financially responsible for sewer charges resulting from a tenant's failure to pay. These concerns include the potential loss of tenant accountability, limited ability to control tenant payment behavior, additional penalties, notification procedures, and the treatment of accounts when tenants move.

Staff believes the proposed policy addresses several of these concerns while establishing a more reliable billing and collection structure for the District.

A. Tenant Accountability and Property Owner Responsibility

Some property owners have expressed concern that making owners responsible for sewer accounts removes the tenant's incentive to pay.

Staff does not believe the proposed arrangement eliminates tenant accountability. Tenants will continue receiving bills and will retain the ability to make payments directly to the District. Landlords may also continue to require tenants to pay sewer charges under their existing lease agreements.

The difference is that property owners will also receive the bills and will have direct knowledge of whether payments are being made.

The District is not proposing to transfer the responsibility of collecting money from tenants to property owners. The District will continue administering the billing and payment process. The property owner will simply be informed of the account status and have the ability to address nonpayment through the landlord-tenant relationship.

B. Timely Notification of Delinquent Accounts

Property owners have expressed concern that they may not become aware of tenant delinquencies until substantial balances have accumulated.

Staff agrees that timely communication is important. Under the proposed policy, property owners will receive regular bills and will therefore have ongoing visibility into the account balance rather than relying on separate notification after a tenant becomes delinquent.

Staff will also establish procedures for delinquency notifications to property owners, particularly when an account is approaching the delinquency threshold that would trigger a transfer from an existing tenant account to the property owner's name.

The intent is to provide property owners with a reasonable opportunity to become aware of outstanding balances and address them before they continue to accumulate.

C. Late Fees, Penalties, and Additional Charges

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Some property owners have expressed concern about becoming responsible for late fees, administrative charges, and other penalties resulting from a tenant's failure to pay.

The proposed regulation establishes property owner responsibility for the applicable sewer charges and other charges levied by the District. The regulation does not currently establish a separate exemption for late fees or penalties based on whether the property owner or tenant caused the delinquency.

Staff recognizes the importance of ensuring that charges are accurately assessed and that property owners receive timely billing information. Staff will review the application of late fees, penalties, and administrative charges under the revised account structure.

The District should also maintain reasonable procedures for reviewing disputed charges and correcting billing errors when appropriate.

D. Security Deposits

Some property owners have recommended requiring refundable security deposits from tenants when establishing new sewer accounts as an alternative means of protecting the District against delinquent balances.

Staff recognizes that deposits may provide an additional collection safeguard. However, the proposed owner-billing policy is intended to establish a consistent account responsibility structure rather than create an additional financial requirement for tenants.

The District can evaluate whether security deposits would provide a meaningful additional benefit in the future. Staff does not believe implementation of a new deposit requirement is necessary to proceed with the proposed billing policy.

E. Future Tenants and Continuity of Accounts

Some property owners have questioned why a subsequent tenant should not be allowed to establish an individual account after a previous tenant has vacated the property.

The proposed regulation is intended to establish a consistent policy for all properties, rather than make account responsibility dependent upon the payment history of individual tenants. Once an account transitions to the property owner's name, it will remain in the owner's name for subsequent occupants and they will have the ability to work out modified rental agreements with new tenants.

This approach avoids repeatedly changing account responsibility with each tenant turnover and ensures that the property owner receives consistent billing information regardless of occupancy.

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Importantly, future tenants may still receive bills and retain the ability to pay the District directly. The change is in the responsible account holder, not the ability of tenants to participate in the payment process.

F. Final Bills, Move-Outs, and Billing Disputes

Staff recognizes the importance of properly handling accounts when tenants vacate a property.

The District will continue to maintain procedures for determining final charges, reviewing account balances, and correcting billing errors. Staff will establish appropriate procedures for handling account transitions, including the treatment of outstanding balances and disputed charges.

Property owners should have an opportunity to bring billing discrepancies to the District's attention and have those concerns reviewed through the District's normal administrative procedures.

These procedures will help ensure that account transitions are handled consistently and that charges are properly supported.

G. District Billing Controls and Collection Practices

Some comments have questioned whether the increase in delinquent accounts may be related to the District's transition away from Boone Electric Cooperative's billing services and whether improvements to internal billing controls should be considered.

Staff recognizes the importance of maintaining effective billing and collection controls. The District's transition to its own billing system changed the way billing and account administration are performed, and staff will continue evaluating those processes to identify opportunities for improvement.

The proposed owner-billing policy is not intended to replace sound internal collection practices or shift responsibility for the District's billing operations to property owners. It is an additional measure intended to improve account transparency and reduce collection risk.

Staff will continue monitoring delinquency trends, reviewing collection procedures, and evaluating the effectiveness of the District's billing operations.

9. OTHER COLLECTION AND UTILITY COORDINATION OPTIONS

Staff has also considered comments suggesting that the District coordinate more closely with water providers to address delinquent sewer accounts through water service disconnection.

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While water disconnection may be an available enforcement option in certain circumstances, the District serves areas where water service is provided by 6 independent providers. Each circumstance requires additional coordination and consideration of each provider's policies, authority, and willingness to participate.

Even so, water disconnection remains a labor-intensive enforcement method that can create additional costs for customers.

