

Notice of Intent to Increase Rate for Delinquent Accounts which are without or in Breach of Payment-Plan Agreements on Water and Wastewater Services Under A.R.S. § 9-511.01 and San Luis City Code §52-018(D)

San Luis City Council will consider allowing delinquent water and wastewater accounts without or in breach of payment-plan agreements to be submitted to a collections service and charging the service's 20% collections commission to the account balance. The charges would begin on January 14, 2021.

Public Hearing

Date: Wednesday, January 13, 2020

Time: 7:00 p.m.

Place: Council Chambers, San Luis City Hall, 1090 E. Union Street, San Luis, Arizona

If COVID-19 protocols are still in effect at that time, for the public's safety during the COVID-19 pandemic, it will not have in-person attendance for public members.

The city will receive public comments by email at cityclerksoffice@sanluisaz.gov for City Council's consideration any time before the meeting and during the meeting until the close of the public hearing on this item before City Council.

Members of the public may listen to the meeting's live audio stream on the City of San Luis' website <https://sanluisaz.gov/listenlive>. Recordings of the meetings will be available on the city's website <https://sanluisaz.gov/listenlive> after the meeting.

Open meetings conducted remotely through technological means are permissible under the March 13, 2020, Arizona Attorney General opinion titled, "Re: Concerns Relating to Arizona's Open Meeting Law and COVID-19."

Report

Information related to the approved contract and amendment follows this notice.

This notice is posted effective: November 10, 2020

Report Concerning Proposed Charge of 20% collections commission on Delinquent Water and Wastewater Accounts

Date: November 10, 2020

From: Jorge Perez, Billing and Collections Manager

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On March 11, 2020, San Luis City Council approved the Agreement with Valley Collection Service, L.L.C., which follows this report. City Council also approved an amendment on October 28, 2020, unrelated to the water and wastewater accounts, which also follows this report. City Council was provided the following information for its decision on March 11, 2020.

The City of San Luis currently does not work with any third-party collection agencies to recover any debt on its utility accounts or any other debtors. The main reason for not collaborating with an agency in the past is an issue with our billing software in generating actual arrear and bad debt reports as well as accurate information to provide to such agency.

During the current fiscal year, the Billing and Collections, Finance and I.T. departments worked together to fix the issues we had in the past to move forward with this much-needed collection process. Our software is ready to produce the data that a collection agency will need to perform its established collection procedures for debt recovery.

Just in utility accounts, the city has not received payments from bad debt balances on inactive accounts to the total amount of \$72,780.63.

The Billing and Collections division contacted other municipalities within the State of Arizona and received some good feedback about Valley Collection Service (V.C.S.), LLC., which is a debt collection agency. Some municipalities being served by V.C.S. are Chandler, Gilbert, Goodyear, and Scottsdale, to name a few. Attached is a list of all the cities in Arizona being served by V.C.S.

Valley Collection Agency establishes a commission fee of 20% on all collections made. The city may elect to add this fee amount to the balance, so 100% of the monies owed are paid to the city. However, to make this election, the city must first go through a fee public notice process. We would like to get started now with Valley Collections keeping 20% of what they collect until the notice process can be completed.

Benefits of Using a Collection Agency

Using a collection agency to collect on the city's delinquent accounts is a cost-effective tool to produce more revenue.

V.C.S. uses multiple skip-searching databases along with the National Change of Address databases to locate individuals who have moved. The time that V.C.S. spends on this is time saved for the city in performing any collection activities and brings about

increased revenue when they are able to find the individual and get them to pay their obligation.

While it is the focus of Valley Collection Service, LLC., to maximize collections for their clients, it is also very important for them to do this with an ethical approach. This approach has allowed them to maintain a clean record with the Better Business Bureau and a clear conscience. They also feel that it is a good business practice.

Ordinance No. 314

Other than approving the contract with a collection agency, there will not be a need to adopt a new ordinance as the city already has an ordinance in place. Ordinance No. 314 in its Section 2 (D), states that “The city may elect to assign any and all utility accounts considered delinquent with unpaid charges, fees, or assessments to a collection agency or attorney to collect, in addition to the disconnection of any and all services.”