



MEETING OF JANUARY 3, 2023

TO: Mayor Jordan and City Council

THRU: Susan Norton, Chief of Staff
Kevin Springer, Budget Director

FROM: Timothy Nyander, Utilities Director

DATE: December 15, 2022

SUBJECT: WATER AND SEWER CONSTRUCTION MATERIALS AND BAD DEBT EXPENSE ACCOUNTS

RECOMMENDATION:

Staff recommends approval of a budget amendment for the Construction Materials and Bad Debt Expense accounts within the Water & Sewer Fund.

BACKGROUND:

The Construction Materials account in the Water Distribution Maintenance program will come up short on funding for the remainder of 2022 expenses. The Bad Debt Expense account in the Utilities Financial Services division also needs additional funding to cover anticipated bad debt expenses for the remainder of 2022.

DISCUSSION:

Due to high materials costs for the construction materials that supply the Water & Sewer warehouse and in-house construction jobs, the Construction Materials account within the Water Distribution Maintenance program will need additional funding to cover 2022 expenses.

Between early 2020 and late 2021, the City suspended all collection activities on delinquent utility bill balances due to the financial strain the covid-19 pandemic placed on customers – no penalties were applied to delinquent balances and no delinquent balances were placed with the City’s collection agency during this time. Thus, there was a 2-year backlog in utility accounts that needed to be dropped to bad debt when the City resumed collection activities in 2022. As of August 30th, all 2020 and 2021 bad debt has been dropped/placed with the City’s collection agency. The 2-year backlog exhausted all budgeted funding and thus additional funding is needed to cover 2022 bad debt that will be dropped before the end of 2022.

BUDGET/STAFF IMPACT:

Staff requests a budget amendment - \$295,000.00 from Division 730 - Wastewater Treatment Plant and \$325,000.00 from Fund Balance.

ATTACHMENTS: 2022-239 SRF WS Const Mat & Bad Debt, 2022-239 BA WS Const Mat & Bad Debt, RES BUDGET ADJUSTMENT FOR BAD DEBT AND CONSTRUCTION MATERIALS

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