

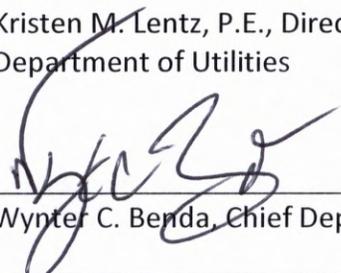


To the Honorable Council
City of Norfolk, Virginia

February 26, 2019

From: Kristen M. Lentz, P.E., Director
Department of Utilities

Subject: Ordinance requesting write-off of non-collectible utility bills for Fiscal Year 2015

Reviewed: 
Wynter C. Benda, Chief Deputy Manager

Ward/Superward: Citywide

Approved: 
Douglas L. Smith, City Manager

Item Number:

R-5

I. **Recommendation:** Adopt Ordinance

II. **Applicant:** Norfolk Department of Utilities

III. **Description:**

This agenda item is an ordinance authorizing the Director of Finance to credit the accounts of the Department of Utilities with \$897,721.90, the amount of non-collectible water charges, utility taxes, refuse disposal, wastewater collection and storm water fees for Fiscal Year 2015. This amount represents 0.58% of the billed revenue.

IV. **Analysis**

The Department of Utilities is responsible for the billing and collection of water charges, utility taxes, wastewater collection, refuse collection, and storm water fees. Extensive efforts are made to collect the full amount billed, and we have an excellent collection rate of over 99% of the amount billed. The collection efforts utilized for inactive accounts include:

- The U.S. Postal Service, Department of Motor Vehicles (DMV), Equifax Credit Reporting Service, and Hampton Roads Sanitation District to locate customers;
- Reminder Notices and Dunning Letters;
- The State Debt Set Off Program, through which the State withholds the amount owed to the City from state tax refunds or lottery winnings;
- Liens that prevent property from being sold until the debt is paid;

- Personal judgments through the General District Court system which are filed in Circuit Court to extend the life of the judgment for 20 years; and
- Third Party Collection Agency.

After three years, the ability to recover outstanding debt diminishes significantly and it is appropriate to remove the uncollected amounts from the accounts receivable. Article VII, Section 7, of the Virginia Constitution grants localities the power to write off these uncollectable debts. Uncollectible past due amounts of approximately 0.5%-1% are typical for water utilities in this area.

V. Financial Impact

Each year, the Water and Wastewater Funds set up a reserve for non-collectible accounts based upon a three (3) year historical trend. The range for these reserves is about 1% of the total revenue. After these accounts are approved for write-off, the amounts are offset against their respective reserve accounts and do not impact the current budget.

VI. Environmental

N/A

VII. Community Outreach/Notification

Public notification for this agenda item was conducted through the City of Norfolk's agenda notification process.

VIII. Board/Commission Action

N/A.

IX. Coordination/Outreach

This letter and ordinance have been coordinated with the City Attorney's Office, the Department of Utilities, the Department of Public Works and the Department of Finance.

Supporting Material:

- Ordinance

Form and Correctness Approved. **RAP**

By [Signature]
Office of the City Attorney

Contents Approved:

By [Signature]
Director, Department of Utilities

Pursuant to Section 72 of the City Charter, I hereby certify that the money required for this item is in the city treasury to the credit of the fund from which it is drawn and not appropriated for any other purpose.

\$ 897,721.90 various
[Signature] Account
Director of Finance 1/14/19 Date

NORFOLK, VIRGINIA

ORDINANCE No.

AN ORDINANCE AUTHORIZING THE DIRECTOR OF FINANCE TO CREDIT VARIOUS ACCOUNTS OF THE DEPARTMENT OF UTILITIES IN THE TOTAL AMOUNT OF \$897,721.90 SO AS TO REFLECT UNCOLLECTIBLE BALANCES FOR FISCAL YEAR 2015.

- - -

WHEREAS, payments for water service between the City of Norfolk, Department of Utilities, and water service customers are governed by a three-year statute of limitations pursuant to Virginia Code § 8.01-246 (4); and

WHEREAS, the Department of Utilities has endeavored to collect various water charges, utility taxes, refuse fees, wastewater collection fees, and storm water fees attributable to Fiscal Year 2015; and

WHEREAS, the efforts to collect these sums have been partially successful, leaving balances as follows:

Fiscal Year	Water Fees/ Charges	Utility Tax	Refuse Disposal	Wastewater Collection	Storm Water
2015	\$355,083.78	\$38,544.87	\$246,600.98	\$216,668.90	\$40,823.37

WHEREAS, the total uncollectible revenue amount of

\$897,721.90 is 0.58% of the total billed water revenue of \$154,646,490.65; and

WHEREAS, the aforesaid balance is now deemed uncollectible; now, therefore,

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1: - That the Director of Finance is hereby authorized to credit the accounts of the Department of Utilities with the sum of \$897,721.90, said amount being the total of all uncollectible water charges, utility taxes, refuse fees, wastewater collection fees and storm water fees for Fiscal Year 2015.

Section 2: - That this ordinance shall be in effect from and after its adoption.