



Kalama City Council - Council Agenda Item Information Form

Agenda Item: New Business – Resolution No.

Meeting Date **September 5, 2019**

Prepared by: **Coni McMaster, Clerk/Treasurer**

Subject: **Utility Bad Debts**

Summary: The City operates the Water/Sewer/Garbage Utility, billing out an average of \$3 million plus each year. The City wrote off bad debts last in October of 2015. In reviewing the utility accounts the City has billed over 3000 accounts in the last four years for over \$12 million. There are 22 accounts the City has found to be uncollectable. Pursuing collections would expend both time and additional funds in attempting to collect the \$2,309.04 these debts total, costing more in time than the City will recoup. The amount is **less** than 1% of the billed charges over the four-year period which is incidental.

How these accounts became uncollectable is a combination of many factors. Tenants/Owners move out without leaving forwarding addresses or providing information that the property is going back to the bank or being foreclosed on; Banks don't contact us when they take possession of a property; sellers and buyers don't make sure any outstanding utilities are included in the closing of the property transfer; and there is only a small window of time for filing on accounts with water only balances. The staff takes the issue very seriously and is making every effort to collect all the funds owed the City all the time. The City is continually looking at how to improve the processing of late accounts and being sure that all legal recourse is taken timely.

Recommendation: The City Council approve the dismissal of the utility debts.

Alternatives:

► **Draft/Suggested Motion: Passage of the Resolution.**