

# City of Calistoga

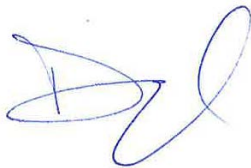
## Staff Report

**TO:** Honorable Mayor and City Council  
**FROM:** Gloria Leon, Administrative Services Director  
Dylan Feik, City Manager  
**DATE:** August 1, 2017  
**SUBJECT:** Consideration of a Resolution Approving a Late Payment Penalty Forgiveness Policy

---

---

APPROVAL FOR FORWARDING:



---

Dylan Feik, City Manager

- 
- 
- 1 **ISSUE:** Consideration of a Resolution Approving a Late Payment Penalty Forgiveness
  - 2 Policy.
  - 3
  - 4 **RECOMMENDATION:** Staff recommends the City Council adopt the Resolution
  - 5 approving a Late Payment Penalty Forgiveness Policy.
  - 6
  - 7 **DISCUSSION:** The City of Calistoga currently provides an administrative remedy for late
  - 8 payment penalty forgiveness. Current practice is to allow only one life-time late
  - 9 payment penalty forgiveness per customer or address for water bill payments,
  - 10 wastewater utility bill payments and transient occupancy tax (TOT) payments.
  - 11
  - 12 City staff has identified the need to promote fiscal responsibility through the adoption and
  - 13 execution of a policy addressing late payment penalty forgiveness billing adjustments.
  - 14 City staff have relied on practical solutions and best practices to address late payment
  - 15 forgiveness.
  - 16
  - 17 The administration of the late payment penalty adjustment function for the City is
  - 18 performed by the Finance Department. City staff have developed a Late Payment
  - 19 Penalty Forgiveness Policy establishing guidelines for providing late payment

August 1, 2017 City Council Staff Report  
Late Payment Penalty Forgiveness Policy

20 adjustments for debts or monies owed to the City of Calistoga. This policy does not  
21 relinquish the obligation to remit payments, debts and/or monies to the City, but rather  
22 allows for forgiveness of late penalties as defined in the policy attached.

23  
24 The Administrative Services Director, or another person delegated the responsibility for  
25 adjusting billings, may adjust the late payment penalty fees once during a rolling two-year  
26 period.

27  
28 Upon demonstration of an unusual circumstance or hardship, the City Manager and  
29 Administrative Services Director may consider additional forgiveness of late payment  
30 penalties under the following circumstances:

- 31
- 32 • *Reliance on erroneous written document or advice.* The City will forgive penalties  
33 and interest charges due on a transaction if an erroneous document or written  
34 advice from the City caused confusion regarding the transaction, resulting in a late  
35 payment penalty.
  - 36  
37 • *Reasonable cause.* The City may forgive late payment penalties if it found that  
38 one's failure to pay was due to reasonable cause and circumstances beyond your  
39 control and occurred notwithstanding the exercise of ordinary care and the  
40 absence of willful neglect.
  - 41  
42 • *Demonstrated extraordinary circumstance.* It is common for extraordinary  
43 circumstances to occur which reduce one's ability to pay on time. For example –  
44
    - 45 ○ *Loss of internet connection disallows an Electronic Funds Transfer (ETF) to*  
46 *make a scheduled payment*
    - 47 ○ *Unexpected personal emergency occurs and the person normally*  
48 *responsible for finance/accounting is unable to process payment to the City.*
- 49

50 The attached Late Payment Penalty Forgiveness Policy is intended to identify the steps  
51 to be taken when providing billing adjustments for water bill payments, wastewater utility  
52 bill payments and transient occupancy tax payments.

53  
54 **FISCAL IMPACT:** There is no immediate financial impact to the City resulting from the  
55 adoption of this policy. However, a formal policy will help create an environment  
56 conducive to meet the needs of our community.

57  
58 **ATTACHMENTS:**

- 59 1. Resolution
  - 60 2. Late Payment Penalty Forgiveness Policy
- 61  
62

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45

**RESOLUTION NO. 2017- XXX**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA,  
COUNTY OF NAPA, STATE OF CALIFORNIA, APPROVING A LATE  
PAYMENT PENALTY FORGIVENESS POLICY**

**WHEREAS**, it is the City’s policy to provide administrative remedy for adjustments for late payment on water and wastewater utility bills and transient occupancy tax (TOT) payments; and

**WHEREAS**, the amount of relief current practice is based on a one life-time relief adjustment per address; and

**WHEREAS**, customers who are eligible for billing adjustments will be allowed a late payment penalty forgiveness adjustment once per twenty-four month period and upon demonstration of an unusual circumstance or hardship, the City Manager and Administrative Services Director may consider additional forgiveness of late payment penalties;

**NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of Calistoga hereby adopts the provisions under the City of Calistoga’s Late Payment Penalty Forgiveness Policy shown as Attachment A.

**PASSED, APPROVED, AND ADOPTED** by the City Council of the City of Calistoga at a regular meeting held this **1st day of August, 2017** following vote:

- AYES:**
- NOES:**
- ABSTAIN:**
- ABSENT:**

\_\_\_\_\_  
**CHRIS CANNING, Mayor**

**ATTEST:**

\_\_\_\_\_  
**KATHY FLAMSON, City Clerk**

## City of Calistoga

# POLICY AND GUIDELINES LATE PAYMENT PENALTY FORGIVENESS POLICY

**Policy Authorization**

Effective Date \_\_\_\_\_

Revision Dates (1) \_\_\_\_\_ (2) \_\_\_\_\_

Authorization \_\_\_\_\_

Dylan Feik, City Manager

---

### OVERVIEW

This policy establishes a late payment penalty forgiveness policy for delinquent payments, debts or monies owed to the City of Calistoga. This policy does not relinquish the obligation to remit payments, debts and/or monies to the City, but rather allows for forgiveness of late penalties as defined herein.

### PURPOSE

The purpose of this policy is to establish a reliable, equitable and reasonable standard upon which delinquent payments may not incur late fees, penalties and/or interest.

### LATE PAYMENT PENALTY POLICY

Each account will be granted one (1) forgiveness of a late payment charge during a rolling two-year period. Late payment penalties are most common for water bill payments, wastewater utility bill payments, and transient occupancy tax (TOT) payments.

Upon demonstration of an unusual circumstance or hardship, the City Manager and Administrative Services Director may consider additional forgiveness of late payment penalties under the following circumstances:

- *Reliance on erroneous written document or advice.* The City will forgive penalties and interest charges due on a transaction if an erroneous document or written advice from the City caused confusion regarding the transaction, resulting in a late payment penalty.

- *Reasonable cause.* The City may forgive late payment penalties if it is found that one's failure to pay was due to reasonable cause and circumstances beyond your control and occurred notwithstanding the exercise of ordinary care and the absence of willful neglect.
- *Demonstrated extraordinary circumstance.* It is common for extraordinary circumstances to occur which reduce one's ability to pay on time. For example –
  - *Loss of internet connection disallows an Electronic Funds Transfer (ETF) to make a scheduled payment*
  - *Unexpected personal emergency occurs and the person normally responsible for finance/accounting is unable to process payment to the City.*

### **PAYMENT PLAN**

The Administrative Services Department may approve a payment plan for late payments which are unable to be forgiven. These are considered on a case-by-case basis.

### **RESPONSIBILITIES**

The Finance Department is responsible for the administration and enforcement of the Policy.