

**City of Culver City, California
Agenda Item Report**

Meeting Date: 10/19/09		Item Number: <u>A-2</u>	
CITY COUNCIL AGENDA ITEM: Consideration of Delegation of Authority for the Approval of Penalty Waivers for Delinquent Refuse Charges			
Contact Person/Dept.: Jeff Muir, CFO		Phone Number: (310) 253-5865	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒	Attachments: ☐
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (E-Mail) Meetings and Agendas – City Council (10/14/09); (E-Mail) Fiscal & Budget Issues (10/14/09)			
Department Approval: Jeff Muir (10/08/09)		City Attorney Approval: Carol Schwab (by H. Baker) (10/09/09)	
Chief Financial Officer Approval: Jeff Muir (by M. Noller) (10/14/09)		City Manager Approval: Mark Scott (10/14/09)	
 <u>RECOMMENDATION:</u> Staff recommends the City Council consider providing a designated level of authority to staff for waiving penalties from delinquent refuse charges. <u>BACKGROUND:</u> The Culver City Public Works Department provides refuse and recycling services to the residents and businesses of Culver City. The charges for residential refuse service, for up to 3 units, are assessed on the property tax bills annually. Funds are collected by the County and remitted to Culver City. All business, industrial and residential accounts of 4 units and higher are considered 'commercial refuse accounts'. The Accounts Receivable Division of the Finance Department is responsible for the monthly billing of all commercial refuse accounts, as well as special collections. The number of accounts billed monthly is currently approximately 1,600, but has typically been closer to 2,000. Sections 5.01.075 through 5.01.085 of the Culver City Municipal Code (CCMC) provide the general parameters for payment due dates and late payment penalties for commercial refuse accounts. Currently, payments for the preceding month's services are due by the last day of the following month. Typically, bills are generated and mailed during the first week of the month and due by the last day of that same month. Section 5.01.080(A) provides that any payment received late (after the last day of the month) is assessed a fifty percent (50%) late charge. This is a very high late charge, however it provides a real incentive for customers to pay on time. Section 5.01.080 also allows the City to suspend refuse service to accounts delinquent for longer than 60 days.			

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Section 5.01.085 of the CCMC provides a mechanism for a customer to protest charges billed for additional solid waste handling (special collections). Under this section, a customer must make payment for the charges, but can file a written protest to the "City Accounting Department" (an outdated term which now is the Finance Department). The Department is provided 30 days to notify the customer of the decision regarding their protest, and the decision can be appealed to the City Council.

There is no language in the CCMC that provides any authority for staff to waive late charges under any situation. The only provision for any kind of appeal is related specifically to special collection charges, as mentioned previously. There are occasionally situations where staff feels a waiver of the late charges would be appropriate. The Finance Department normally gets several such requests per year. In situations where a customer has a good payment history and a reasonable excuse, staff feels it would be appropriate and more efficient to have authority to consider such requests. In the past, when this function was under an elected City Treasurer, different individuals in that position established their own policy on how and when penalty waivers might be considered. Since this function now reports through an appointed employee, the Chief Financial Officer, staff feels that any authority needs to be formally granted by City Council and reflected in a City Council Policy, adopted by Resolution.

DISCUSSION:

Currently, the City Council has delegated the authority to settle claims of \$10,000 or less to the City Attorney, and claims of \$25,000 or less to the City Attorney, in consultation with the City Manager. Staff is proposing a similar procedure be considered with respect to late charges for commercial refuse bills.

Specifically, staff is recommending the following:

- For late charge waiver requests up to and including \$250: the City Manager (or his designee) may approve such requests.
- For late charge waiver requests over \$250 but less than \$5,000: the City Manager (or the Assistant City Manager acting on his behalf), may approve such requests in consultation with the Chief Financial Officer and the Public Works Director.
- For late charge waiver requests over \$5,000: Such requests must receive City Council approval.

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Additionally, denied requests can be appealed at the next level, whose decision will be final.

Should the City Council direct staff to present an Ordinance and Resolution for your consideration and should the City Council adopt such an Ordinance and Resolution, an Administrative Policy consistent with the Resolution shall be issued by the City Manager governing the conditions under which such a request could be approved.

Staff believes this method of handling late charge waiver requests is more efficient than the alternative of bringing all such requests before the City Council. It also provides some mechanism for recognizing special circumstances in light of our very high late charges.

FISCAL ANALYSIS:

There is no fiscal impact from considering this policy item. If the City Council approves the staff recommendation, there could be occasional and immaterial waivers of late charges in the future. This would only affect the Refuse Fund.

ATTACHMENTS:

None.

MOTION:

That the City Council:

1. Approve the staff recommendation to delegate authority for the waiver of delinquent refuse late charges and direct staff to prepare the necessary Ordinance and Resolution for consideration by the City Council;

OR

2. Provide other direction to staff, as deemed appropriate.