



# Administrative Regulations

Number AR21-5  
Issue 1

**Subject: Processing, Collecting and Disposing of Claims for Damage to City Property.**

## I. PURPOSE

The purpose of this regulation is to set forth standard procedures to be followed in processing, collecting and disposing of claims for damage to City property or City owned motor vehicles.

## II. SCOPE

This regulation is applicable to all City Departments and offices responsible directly to the City Manager. It is also requested that elective offices and other independent offices and departments of the City comply with these procedures in the interest of administrative uniformity.

## III. AMENDMENT

The City Manager may amend the policy, procedures and contents set forth in this regulation in accordance with the provision set forth in Administrative Regulation 1-1.

## IV. DEFINITION

A damage claim will be deemed delinquent if full payment has not been received within 30 days after the due date on the bill.

## V. POLICY

Prior to utilizing Billing and Collection Services on a regular and consistent basis, City departments will submit to the Department of Financial Management an interdepartmental Memorandum of Understanding (MOU).

## VI. PROCEDURES

### A. Processing of Damage Claims

Damage to City Property is to be recorded by the Police Department on an "Officers Report Relative to City Owned Equipment or Property" form, or in the event of damage to a City vehicle on a "Vehicle Collision Report." The report shall be forwarded to the appropriate department to obtain an estimate on the cost of repairs.

### B. Billing of Damage Claims

1. The initial billing will be completed by the originating department unless arrangements have been made with Billing Services to do the billing for the claim(s).
2. Those departments utilizing Billing Services shall forward the Police Department report and the departmental invoice to the Billing Services Section.
3. If an actual billing is unduly delayed, the department is authorized to prepare an invoice based on an estimate of the repair cost.

### B. Collection of Delinquent Damage Claims

1. A damage claim which has become delinquent in accordance with Section IV of this regulation, should be forwarded to Collection Services

2. A standard information sheet shall be forwarded to Collection Services. The information sheet should include the debtor's full name, current address, telephone number and relevant identification number(s) e.g., social security, drivers license, or state issued I.D.

Other documents transferred with the information sheet should include copies of the invoice, follow-up letters, correspondence, other relevant data and a transmittal memorandum indicating the organization and revenue codes to be used by Collection Services. The memorandum should be addressed to the Financial Services Officer.

3. The originating department should note on their records that the claim has been forwarded to Collection Services and discontinue any further collection activity.

Attempts to pay all or part of the claim by the debtor must be referred to Collection Services to maintain accurate billing and collection records. The department should retain a record of the claim to identify and properly credit any subsequent payments.

4. When collection procedures have failed to secure payment, collection of the claim may be pursued through small claims court if the claim is less than the maximum allowable amount

5. When a delinquent claim is greater than the maximum allowable in small claims court, Collection Services shall forward the claim to the City Attorney's Office.

The City Attorney may pursue payment through a civil action or, if the amount in question is close to the small claims court maximum, the City Attorney may recommend that Collection Services pursue payment through small claims court, in lieu of incurring the expense of a civil action.

6. When it is considered impractical to devote further effort to collect on a damage claim, Collection Services may forward the claim to an authorized private collection agency. When this occurs, Collection Services will be relieved of collection responsibility, with the exception of maintaining necessary records to distribute payments obtained by the collection agency.     D. Payment of Damage Claims

1. Payment on damage claims may be made in person or by mail to Collection Services. Payments received by the initiating department must be forwarded to Collection Services for purposes of updating the claim and depositing of funds.
2. Payments received by Collection Services will be deposited in accordance with Administrative Regulation 21-1 and credited to the appropriate organization and revenue codes
3. The City Attorney may elect to return damage claims to Collection Services for follow up, collection or monitoring of payments. If the City Attorney elects to have the payments made to their office' the payments will be credited in accordance with Administrative Regulation 21-1 to the appropriate organization and revenue codes.

Copies of the Deposit Receipt (DR) must be sent to Collection Services for purposes of updating accounts in the automated system.

4. When a party making a payment on a damage claim requests a release of the claim, Collection Services shall verify that other payments are not due from the party requesting the release. Releases must be approved by the Director of Financial Management and approved as to form by the City

#### E. Uncollectible Delinquent Damage Claims

1. When collection by a department for a damage claim of \$25.00 or less has been unsuccessful and the claim has become delinquent, in accordance with Section IV of this regulation, the originating

department shall forward the claim to the Director of Financial Management for authorization to write off the balance.

A written request shall accompany the claim stating the reason the balance is determined to be uncollectible. Section 3.48.020 A of the Municipal Code authorized the Director of Financial Management to discontinue collection efforts in any of the circumstances listed in Subsection E-4. Copies of the approved memorandum should be sent to the City Auditor and City Controller.

2. Uncollectible Delinquent Damage Claims of \$1,000.00 or Less:

When collection on delinquent damage claims has been unsuccessful and further effort to collect would constitute an unnecessary expenditure of public funds, Section 3.48.020 A of the Municipal Code authorizes the Director of Financial Management to terminate further efforts to collect, and to order claims in the amount of one thousand dollars or less, removed from the accounts of the City, in any of the circumstances listed in Subsection E-4.

3. Uncollectible Delinquent Damage Claims in excess of \$1,000.00:

When collection of delinquent damage claims has been unsuccessful and further effort to collect would constitute an unnecessary expenditure of public funds, Section 3.48.020 B of the Municipal Code authorizes the City Manager to terminate further efforts to collect, and to order claims in excess of one thousand dollars, removed from the accounts of the City in any of the circumstances listed in Subsection E-4.

4. Collections may be terminated in one or more of the following circumstances.

- a) Statute of limitations has expired
- b) Recommendation of City Attorney
- c) Compromised settlement authorized by City Attorney
- d) Amount involved does not warrant further activity
- e) Bankruptcy filed
- f) Deceased - no assets
- g) Cannot locate
- h) Unable to prove responsibility
- i) Company defunct
- j) Small claims court ruled against the City

5. Upon approval of the City Manager or the Director of Financial Management, delinquent damage claims written off will be filed with Collection Services. Copies of the approval will be forwarded to the City Auditor, City Attorney, City Controller, and the originating department.

Delinquent claims forwarded to the City Attorney will be returned to Collection Services for write off when deemed appropriate by the City Attorney.