

City of South Daytona

Office of the City Manager / Department of Finance

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MEMORANDUM

To: James L. Gillis, Jr., City Manager

From: Jason E. Oliva, Deputy Finance Director

Re: Resolution No. 2020-29:
Collection of Delinquent Utility Accounts

Date: August 13, 2020

AGENDA ITEM
E-21 DATE 9/14/20

Problem: The City does not currently have a process that allows the City to pursue collection efforts for delinquent utility accounts. The City has approximately 400 tenant (renter) accounts with balances over \$50.00 that could be sent to collections with a total value of approximately \$62,000. This money could be recovered if the City had a standard policy on the collection of such accounts.

Solution: Attached is Resolution No. 2020-29 which, if approved, adopts a standard policy for the collection of delinquent utility accounts. This policy mirrors other municipalities requirements and follows state law.

Recommendation: Staff requests Council's approval of Resolution No. 2020-29 which adopts the Collection Policy of Delinquent Utility Accounts. The policy will give staff definitive direction on how to address delinquent utility accounts moving forward.

Result: If approved, the City would need to secure the services of a collection agency to assist in recovering those fund balances left unpaid by tenants.

RESOLUTION NO. 2020-29

A RESOLUTION OF THE CITY OF SOUTH DAYTONA, FLORIDA ESTABLISHING A POLICY FOR THE COLLECTION OF DELINQUENT UTILITY ACCOUNTS; PROVIDING FOR SEVERABILITY; PROVIDING FOR CONFLICTING RESOLUTIONS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City routinely has utility accounts that are not timely paid when due and sometimes results in the City needing to pursue collection efforts.

WHEREAS, it is in the best interest of the City to have a formal policy for the collection of delinquent accounts.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF SOUTH DAYTONA, FLORIDA THAT:

Section 1. The City Council hereby adopts the Collection Policy of Delinquent Utility Accounts, attached and incorporated hereto by reference, for the collection of unpaid utility bills.

Section 2. If any section, subsection, sentence, clause, phrase, or portion of this Resolution, or application hereof, is for any reason held invalid or unconstitutional by any Court, such portion or application shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions or application hereof.

Section 3. That all resolutions made in conflict with this Resolution are hereby repealed.

Section 4. That this Resolution shall become effective

immediately upon its adoption.

PASSED AND ADOPTED upon first and final reading at a regular meeting of the City Council of the City of South Daytona held in the City of South Daytona, Florida, on the _____ day of _____, 2020.

William C. Hall
Mayor

ATTEST:

James L. Gillis, Jr.
City Manager

CERTIFIED AS TO FORM:

Scott E. Simpson
City Attorney

COLLECTION POLICY OF DELINQUENT UTILITY ACCOUNTS

A) Collection policy for tenant accounts:

- 1) Balances under \$50 - Balance remains on account until seven (7) years after the original due date.
- 2) Balance over \$50 - Collections process begins thirty (30) days after the final bill due date.
- 3) Prior to submitting the account to collection services, a notification of intent to file collections will be sent to the customer of record via mail providing a 10-day period for the customer to clear the balance owed and avoid the collection process.
- 4) Collection records remain with contracted collections agency until seven (7) years after the final bill due date.
- 5) Delinquent account balances will be written off seven (7) years after the original due date. Delinquent account balances that are written off will not actively be collected but still legally owed.

B) Filing of liens for owner accounts:

- 1) Balance under \$10 - no lien filed due to cost of filing. Balance remains on account.
- 2) Balance over \$10 - lien process begun forty-five (45) days after the original due date.
- 3) Prior to filing and recording of liens, a notification of intent to lien will be sent to the customer of record via mail providing a 10-day period for the customer to clear the balance owed and avoid the filing of a lien.
- 4) Liens will be re-filed every seven (7) years in accordance with applicable statute of limitations.
- 5) New owner accounts will require the signing of an acknowledgement of any outstanding balances from the prior owner at the time the new account is opened. Outstanding owner balances will then be transferred to the new owner account twenty (20) days later if still

unpaid.

C) New accounts:

- 1) For tenant accounts, all prior balances in the name of any tenant on the lease must be paid in full prior to opening a new account in the name of any tenant on the lease.
- 2) For tenant accounts, all outstanding owner balances for the property in question must be paid in full prior to opening a new tenant account for the property.
- 3) For owner accounts, all outstanding balances for all properties in the name of the owner must be paid in full prior to opening a new owner account.

D) Payment plans and due date extensions:

- 1) Payment plans shall be provided for owner accounts only. Payment plans shall be granted for large account balances for a period not to exceed three (3) months. Payment plans involving unusual extenuating circumstances and/or exceptionally large balances may be provided with the approval of the Finance Director for a period not to exceed six (6) months. Fees and penalties will not accrue under payment plans and turn off will not occur. Should the payment plan not be kept as agreed, account is subject to immediate disconnect and the entire balance on the account will become due to restore service.
- 2) Payment extensions for either owner or tenant accounts may be granted for a period of seven (7) days from the scheduled turn off date. Payment extensions may be granted once per twelve (12) month period on any account and must be requested prior to the turn off date. Fees and penalties continue to accrue under payment extensions however turn off will not occur. Should the payment extension not be kept as agreed, account is subject to immediate disconnect and the entire balance on the account will become due to restore service.