



Legislation Text

File #: Ord 11-33, **Version:** 1

Repealing Administrative Code Chapter 96 pertaining to collection of registered bills, to replace it with an updated Chapter 96 pertaining to accounts receivable and clarifying certain procedures for collection.

Amended 4/6/2011

THE COUNCIL OF THE CITY OF SAINT PAUL DOES HEREBY ORDAIN:

Section 1.

That the Saint Paul administrative Code be amended by repealing Chapter 96.

Section 2.

That the Saint Paul Administrative Code be amended by adding thereto a new Chapter 96 to read as follows:

Chapter 96. Collection of Accounts Receivable (AR) Invoices

Sec. 96.01. Definitions.

Contingent Accounts Receivable (AR) invoice shall mean a receivable which has not matured due to the passage of time, or the existence of clauses in the contract which make payment contingent on future events.

Contract debtor shall mean a person who has requested property, goods and/or services from the city for which a sum is due and payable based on the agreement of the parties.

Matured shall mean the date when legal liability to pay the debt can be determined and all contingencies, work, repairs or other consideration required from the city have been completed or passed.

Overdue shall mean a matured AR invoice or matured contingent AR invoice which has not been paid within thirty (30) days of the date of the tortious act, completion of the contract, the breach of the contract by the debtor, or receipt of property, goods and/or services.

Person shall mean any individual, corporation, firm, partnership, association, organization or other group acting as a unit. It shall also include any executor, administrator, trustee, receiver or other representative appointed by law.

Receivables shall mean amounts owed on open accounts from persons for property, goods and/or services furnished by the city. It shall not include taxes or special assessments.

AR invoice shall mean a receivable owed to the city by a person as a result of any contract, tortious conduct, or receipt of property, goods and/or services for which the person is responsible.

Tort debtor shall mean a person responsible for damage to city property due to negligent or intentional acts of

the person, or another person for which the debtor is responsible.

Cancellation shall mean making an AR invoice null and void when the bill is issued in error or is adjusted by agreement.

Write-off shall mean reclassifying an AR invoice when determined uncollectable as a bad debt.

Dunning letter shall mean an overdue notice which is created when an AR invoice is thirty (30) and sixty (60) days overdue.

Sec. 96.02. AR invoices and collection efforts required.

All receivables that have matured, except those recorded as assessments, shall be contained in the city's financial system as AR invoices by the department which is responsible for the activity which provided the property, good or service, is responsible for the contract, or maintains the property which was damaged or destroyed. The responsibility for billing and collection of AR invoices rests with the appropriate department and the office of financial services as set forth herein.

The responsible city department shall issue an AR invoice not more than fifteen (15) days after the debt has matured and in accordance with the procedures issued by the office of financial services. A minimum finance charge of five (5) percent of the outstanding balance per month shall be added to any AR invoice that is overdue. The finance charge may be waived in part or in full only at the discretion of the director of the office of financial services. The office of financial services shall issue procedures to the departments for the collection of debt that shall consist of a series of steps that access usual business communication strategies and which make increasingly strong demands for payment. Departments are not authorized to enter into payment plans except as provided by Section 96.07, but may accept any partial payment(s) prior to referral under Section 96.03 and apply it towards the AR invoice.

Sec. 96.03. Referral to city attorney or collection agency.

The director of the office of financial services shall refer all AR invoices over ninety (90) days past due to the city attorney, if over \$10,000.00 or at the discretion of the city attorney, or to the designated collection agency for collection. The director of financial services may exempt an AR invoice from referral for collection when there are ongoing negotiations which appear to be leading to a resolution of the debt. The office of financial services shall monitor the performance of the collection agency and the status of referred overdue AR invoices and report to the departments and council from time to time. AR invoices issued to the federal, state or political subdivisions are exempt from referral to the collection agency if the federal, state or political subdivision has agreed to pay the AR invoice and admitted liability for the amount owed.

Sec. 96.04. Administrative cancellation or write-off of AR invoices.

- a) The director of the office of financial services may cancel an AR invoice if:
- (1) The invoice was issued in error; or,
 - (2) The invoice was disputed by the debtor and a settlement was agreed to by the director of the office of financial services and the city attorney.
- b) The director of the office of financial services is authorized to administratively write off up to five thousand dollars (\$5,000.00) of any AR invoice, and any such AR invoice over \$5000.00 with the approval of the city attorney if any of the following factors exist:
- (1) The debtor has been adjudicated bankrupt.

- (2) The cost of collection exceeds the expected value of the receivable..
- (3) The department director, with the assistance of the city attorney or the designated collection agency, has been unable to locate the invoiced party after due and diligent search.
- (4) The known assets of the debtor are insufficient to satisfy the debt and there does not appear to be a reasonable likelihood that the debtor will have sufficient assets within a reasonable period of time.
- (5) The bill has been determined uncollectable by the designated collection agency.

Such administrative action must be done in writing, must fully set forth the facts upon which the decision to write off in full or in part the AR invoice was made, and shall state the public purpose served by the write-off of the AR invoice.

Sec. 96.05. Council write-off authorized.

Any AR invoice of any amount that does not meet the criteria in Section 96.04 may be written off, whether in part or in full, only by council resolution which fully sets forth the facts upon which the decision was made, and shall state the public purpose served by the action. Requests for write-off must contain the accounting unit under which the property, good or service was provided; a description of the property, good or service; an indication of whether the budget for that activity included income for providing that property, good or service; and a history, if any, of prior experiences with the party regarding write-off of AR invoices. Such resolutions may include the write-off of single or multiple AR invoices, and shall be presented to the council on at least an annual basis. The provisions of Section 96.06 are presumed to apply unless the resolution indicates otherwise.

Sec. 96.06. Additional goods and services barred.

No further goods and services (except emergency services), including permits, licenses or payment terms (including special assessments for fire sprinklers, building façade improvements, or lead service replacement, or other similar programs to assess for private property improvements) will be made or provided to any person who has failed to pay an AR invoice issued by the city which is overdue or has been written off, until such AR invoice is paid or canceled in accordance with the provisions of this chapter or authorized by council resolution. The director of financial services may exempt a person from services barred when there are ongoing negotiations which appear to be leading to a resolution of the debt.

Sec. 96.07. Payment terms authorized.

Except where otherwise authorized by city ordinance, payment terms may be arranged only in accordance with procedures issued by the director of the office of financial services and shall be agreed to and approved by the director of the office of financial services and the city attorney.

Section 3.

This ordinance shall take effect and be in force thirty (30) days following its passage, approval and publication.