

ITEM #:	<u>44</u>
DATE:	<u>04-23-24</u>
DEPT:	<u>FIN</u>

COUNCIL ACTION FORM

**SUBJECT: COLLECTION PROCEDURES FOR PAST DUE PARKING TICKETS AND
UTILITY ACCOUNTS**

BACKGROUND:

At the January 23, 2024 meeting, staff presented to the City Council a resolution for the utilization of additional debt collection practices. Agreements with the Story County Treasurer, the Iowa Department of Transportation, and the Iowa Department of Revenue were approved to facilitate the collection of unpaid parking tickets and utility bills. At that meeting the City Council also directed staff to bring back recommendations for a minimum payment threshold to safeguard those who may be at risk in the community and affected by these practices.

As the staff emphasized previously, unpaid parking tickets and utility bills, combined with low collection rates, have led to a significant amount of revenue not be realized by the City. Staff believes the aforementioned agreements will decrease the City's collection cost and improve the collection of outstanding tickets and delinquent accounts.

COLLECTION PROCEDURES:

In response to Council's directive, the staff developed updated collection procedures for managing delinquent receivables arising from past-due utility accounts and parking fines. The objective is to institute transparent and equitable practices in pursuit of past-due accounts. While some practices are already in place, the revised procedures will provide additional communication regarding timelines and additional opportunities before utilizing the state collection programs.

Currently, mailed notices are provided to individuals as a reminder of their financial obligations if they remain unpaid after a due date. In the case of utilities, additional communication through phone calls, postings, and final notices are provided following the requirements of the Iowa Utilities Board (IUB). The staff has included additional language in the proposed revised procedures regarding the parking and utility notices to provide information regarding an appeal process if an individual feels they have been billed or fined in error.

It is always the goal of City staff to work with individuals who cannot fulfill their financial obligations. Understanding unforeseen circumstances do arise, the proposed procedures will provide for alternative payment arrangements to prevent service interruptions, holds, or further collection efforts.

In response to the Council's directive, the staff is proposing the following minimum payment thresholds before referring debt to collections. Staff believes these thresholds provide flexibility while ensuring offenders do not continually disregard the Municipal Code.

For Parking Tickets

Parking fines exceeding \$50.00 for Story County residents will be forwarded to the Iowa Department of Transportation, resulting in a vehicle registration "stop" or "hold" being imposed on the account holder's annual vehicle registration by the Story County Treasurer. This hold will continue until the fines are settled in full or a mutually agreeable payment arrangement is reached. The County Treasurer will issue the registration upon payment confirmation or a satisfactory arrangement.

Additionally, all outstanding parking tickets issued to State of Iowa license plates exceeding \$50.00 will be submitted to the Iowa Setoff Program, administered by the Iowa Department of Revenue. This program allows public agencies in the State of Iowa to collect delinquent debts by requesting the Iowa Department of Revenue divert tax refunds, casino and sports wagering winnings, State-issued vendor payments, and Iowa Lottery winnings in the amount of the obligation owed to public agencies, prior to any State issued payments to the affected party.

Regardless of the amount, Gameday parking tickets will be referred to the Setoff Program and the Iowa Department of Transportation for collection using the abovementioned methods.

For Utility Accounts

Utility accounts with a balance exceeding \$50.00 and having received notifications of past-due status as per IUB requirements will be referred to the state Setoff program noted above. These accounts will remain active on the Setoff list until the financial obligation is satisfied, with the City notifying the State upon satisfaction of the debt for removal from the list.

Staff believes these updated collection procedures will allow for the recovery of debt while remaining transparent and equitable with obligors.

ALTERNATIVES:

1. Approve the collection procedures for past due utility accounts and parking fines and authorize staff to begin utilizing vehicle registration stops and the State's "Setoff Program."
2. Do not approve the collection procedures for past due utility accounts and parking fines, and refer back to staff for additional details or alternatives.

CITY MANAGER'S RECOMMENDED ACTION:

The staff is proposing transparent and equitable procedures to maintain communication with individuals to prevent referral of unpaid parking tickets and utility charges to a collection agency. These procedures provide additional opportunities for individuals and the City to satisfy a debt that is reasonable for both parties. These procedures will also aid the City in the collection of the substantial number of unpaid parking tickets, charges, fines, and fees that remain outstanding after a significant period of time. **Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as noted above.**

ATTACHMENT(S):

[Collection Procedures.pdf](#)