



Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: June 17, 2019

Re: Amending Chapter 2 of the City Code as it relates to Accounts Receivable Administration

Executive Summary

The current city code does not address all accounts receivable scenarios vis-à-vis policies for handling collection procedures and uncollectible accounts. Staff would like Council direction in modifying the current ordinance so that all accounts receivable may be handled consistently.

Discussion

Chapter 2-208(13) provides that the finance director is required to, "establish a policy and procedure for determining and handling uncollectible accounts owed the city for utility services. The director of finance shall submit, as part of the annual budget, an allowance for bad debts to cover the estimated amount of utility charges which will be uncollectible during the fiscal year. All utility service charges which are determined to be uncollectible by the finance director, pursuant to established policies and procedures, shall be written off by a charge to the bad debt allowance account established above. The finance director shall report the total amount of bad debt write-offs to the city council annually."

This section covers only accounts owed for utility services. There are other types of city accounts receivable for which the same procedure should be followed to provide consistency. Examples of accounts receivable other than for utilities include billings for landfill services, retiree health insurance premiums and parking permits.

Chapter 22-188(d) relating to the Rental Unit Conservation Law provides that, "In the event fees due and payable under this section remain outstanding for a period of sixty (60) days, the account may be submitted to a collection agency for collection. All such collection costs, including but not limited to court costs and attorney fees, shall be paid by the debtor."

Chapter 27-19(k) relating to utility accounts provides that, "Bills for accounts to which services have been terminated or discontinued for a period of thirty (30) days shall be considered delinquent thirty (30) days after the final billing date.

Should the account remain outstanding for a period of sixty (60) days, the account will be submitted to a collection agency for collection. All such collection costs, as well as any costs pertaining to adjudication, will be borne by the debtor."

These two sections allow for accounts more than sixty days past due to be sent to collections with the debtor paying the collection costs. Again, other types of receivables are not addressed.



Fiscal Impact

Short-Term Impact: None.
Long-Term Impact: None.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

Legislative History

Date	Action
N/A	N/A

Suggested Council Action

Staff is seeking Council direction on changes to the City Code as it relates to accounts receivable collection policies and write-offs to include all types of receivables. Should Council agree with the proposed changes, they should direct staff to bring back legislation.