



FINANCE DEPARTMENT

To: Mayor and City Council
Bob Harrison

From: Steve Groom
Kathy Miles

Date: November 17, 2020

Subject: Accounts Receivable Status Report - 3rd Quarter 2020

The purpose of this report is to provide transparency and accountability, to confirm budgeted revenues were billed and to present the status of receivables that are billed centrally by the Finance Department as of September 30, 2020. The COVID emergency was declared in Yakima on March 11th, after which utility shutoffs ceased as a means of collection. Utility receivables are billed for two months per cycle and may increase as billings across the city are processed into the next quarter and payment plans increase.

Summary

- Total Utility Billing revenue for the quarter was \$12.0 million, compared to \$9.9 million in prior quarter, and total payments were \$11.2 million, compared to \$9.3 million in prior quarter.
- Total Utility Billing accounts ending balance increased by \$785,288 or 16.4% due to billings exceeding payments.
- Total General Billing accounts ending balance increased by \$92,438 or 9.2% from prior quarter, mainly due to yearly billing activity.
- Accounts in collection total \$180,789, or 16.5% of total ending balance.
- Total LID (Local Improvement District) accounts ending balance decreased by \$16,751 or 49.2% from prior quarter.
- The collections process is managed continuously and reviewed monthly
- Past due accounts are placed monthly with the city's collection agency.

Note for 2nd & 3rd quarter only: The placement of items that were due to go to collection with an agency was put on hold in March due to the COVID emergency.

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.

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

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 \$9,881 in the collection column is for 52 accounts.

Quarterly Charges - The \$9,115 in the collection column is for 14 accounts.

Fire Inspections

The Fire Department is currently doing about 500 inspections and compliance re-inspections per month; there are currently 416 accounts in collection for a total of \$69,807.

Front Street Business Improvement (FSBI) Assessment

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 9 accounts are in collection, totaling \$2,650.

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 3 accounts are in collection, totaling \$131.

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 24 accounts are in collection, totaling \$10,713, 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 12 accounts are in collection totaling \$5,982.

Airport

The majority of the \$3,150 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 \$53,641, 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 \$2,384 in gambling tax revenue, with the inclusion of the previous two quarters, this represents 43.1% of the total budgeted amount for the year (\$1,053,000).

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 \$1,855, 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 LID's 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 \$17,321. When accumulated interest (\$7,270) and penalties (\$7,797) are added, the total amount past due is \$32,388. 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	\$ 2,258,408	\$ 5,399,666	\$ 5,039,174	\$ 2,618,900	\$ 1,216,787	\$ 67,674	\$ 1,334,439	\$ —	\$ —
Water	1,072,698	3,505,213	3,222,100	1,355,811	841,374	25,241	489,196	—	—
Refuse	984,406	2,190,440	2,161,358	1,013,488	432,902	35,220	545,366	—	—
Irrigation	478,011	914,109	801,508	590,612	312,847	18,745	259,020	—	—
Total Enterprise Receivables	\$ 4,793,523	\$ 12,009,428	\$ 11,224,140	\$ 5,578,811	\$ 2,803,910	\$ 146,880	\$ 2,628,021	\$ —	\$ —
Central Billing Receivables									
Downtown Yak Bus Impr Dist									
Annual (DYBIDA)	\$ 21,987	\$ —	\$ 781	\$ 21,206	\$ —	\$ —	\$ 11,325	\$ 9,881	\$ —
Quarterly (DYBID)	25,556	37,965	37,274	26,246	3,394	732	13,005	9,115	—
Fire Inspections	97,818	4,710	10,865	91,663	1,270	155	20,431	69,807	—
Front Street Business Impr (FSBI)	5,504	1,384	1,270	5,618	834	—	2,134	2,650	—
Fruitvale Canal Billing (FC)	1,016	—	110	906	—	—	775	131	—
Miscellaneous	30,237	40,530	50,619	20,149	5,563	360	3,513	10,713	—
Intergovernmental	477,626	579,300	615,370	441,555	438,887	900	1,769	—	—
Traffic Eng./ Engineering	1,470	500	500	1,470	—	—	1,470	—	—
Parks & Recreation (WEED)	6,299	—	—	6,299	—	—	317	5,982	—
Airport	61,841	192,389	209,354	44,876	29,806	276	9,030	3,150	2,615
Gambling	17,574	198,396	198,396	17,574	—	—	—	15,719	1,855
Water/WW Invoice & Connections									
City of Yakima	150,214	621,888	468,530	303,572	159,863	62,056	28,012	53,641	—
Terrace Heights/Union Gap	108,440	343,301	334,856	116,886	116,886	—	—	—	—
Total Central Billing Receivables	\$ 1,005,582	\$ 2,020,363	\$ 1,927,925	\$ 1,098,020	\$ 756,503	\$ 64,479	\$ 91,781	\$ 180,789	\$ 4,470
Installment Receivables									
	Original	Beginning	Quarterly Activity			Ending	Delinquent		
	Principal	Principal	Principal	Interest	Total	Principal	Interest &	Total	
	Balance	Balance	Principal	Interest	Payments	Balance	Principal	Penalties	Past Due
LID Assessments	\$ 1,773,787	\$ 34,066	\$ 16,751	\$ —	\$ 16,751	\$ 17,315	\$ 17,321	\$ 15,067	\$ 32,388

GAMBLING TAX DETAIL

Exhibit II

Account(s) sent to Collection:	3rd Quarter Balance
Michael's Tavern (1st - 4th Qtr 13)	\$ 11,938
Michael's Tavern (1st - 2nd Qtr 14)	3,781
	15,719
Account(s) with payment arrangements set up by Legal:	
Brews & Cues (1st - 4th Qtr 14)	1,855
Total	\$ 17,574

LID ASSESSMENT DETAIL

Exhibit III

LID # - Description	# of Accts	Quarterly Activity			Delinquent			
		Beginning Balance	Payments	Ending Balance	Principal	Interest	Penalties	Total Past Due
1052 - Willow Area Water Main	1	\$ 286	—	\$ 286	\$ 285	\$ 390	\$ 489	\$ 1,164
1057 - N. 84th Avenue & Hawthorne Drive Sewer	1	2,220	—	2,220	2,221	1,943	2,579	6,743
1058 - N. 95th Avenue, 94th Place, W. Yakima Avenue Sewer	—	4,121	4,121	—	—	—	—	—
1060 - N. 85th Avenue & Kail Drive Sewer	1	2,593	1,297	1,296	1,296	68	—	1,364
1061 - Simpson Lane Sewer	7	24,852	11,333	13,519	13,519	4,869	4,729	23,117
Total	10	\$ 34,072	\$ 16,751	\$ 17,321	\$ 17,321	\$ 7,270	\$ 7,797	\$ 32,388