

Council /Administrative Policy

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1. **PURPOSE**

The purpose of this policy is to establish guidelines to maximize the collection of accounts receivable in a professional and consistent manner.

2. **POLICY**

2.1 **Applicability**

The provision of this policy applies to the collection of all accounts receivable. City staff will utilize all legal means to collect payments due to the City under Federal and State Statutes that govern collection practices, including: The Fair Debt Collection Practices Act, The Fair Credit Reporting Act, California's Rosenthal Fair Debt Collection Practices Act under Civil Code 1788, and the Brentwood Municipal Code ("Code").

3. **PROCEDURES**

The Business Services Division of the Finance and Information Systems Department ("Finance") is responsible for the collection of revenues that are owed to the City. When accounts become past due, the City will take certain collection actions that may include, but are not limited to: invoicing, sending statements or notices, making phone calls, and placing special assessments, liens or court judgments. The City may also utilize a collection agency to assist in the collection process.

The collection action taken will depend on the type of account being collected.

Certain types of accounts receivable are listed below with guidelines on how to proceed with the collection process.

4. **TYPES OF ACCOUNTS RECEIVABLE**

4.1 **Utility Billing**

The due date for utility bills is dictated by Code. If the invoice for utilities is not paid by the due date, the collection process is initiated. The next course of action will depend upon whether the customer account is active or closed.

4.1.1 **Active Accounts**

- If payment is not received by the due date, notices are mailed to account holders on the thirtieth and the thirty-seventh day after the original bill date.
- Service will be disconnected if not paid by the fortieth day after the original bill date. (Code Section 14.01.580)

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4.1.2 Closed Accounts

- If payment is not received by the due date, notices are mailed to account holders on the thirtieth day after the original bill date.
- If not paid by the sixtieth day after the original bill date, the account is scheduled to be assigned to collections.
- Prior to assigning to collections, Utility Billing staff will review existing accounts to determine if former account holder(s) has/have an active account. If an active account exists, the final balance on the closed account will be transferred to the active account and the customer is notified. (Code Section 14.01.160)
- If no active account exists, the account is assigned to collections
- If a former account holder with an outstanding balance or a prior account tries to open a new account, water service shall be refused until all outstanding charges are paid.

4.2 Citations & Abatement Orders

The designated enforcement officer will forward the following to Finance so that an invoice can be issued:

- all citations
- all abatement orders, if costs are associated with them, including supporting documentation for those costs

If the invoice is not paid by the due date, the next course of action is based on whether the amount owed is for a citation or abatement.

4.2.1 Citations

Citation collections will be administered pursuant to Municipal Code Chapter 1.12 Administrative Citation.

- The City Clerk will notify Finance of hearing requests and decisions of the hearing officer.
- If a hearing is not requested, collection actions will proceed if the citation is not paid by the due date. Finance will determine the most effective way to proceed with the collection options available, including collections actions used for Other Accounts Receivable. (Section 5 of this Policy)
- In order to release a lien, a payment in cash or certified funds must be submitted to the City. After payment is received, the Director of Finance and Information Systems or designee will sign the Release of

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Lien which will be given to the property owner for filing with the County Recorder's Officer.

4.2.2 Abatement Orders

Abatement collections will be administered pursuant to Municipal Code Chapter 8.00 Nuisances.

4.3 Overtime Inspection

Overtime Inspection is a service provided by the City for inspections that are done after normal working hours. Departments are responsible for providing Finance with the overtime hours and billing information so that an invoice can be generated. Payment is due within 30 days from the invoice date.

If the invoice is not paid within 30 days, overtime inspections will be stopped until payment in full is made and the standard collection process is followed as indicated in Other Accounts Receivable. (Section 5 of this Policy)

5. OTHER ACCOUNTS RECEIVABLE

Accounts not list above will follow the standard collection practice as noted below and in a manner consistent with this policy.

Collection Action

- At 30 days past the invoice date, a reminder notice is sent to the responsible party requesting payment upon receipt.
- At 60 days past the invoice date, a past due notice is sent to the responsible party requesting payment within 10 days of receipt.
- At 90 days past the invoice date, an urgent demand notice is sent to the responsible party requesting payment within 5 days of receipt.
- If at 120 days the citation is not paid, upon approval of the Director or his/her designee, a notice is sent informing the customer that their account is being referred to a collection agency.
- At 120 days the account will be forwarded to the collection agency including any identifying customer information on file such as address, telephone number, driver's license and social security number.

6. COLLECTION FEES/PENALITES

The Cost Allocation Plan and Schedule of Fees will allow the City to recover costs for attorney services, collection agency services and costs associated with liens and assessments. Staff will recover the applicable fees which is determined by the type of

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collection item.

7. PAYMENT PLAN

In order to utilize all means available to collect outstanding receivables, the Director or his/her designee has the authority to execute payment plan agreements.

8. UNCOLLECTIBLE RECEIVABLES

It is the intent of the City to reflect the value of its receivables and ensure that resources are used efficiently and not devoted to the recovery of uncollectible receivables; therefore, the City will not assign an account to a collection agency for an amount less than \$25.00.

The timely identification of losses is an essential element in appropriately measuring the value of the City's assets. When an outstanding receivable is determined to be uncollectible, a write-off will be accomplished pursuant to Council Administrative Policy 10-5 Budget and Fiscal Policies.

The Director or his/her designee has the authority to settle uncollectible accounts up to the limit granted for write-offs in Policy 10-5 Budget and Fiscal Policies.