

Changes to Service Charges and Collections - Update
Report Purpose

To seek Council approval to reinstate collections and penalties on general Accounts Receivable invoices and charges on Non-Sufficient Funds (NSF) and Electronic Funds Transfer (EFT) payments returned across the organization while continuing to provide leniency to residents in consideration of the COVID-19 pandemic.

Recommendation

THAT the issuance of penalties related to general Accounts Receivable be reinstated on November 2, 2020; and

THAT the issuance of service charges for Non-Sufficient Funds / Electronic Fund Transfer payment returns, as set out in the 2020 Fee Schedule in Bylaw 37-2019, Fees Rates and Charges, be reinstated on November 2, 2020; and

THAT the collection calling for payment plan options be reinstated in October 2020 and all other collection activities related to overdue Accounts Receivable invoices be reinstated on November 2, 2020 or at the discretion of the Chief Commissioner.

Our Prioritized Strategic Goals

Goal 1 - Build strong communities to support the diverse needs of residents

Report
Update

On April 21, 2020 Council approved suspending the Accounts Receivable collections activities and charging penalties from April 1 to July 31, 2020. To address the ongoing economic challenges and pandemic environment, these activities continue to be suspended.

The impact of suspending these activities through to the end of July have been minimized by the ambulance subsidy provided by Alberta Health Service for the period of April 15, 2020 to July 14, 2020. Now that the ambulance subsidy has ceased, we have seen an increase in our Accounts Receivable balances.

General Accounts Receivable billing has continued as per normal process throughout the last six months and as Strathcona County services re-open, the volume of invoices will continue to grow. Most invoices are being paid on time, however the need for flexibility is still required. Strathcona County has not charged \$11,500 in penalties over the past 6 months.

	31-Mar	31-Jul	31-Aug
Number of Customers in Arrears	322	307	403
Total Customers in AR Aging	608	545	634
% of Customers in Arrears	53%	56%	64%
Amount of Arrears	\$250,541	\$298,759	\$464,357

While the recommendation for the collections activities is to start up in November, we would like to start calling customers in October to offer payment options including payment plan opportunities. This gives the Accounts Receivable office the opportunity to resend invoices and discuss options for payments prior to resuming regular collections activity November 2, 2020.

Background

General Accounts Receivable (AR) activity for Strathcona County includes facility rentals, Family and Community Services billing, intermunicipal billing, ad hoc department billing, and billing for emergency services. Utility billing, tax billing, and billing for recreation services are handled separately from AR.

As a course of the normal process, AR invoices are created and sent to customers and residents after services are provided. Strathcona County payment terms are 30 days. If an invoice is left unpaid for 31 days or more, penalties are charged for every month past due at a rate of 1.5%. In-house collections calls are made for any outstanding amounts past 90 days, and after one month of calling, invoices are then sent to our external collections agency for them to follow up and try to receive payment. Penalties and services charges for general Accounts Receivable typically result in revenues of less than \$2,000 per month.

Council and Committee History

- | | |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 21, 2020 | Council approved that the issuance of penalties related to Accounts Receivable be suspended, the issuance of service charges for Non-Sufficient Funds / Electronic Fund Transfer payment returns, as set out in the 2020 Fee Schedule in Bylaw 37-2019, Fees Rates and Charges, be suspended and collection activities related to overdue Accounts Receivable invoices be suspended for the period of April 1 to July 31, 2020. |
| December 5, 2019 | Council approved three readings of Bylaw 37-2019 to establish 2020 Fees, Rates and Charges for the provision of Municipal, Utility and Library Services. |

Policy: n/a

Legislative/Legal: Municipal Government Act, R.S.A. 2000, c. M-26

Interdepartmental: All departments

Master Plan/Framework: n/a