

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: May 24, 2012**

SUBJECT: Valley Collection Service, LLC – Contract Addendum

SUBMITTING DEPARTMENT: Management Services

PREPARED BY: Cordell R. Compton, Customer Accounts Division Manager for William Kauppi,
Management Services Director

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: a) Valley Collection Service, LLC – Contract Addendum
b) Collection Service Agreement dated April 12, 2012
c) Sample collection letters

SUMMARY/BACKGROUND: On April 12, 2012, the Town Council approved a contract with Valley Collection Service, LLC (Glendale, AZ) to perform collection services for unpaid liens. The fee for those services is twenty-percent (20%) of the amount collected. The Customer Accounts Division of Management Services would like to use Valley Collection Service, LLC (VCS) to attempt collection for unpaid, finalized water/sewer bills and amend the existing contract accordingly to provide for those services.

The Customer Accounts Division has past due, uncollected final water/sewer bills. Many of these accounts are of a dollar amount that the time/effort/expense for filing liens is not cost-effective. We have already gone through the prescribed collection steps as provided in the Customer Accounts Regulations without any success. We believe using a collection service such as VCS makes sense in these cases.

The fee that Valley Collection Service has agreed to charge the Customer Accounts Division is twenty-percent (20%) of the amount collected. There are about 560 accounts outstanding which total nearly \$60,450 that could be referred to Valley Collection, an average of almost \$108/account. To put the amount of unpaid inactive accounts in perspective, they represent only .05% of water/sewer revenues.

Staff would follow the Customer Accounts Regulations §6.5.5 and §6.5.8.1 which specify “Utility accounts with delinquencies that remain unpaid six (6) months after the billing date may be turned over to a collection agency. . . .” Staff will continue to enforce the collection procedures for active accounts to forestall them moving into the inactive category if possible.

The services provided under this contract addendum would be on an “as needed” basis with no guaranteed minimum or maximum number of accounts provided for collection. The term of the addendum would be in effect until the Town provides a written notice of termination.

OPTIONS ANALYSIS: Council may approve the Valley Collection Service contract amendment or defer such action until a later date.

ACTION OPTION: Motion to authorize the Mayor (or, in his absence the Vice Mayor) to sign the Valley Collection Service contract amendment as recommended. **VOTE.**

RECOMMENDATION: Staff recommends approving the Valley Collection Service contract amendment. This item was presented and discussed at the May 17, 2012 work study.

FISCAL ANALYSIS: The cost for these services is twenty-percent (20%) of the amount collected. No fee is assessed unless an account is collected. Services are provided on an “as needed” basis. There is no out-of-pocket costs or upfront costs to the Town under this contract addendum. We believe this is a good tradeoff given the amount of final bills outstanding.

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned to _____