



# Memorandum

## City of Manhattan Beach

**TO:** Members of the Finance Subcommittee

**FROM:** Steve S. Charelian, Finance Director  
Cynthia F. Mickschl, Acting Revenue Services Manager

**DATE:** February 21, 2019

**SUBJECT:** Consideration of modification to existing Write-Off limits

**RECOMMENDATION:** Staff recommends that the Finance Subcommittee approve a modification to existing write-off limits as follows:

<u>Authority</u>	<u>Current Limit</u>	<u>Proposed Limit</u>
Finance Director	\$0 - \$2,500	\$0 - \$5,000
Finance Subcommittee	\$2,501 - \$7,500	\$5,001 – \$10,000
City Council	\$7,501 +	\$10,001 +

**FISCAL IMPLICATION:** There is no quantifiable fiscal impact due to the inconsistent nature of this revenue source.

**BACKGROUND:** The current write-off authorization limits were approved by the Finance Subcommittee and City Council in 2011. The limits, reflected above, were appropriate at that time for the invoice amounts being issued by the City.

**DISCUSSION:** Currently, the City invoices a base rate for a single event ambulance billing transport at \$2,282.00 for an advance life support (ALS) transport. In addition to this base rate, there are often ancillary fees for special equipment or supplies used during the event which drive the final invoiced amount to more than \$2,500.00. There is also an increasing number of invoices for Cost Recovery items that fall beyond the limit of the Finance Director.

In order to maximize revenue from delinquent accounts, the City contracts with Financial Credit Network which provides collection services. The ability to send accounts to our collection agency on a timely basis has proven to be effective in the recovery of bad debt. Increasing the Finance Director’s authority to approve write-off amounts up to \$5,000.00 will allow staff to send accounts to collections more expediently which will positively impact the collection rates.