



FINANCE DEPARTMENT

To: Mayor and City Council
Cynthia Martinez, Interim City Manager

From: Steve Groom, Finance Department
Kathy Miles, Financial Services

Date: November 5, 2019

Subject: Accounts Receivable Status Report - 3rd Quarter 2019

This report presents the status of receivables that are billed centrally by the Finance Department and now includes enterprise fund Utility Billing revenues - Water, Wastewater, Refuse and Irrigation - as of September 30, 2019.

The purpose of this report is to provide transparency and accountability to confirm budgeted revenues were billed and are being followed up responsibly to assure collection.

Summary

- Total Utility Billing revenue for the month was \$12,065,750.
- Total Utility Billing accounts ending balance increased by \$392,913 or 8.0% from prior quarter, partially due to seasonal usage.
- Total General Billing accounts ending balance increased by \$293,228 or 31.7% from prior quarter.
- Accounts in collection total \$167,065, or 13.7% of total ending balance.
- Total LID accounts ending balance decreased by \$4,317 or 5.1% from prior quarter.
- The collections process is managed continuously and reviewed monthly
- Past due accounts are placed monthly with the city's collection agency

Collection Processes

Collection requirements vary between types of billing. For example, the City uses a collection agency to collect significantly past due accounts in categories such as traffic, miscellaneous, and parks, whereas unpaid sewer contracts become a lien against the real property. Collection activity of delinquent LID accounts are coordinated with the City's legal department. Collection of Utility Billing accounts involves communication with customers, following up with reminders and potentially cutting off service for non-payment. Payments can be made through automatic debit, on-line, drop-box or in person at City Hall.

Accounts are sent to the City's collection agency when the balance is more than 90 days past due. After collection efforts are exhausted, uncollectible accounts are reported annually to the City Council for write-off approval.

Downtown Yakima Business Improvement District - Annually/Quarterly (DYBID)

DYBID funds provide downtown services including cleaning, maintenance, landscaping, safety and business development activities. There are two types of billings, quarterly to all property/ business owners and annual billings to all individual businesses:

Annual Charges - The \$16,387 in the collection column is for 87 accounts.

Quarterly Charges - The \$9,093 in the collection column is for 20 accounts.

Fire Inspections

The Fire Department is currently doing about 500 inspections and compliance re-inspections per month; there are currently 382 accounts in collection for a total of \$57,189.

Front Street Business Improvement Assessment (FSBI)

Originally created in 2006, this program was created for the purpose of assisting trade, economic viability and livability within the FSBI area. A total of 13 accounts are in collection, totaling \$3,303.

Fruitvale Canal Billing

A separate irrigation fee for customers connected directly to the Fruitvale Canal, which is not owned by the City. The City buys water through shares to serve City customers. There are 50 accounts billed annually. A total of 8 accounts are in collection, totaling \$275.

Miscellaneous Billing

Recurring billings in this category include transit bus passes for non-governmental entities, refuse charges, rents and retiree premiums for health benefits. A total of 30 accounts are in collection, totaling \$11,445, primarily for Police event services and refuse bin charges.

Intergovernmental

This category includes billings to other governmental agencies, including state agencies, counties, cities, school districts, and local police and fire departments. Generally considered collectible, balances are normally only a result of the timing of payments.

Traffic Engineering / Engineering Billing

This account is generally for sidewalk safety repairs, and currently has nothing in collection.

Parks and Recreation Billing

This account includes billings for pool and field rentals, along with other program charges. A total of 9 accounts are in collection totaling \$4,136.

Airport

The majority of the \$2,998 the collection column is for two vendors. Most of these charges are for a delinquent lease, which is still incurring charges. The City continues to seek resolution. The \$2,615 in the legal column pertains to a land lease that the cities Legal department is looking into.

The Water/Wastewater Invoices and Connections

A total of 22 accounts are in collection, totaling \$46,519, mainly for Wastewater pretreatment and strong water fees, Water permits and Water and Wastewater equipment.

GAMBLING TAX DETAIL

Exhibit II

Gambling Tax

The power to impose a Gambling Tax was adopted by ordinance in the City of Yakima in 1974. The largest part of these taxes come from card games, with Punch boards, pull tabs and amusement games making up for the rest.

This quarter the City received \$252,903 in gambling tax revenue, added to the first two quarters, this represents 73.6% of the budgeted amount for the year (\$1,050,690), currently a decrease of 1.4% for the year.

Gambling Tax Delinquencies

Exhibit II details the status of delinquent gambling tax accounts. The beginning and ending balances are primarily comprised of two delinquent accounts. One, totaling \$15,719, has been sent to collection and the second, totaling \$2,905, is making payments, coordinating with the City's Legal Department. The City informs the Gambling Commission of the status of these accounts and keeps them informed of any changes to further any collection efforts. According to RCW 9.46.070, the Gambling Commission has the authority to revoke or suspend a gambling licenses for violation of any provisions of the rules and regulations adopted in the code.

