

CITY OF BOILING SPRING LAKES
MINUTES
WORKSHOP TO DISCUSS WATER ASSESSMENT REFUNDS
MAY 9, 2011
CITY HALL – 6:30 p.m.

Purpose: The purpose of this workshop was for the Board of Commissioners to discuss issues surrounding the water assessment refund process.

Attendance: In attendance were Mayor White, Commissioners Caster, Kinney, Troscianiec and Carroll. Also in attendance were City Manager David Lewis, City Clerk Linda Merry, Tax Collector Becky Cummings, City Attorney Elva Jess, and City Auditor Wayne Berry, CPA.

Bank Account Set Up

The auditor has recommended a separate checking account for the refund checks. Security Savings Bank has a commercial checking account with a 16 cents per check service fee. The auditor felt that a better rate could be negotiated. The City Manager will try to negotiate a better rate with Security Savings and will also contact BB&T.

The Mayor did not understand why a separate account was necessary and suggested using the General Fund Checking Account to process the checks. The City Manager explained that there could be as many as 6,000 refund checks, and a separate checking account would make the accounting process much more efficient.

Who Will Sign Checks?

The Board concurred that the Mayor and the Mayor Pro-Tem would be responsible for signing the refund checks.

Update Unused Assessments/Cut-Off Date for Calculation of Refund Amount

The auditor will update the unused assessment spreadsheet prepared at June 30, 2010. Collections for the Expansion Project will be added. He will also calculate estimated expenses that will be charged to the Refund Project.

The Board concurred that December 31, 2011 would be a reasonable cut-off date for determining the refund amount. This will give the Tax Collector sufficient time to complete enforcement actions on delinquent accounts.

Expenses to be Charged to the Refund Project

The Board concurred that the following expenses should be charged to the project:

Part-time Labor

Postage

Printing

Envelopes, bankers boxes, check stock, bank charges

Legal and Accounting Fees

Database Management Fees

Lexis/Nexis (The City will be required to change the monthly plan to unlimited access.

This will cost an additional \$ 100 per month)

Enforcement on Expansion Accounts Receivable

The current accounts receivable balance for the Water Expansion Project is \$ 268,211. It is believed that many customers are waiting to know the refund amount before they pay their assessment. The Board directed the Tax Collector to begin immediate enforcement on all delinquent assessments, using all available means, including debt set-off, wage garnishment and bank account levy.

Commissioner Troschianiec suggested an attempt to collect an amount that would approximate the final assessment after refund. He presented a draft letter to send to customers encouraging payment. After much discussion, the Board concurred to enforce on the entire \$ 500 assessment.

Volunteer Assistance with Refund Project

There was a long discussion about using volunteer labor instead of paid staff to complete the refund process. Commissioner Carroll suggested that volunteers could sign a contract promising to keep customer information confidential.

The City Attorney explained that the City would still be held liable if a volunteer were to disclose confidential customer information. The City Manager was also uncomfortable with using volunteers for the project. He explained that the process is working well thanks to Commissioner Kinney's willingness to cover the main City Hall phone and front desk thirty hours per week. This frees up city staff to work on the project.

Other Issues

The City Manager reported on several issues and questions that have surfaced since project inception. The City Attorney provided the following guidance:

1) How far do we have to go to track people due refunds?

The City Attorney is researching this issue. If the individual cannot be located, the refund would be escheated to the State of North Carolina.

2) Who receives the check when payer is deceased?

The administrator of the estate.

3) Who receives the check when there has been a divorce?

If paid by a joint check, the refund will be made payable to both parties, and it will be up to them to settle the matter.

4) Some accounts have multiple payers. How will the refund be paid?

The refund will be pro-rated among the payers.

5) Can refunds be offset against other debts owed to the City?

No.

6) Closing attorneys would accept a single check for all applicable closings with a list providing necessary information.

7) Should all addresses be verified prior to mailing refund checks?

The City Attorney recommended verification of addresses. The Mayor disagreed and recommended sending the checks without verification. He estimated that only a few would come back undeliverable.

Enforcement through Foreclosure

There was a brief discussion regarding the use of foreclosure as a means to collect delinquent assessments. The City Attorney explained that foreclosure was a very lengthy and expensive process, and this would require that the City have ample funds available to purchase the properties in the event no one else placed a bid at auction.

Adjourn: The Mayor adjourned the workshop at 7:50 p.m.

Linda Merry, CMC, City Clerk

Richard White, Mayor