Staff believes the proposed owner-billing policy offers a more direct and consistent means of addressing delinquency across the District's service area without relying on the policies or enforcement practices of separate utility providers.

Comments have also raised broader concerns about sewer rates, vacancy charges, and the number of different utility providers serving certain areas of Boone County. These are separate issues from the proposed account responsibility change. Staff recognizes that customers may have concerns about individual charges or the coordination of utility services, and those matters can be reviewed independently when appropriate.

The immediate purpose of this proposal is to address the District's growing delinquency and receivable concerns through a more consistent billing and account responsibility policy.

10. BENEFITS OF THE PROPOSED CHANGE

Staff believes this change would provide several benefits to the District, property owners, and tenants.

Improved Transparency

Both the tenant and property owner would receive billing information. This eliminates situations where a property owner may be unaware that a tenant has accumulated a substantial delinquent balance.

Greater Accountability

Property owners would have direct knowledge of the status of sewer accounts associated with their properties and would be in a better position to ensure payments are being made.

Reduced Collection Risk

When tenants vacate a property, the District would have an established account relationship with the property owner rather than relying solely on the ability to collect from a former tenant.

Reduced Reliance on Costly Enforcement Measures

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Establishing property owner accountability provides an opportunity to address delinquent accounts earlier and may reduce the District's reliance on labor-intensive water disconnections and other collection measures.

Improved Financial Management

Reducing the accumulation of delinquent accounts would help protect District revenues, improve receivable management, and reduce the resources spent pursuing former tenants.

Continued Flexibility for Tenants

Tenants would not lose the ability to pay their sewer bills directly. The proposed arrangement provides additional transparency and accountability without requiring landlords to change their existing rental payment arrangements.

11. IMPLEMENTATION

If the Board approves the proposed regulatory revisions, staff will proceed with implementation, including:

1. Finalizing the proposed revisions.
2. Updating billing software and account procedures as necessary.
3. Identifying existing tenant accounts and establishing procedures for transitioning accounts when one of the specified circumstances occurs.
4. Establishing procedures for providing duplicate bills to tenants and property owners.
5. Establishing procedures for timely delinquency notifications to property owners.
6. Establishing procedures for reviewing disputed charges and correcting billing errors.
7. Notifying affected property owners and tenants of the change.
8. Establishing an effective date and implementation schedule.

Staff would also monitor delinquency trends following implementation and provide the Board with updates regarding the effectiveness of the policy.

12. STAFF RECOMMENDATION

Staff recommends that the Board of Trustees approve the proposed amendments to Section 2.18.1 of the District's User Rate Regulations establishing property owners as the responsible account holders for sewer service provided to their properties, regardless of whether the property is owner-occupied or tenant-occupied.

Under this arrangement, the District would issue bills to both the property owner and the tenant. Tenants would retain the ability to make payments directly to the District, while property owners

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would receive billing information and be responsible for ensuring that the account remains current.

Staff believes this change is a reasonable and necessary step toward improving the District's collection practices, increasing transparency, and protecting the District's financial interests.

The proposed change does not seek to eliminate tenant payment arrangements, prevent tenants from paying their sewer bills, or require property owners to serve as collection agents for the District. Instead, it establishes a consistent billing policy that recognizes the property owner's interest and financial responsibility for maintaining sewer service to the property.

The District will continue administering its billing and collection functions, while providing both tenants and property owners with the information necessary to monitor account balances and ensure timely payment.

REQUESTED BOARD ACTION:

Staff requests that the Board approve the proposed revisions to Section 2.18.1 of the District's User Rate Regulations, as presented in Exhibit A, and authorize implementation of the revised billing policy following finalization of the effective date and necessary administrative procedures.

EXHIBIT A

Proposed Regulation Revisions

2.18.1 Liability For Payment of Accounts and Applications for Service - The liability for payment of any user charges, connection fees, or other charges levied by the sewer district shall be against the owner or owners of real property which is connected to District sanitary sewers made available for collection and treatment of waste water generated on the property and such property is subject to a statutory lien for payment as provided in section 204.455, RSMo. ~~The District may permit the establishment of customer accounts by tenants, lessees and other persons who occupy or use property which is connected to District sanitary sewers with the express or implied consent of the property owner(s),~~ Beginning _____, 2026, all District customer accounts shall be issued, held and maintained for all purposes, including but not limited to billing and payment for services, in the name of the owner or owners of the real property which is connected to District sanitary sewers. District customer accounts established in the name of an individual other than the property owner, such as tenants, lessees or other persons who occupy or use the property, prior to _____ 2026, may remain in the name of the current customer until the earlier to occur of: 1) such account becoming delinquent as defined by District regulations; 2) closure of the account by the customer in whose name the account is held or otherwise; or 3) the customer in whose name the account is held no longer occupies the property subject to the account. The continuation ~~but the establishment~~ of such existing accounts in the name of an individual other than the property owner shall not relieve the property owner(s) from financial responsibility for payment of all such user charges, connection fees, or other charges levied by the sewer district, nor otherwise affect the discharge rights to assert a lien against the property served under section 204.455, RSMo. Customers shall apply for sewer service by submitting their name and address, the kind of service requested, and the location to be served. No customer shall be refused service due to race, sex, creed, national origin, marital status, age, number of dependents, source of income, or place of residence in the service area.

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