

REQUEST FOR ACTION

Subject	Statement Mailing Date/Late Fee				
Preparer	Jon McKenna	AOUO Title	Management Executive		
Date	6/13/17	For Board	X	Action	Info

EXECUTIVE SUMMARY

Purpose

The purpose of this RFA is to decide on timing for statement mailing as a result of receiving the HECO invoice the last week of each month.

Option #1-Extend Late Fee Date: Move the late fee date from the 15th to later in the month.

Option #2-Calculate Sub-Metering Charge Based on Previous Month HECO Invoice: Use the previous months HECO invoice rather than the current months HECO invoice.

Rationale

- HECO does not send their invoice to Hawaiiana (HMC) until the last week of the month, resulting in a rush for MUC to calculate the sub meter charges, and for HMC to produce the statements. Statements over the past 4-months have gone out on the last day(s) of the month or first week of the month assessments are due.
- HECO has been requested to send the invoice earlier in the month (due to sub metering) and they declined as their billing is determined by neighborhoods.
- Sending statements in an untimely manner negatively impacts HMC administrative and accounting staff, as well as the onsite management team; additional phone calls and inquiries as to “why the statements are late?” and “will I be charged a late fee?” are common.
- If option #1 is selected, it will afford owners the necessary time to pay their dues without fear of a late fee being applied. An owner should not be charged a late fee if they do not receive their statement within a sufficient timeframe prior to the late fee date. This option will not entirely solve the issue of owners “wondering where their statement is” each month and the volume of calls/inquiries HMC and onsite management receives. If option #1 is selected, it is suggested to move the late fee date from the 15th to the 25th of each month.
- If option #2 is selected, monthly statements will be mailed around the 20th of each month and, the late fee date can remain as is on the 15th of the month. In order to accomplish option #2, the first month this process is established will result in charging the same electric charge as the previous month. The following month’s charges will then be based on the previous HECO invoice and the charges subsequently reconciled from the previous months charges. It will not be until the 3rd month that the electric charge will truly be based on the previous months HECO bill. Example:
 - July – Same electric charge as June statement (May HECO bill).
 - August – Electric charge is based on June HECO bill. This is the actual charge for July in the old method. The actual amount is reconciled with what was charged in July.

- September – Electric charge is based on July HECO bill. No reconciliation needed. Going forward each electric bill charge utilizes the bill from 1 month previous to calculate the electric charge.

RECOMMENDATION

Recommendation is to select Option #2 in order to 1) be able to send the statement out in a timely fashion (~the 20th of each month) and 2) to receive required revenues as early as possible in the month they are due.

Exhibits (If applicable)	Index	Title
	A	
	B	

FOR BOARD USE ONLY

CERTIFICATE OF BOARD ACTION

<input checked="" type="checkbox"/>	Approved	<input type="checkbox"/>	Declined	<input type="checkbox"/>	Noted	<input type="checkbox"/>	Returned	<input type="checkbox"/>	Deferred	<input type="checkbox"/>	Withdrawn
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Stipulations

None.

Coordinating Instructions

Hawaiiana accounting to be notified and coordinate new method of billing.

Distribution Instructions

None.

Recording Secretary	Howard Kam	Action Date	6/22/17	RFA No.	009-2017
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