LID ASSESSMENT DETAIL

Exhibit III

Local Improvement District (LID)

LID assessments are generally for improvements made to a parcel related to the Wastewater system. There are currently six LIDs that the City is collecting assessments on, improvements all done previous to 2009. Delinquent amounts are unpaid installments for prior years plus interest. At of the end of the quarter, the delinquent principal balance is \$56,189. When accumulated interest (\$35,562) and penalties (\$45,608) are added, the total amount past due is \$137,359. The City's Legal Department is involved with collection efforts.

RECURRING RECEIVABLES SUMMARY

Exhibit I

	Quarterly Activity				Status				
	Beginning	Billed	Payments/	Ending	Current to	Over	Over	Collection	Legal
	Balance		Write-offs	Balance	90 Days	90 Days	120 Days		
Enterprise Receivables									
Wastewater	\$ 2,300,541	\$ 5,590,868	\$ 5,342,593	\$ 2,548,816	\$ 1,259,974	\$ 37,220	\$ 1,251,622	\$ —	\$ —
Water	1,141,898	3,516,167	3,411,289	1,246,775	774,287	8,943	463,545	—	—
Refuse	972,114	2,080,239	2,113,542	938,812	394,012	19,708	525,091	—	—
Irrigation	477,625	878,476	805,413	550,688	292,508	11,998	246,182	—	—
Total Enterprise Receivables	\$ 4,892,178	\$ 12,065,750	\$ 11,672,837	\$ 5,285,091	\$ 2,720,781	\$ 77,869	\$ 2,486,440	\$ —	\$ —

Central Billing Receivables

Downtown Yak Bus Impr Dist									
Annual (DYBIDA)	\$ 22,487	\$ —	\$ 300	\$ 22,187	\$ —	\$ —	\$ 5,800	\$ 16,387	\$ —
Quarterly (DYBID)	28,339	34,647	31,260	31,726	4,359	—	18,274	9,093	—
Fire Inspections	109,488	63,701	56,228	116,961	31,747	3,200	24,825	57,189	—
Front Street Business Impr (FSBI)	4,405	1,084	700	4,788	434	—	1,051	3,303	—
Fruitvale Canal Billing (FC)	385	—	25	360	—	—	85	275	—
Miscellaneous	24,248	31,059	30,814	24,493	6,185	—	6,863	11,445	—
Intergovernmental	490,470	689,323	650,378	529,415	480,415	6,515	42,485	—	—
Traffic Eng./ Engineering	1,520	150	150	1,520	150	50	1,320	—	—
Parks & Recreation (WEED)	9,314	292	3,306	6,299	292	—	1,871	4,136	—
Airport	49,122	193,417	179,899	62,640	44,320	5,933	6,775	2,998	2,615
Gambling	19,774	—	1,150	18,624	—	—	—	15,719	2,905
Water/WW Invoice & Connections									
City of Yakima	166,218	576,931	469,178	273,971	203,865	—	23,587	46,519	—
Terrace Heights/Union Gap	—	367,452	241,438	126,014	126,014	—	—	—	—
Total Central Billing Receivables	\$ 925,770	\$ 1,958,056	\$ 1,664,826	\$ 1,218,998	\$ 897,781	\$ 15,698	\$ 132,936	\$ 167,064	\$ 5,520

	Original	Beginning	Quarterly Activity			Ending	Delinquent		
	Principal	Principal	Total			Principal	Interest &		Total
	Balance	Balance	Principal	Interest	Payments	Balance	Principal	Penalties	Past Due
Installment Receivables									
LID Assessments	\$ 1,773,787	\$ 84,918	\$ 4,317	\$ —	\$ 4,317	\$ 80,601	\$ 56,189	\$ 81,170	\$ 137,359

GAMBLING TAX DETAIL

Exhibit II

Account(s) sent to Collection:	1st Quarter Balance
Michael's Tavern (1st - 4th Qtr 13)	\$ 11,938
Michael's Tavern (1st - 2nd Qtr 14)	3,781
	<u>15,719</u>
 Account(s) with payment arrangements set up by Legal:	
Brews & Cues (1st - 4th Qtr 14)	2,905
 Total	 <u><u>\$ 18,624</u></u>

LID ASSESSMENT DETAIL

Exhibit III

LID # - Description	# of Accts	2nd Quarter Activity			Delinquent			
		Beginning Balance	Payments	Ending Balance	Principal	Interest	Penalties	Total Past Due
1052 - Willow Area Water Main	1	\$ 286	—	\$ 286	\$ 285	\$ 362	\$ 489	\$ 1,136
1057 - N. 84th Avenue & Hawthorne Drive Sewer	3	18,131	—	18,131	18,131	17,955	24,759	60,845
1058 - N. 95th Avenue, 94th Place, W. Yakima Avenue Sewer	1	4,121	—	4,121	4,121	3,967	5,304	13,392
1060 - N. 85th Avenue & Kail Drive Sewer	4	6,481	—	6,481	1,296	136	—	1,432
1061 - Simpson Lane Sewer	38	55,900	4,317	51,583	32,356	13,142	15,056	60,554
Total	47	\$ 84,919	\$ 4,317	\$ 80,602	\$ 56,189	\$ 35,562	\$ 45,608	\$ 137,359