

# Collections Policy

## Introduction

This policy establishes standardized procedures for collecting unpaid accounts across all City departments. It provides a consistent framework for pursuing delinquent revenues while maintaining transparency, equity, and compliance with generally accepted best practices. The policy also aligns with established practices in the **City of Alameda Municipal Code** related to the recovery of delinquent revenues, including the use of property tax roll collection and lien placement.

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## I. Purpose and Scope

This policy governs the collection of all unpaid taxes, fees, fines, service charges, and other receivables due to the City. It applies to all departments that issue invoices or manage accounts receivable. The emphasis of this policy is on effective and equitable **collection processes** once an account becomes delinquent.

The primary objectives are to:

- Establish a centralized collections unit with clear steps for both internal and external collection activities.
  - Promote the timely recovery of City revenues while maintaining consistent treatment of debtors.
  - Support sound financial management and accountability.
  - Align with the City of Alameda's established collection mechanisms for delinquent accounts.
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## II. 2. Governance and Authority

- **Policy Oversight:** The City Council adopts this policy. The City Manager or his/her designee is responsible for implementing, monitoring, and updating the policy.
- **Department Responsibilities:** Departments are responsible for identifying delinquent accounts promptly, issuing at least one original and one past-due notice, and referring unpaid accounts to the Centralized Collections Unit. While departments may coordinate with the Finance Department on general billing activities, ultimate responsibility for the remains with the originating department. Departments are also responsible for procuring, managing, and monitoring third-party billing affiliates, as necessary.
- **Centralized Collections Unit:** The Finance Department shall maintain a Centralized Collections Unit (CCU) to oversee collection activities, coordinate external resources, and ensure compliance with City standards and municipal code provisions related to delinquent accounts.

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## III. 3. Overview of Billing Requirements

Although this policy focuses on collections, the following billing principles support successful recovery efforts:

- Invoices should be issued promptly after service or transaction.
- Payment terms should be clear and consistent, allowing a reasonable time for payment.
- Each bill must include the amount due, due date, contact information, and consequences for late payment.
- If payment is not received, a second invoice (Past Due Invoice) will be sent.
- If the account remains unpaid, it will be referred to CCU.
- Once an account has been referred, all related inquiries shall be directed to the Centralized Collections Unit for resolution.
- Departments must maintain accurate records of all billings and payments to support collection efforts.

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## IV. 4. Internal Collection Process

1. **Administrative Fees:** A collection or administrative fee may be applied to recover costs associated with recovery efforts, consistent with the Master Fee Schedule.
2. **Payment Plans and Hardship Provisions:** Individuals or businesses unable to pay in full (“debtor”) may request a payment plan. The City Manager or his/her designee is authorized to work with the debtor to resolve the matter before external enforcement measures are taken.
3. **Appeals and Dispute Resolution:** All appeals must be submitted to the City in writing. City staff will review the appeal and notify the debtor of the outcome.
4. **Notice Requirements:** In accordance with City procedures, at least two mailed collection notices shall be provided before any delinquent amount is escalated to external enforcement measures.
  - 4.a) In the case of sidewalk repair delinquent amounts, the City will send to the debtor a first notice offering the debtor an opportunity to meet and confer with City Staff on the delinquent amount. Following a meet and confer with City staff regarding the amount owed for sidewalk repair, the Public Works Director will issue a second notice, which also serves as a determination letter from the meet and confer process that will include a brief explanation of the process for the debtor to obtain a hearing before a City hearing officer pursuant to the City’s municipal code.

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## V. 5. External Enforcement Measures

If internal efforts fail, the City may pursue additional enforcement methods, consistent with best practices and applicable law:

- **Small Claims Court:** The City may file claims in Small Claims Court for unpaid balances up to the legal threshold under state law.
  - **Property Tax Roll and Liens:** Following notice and an opportunity for a debtor to be heard, the City may request the County of Alameda to place unpaid charges on the property tax roll or record a lien against real property to ensure recovery of outstanding obligations.
    - a) **Sidewalk Delinquencies:** Staff will place on a City Council agenda an item to consider placing a special assessment on the applicable lot, lots, or portion of a lot, in the form of a lien, consistent with State law and the City's municipal code. Owners of properties included in the agenda item will be limited to:
      - (1) those that failed to meet and confer with the City and/or did not elect to have a hearing officer hear an appeal and yet still have a delinquent account; or
      - (2) those that did meet and confer, had a hearing officer hear their appeal, but failed to pay the amount determined by the hearing officer to be owed to the City.
  - **Use of Collection Agencies:** The City may engage licensed third-party collection agencies to collect the unpaid amount when cost-effective and consistent with City policy.
  - **Civil or Legal Action:** For significant or complex debts, the City Attorney may pursue civil collection or other lawful remedies.
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## VI. 6. Ethical Standards and Conduct

All collection activities must be conducted professionally and in good faith. The City will:

- Prohibit harassment, intimidation, or deceptive practices.
  - Communicate clearly and respectfully with all debtors.
  - Protect confidential information and comply with applicable privacy standards.
  - Provide reasonable opportunities for repayment and dispute resolution.
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## VII. Write-Offs and Uncollectible Accounts

- **Criteria for Write-Off:** Accounts may be written off when collection avenues have been exhausted, the balance is below cost-effective thresholds, or collection is legally or practically impossible (e.g., statute of limitations, bankruptcy, or death).
  - **Approval and Documentation:** Write-offs must be authorized by the City Manager or his/her designee and documented for audit and reporting purposes.
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## VIII. Policy Review

- **Policy Review:** The policy shall be reviewed at least once every three years to ensure alignment with best practices and City of Alameda Municipal Code requirements.
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## IX. Key Principles

- **Consistency:** Apply uniform standards across all departments.
- **Transparency:** Maintain clear documentation and communication.
- **Equity:** Treat all debtors fairly and objectively.
- **Accountability:** Ensure oversight and reporting for all collection actions.
- **Fiscal Responsibility:** Maximize recovery of City revenues in a cost-effective manner.