



# Maricopa County

## Planning & Development Department

### Department Directive

Department Directive:  
DD-2010-01

Supersedes:

Effective: Immediately

Initiator: Robert Markey

Director: *Jay Rich*

**PURPOSE:** To establish credit and collections policies and procedures for the department that are consistent with County Policy A2501 (Uncollectible Accounts Receivable) and that will assist department staff in performing collections activities.

**REFERENCE:**

**POLICY/PROCEDURE:**

Credit Policy and Procedure

It is the policy of the Planning and Development Department to not extend credit to its customers. Thus, building permits are not issued to the customer until the related fees are paid in full. Only the Director can authorize an overdraft condition for a trust account in Accela Automation that will allow a credit balance in the account. An overdraft condition would be implemented only to mitigate a departmental error that has impacted customer service.

Collections Policy and Procedure

As stated above, building permits are issued to customers only after the related fees have been paid in full. However, circumstances may arise in which review work is completed on a building permit application, but the applicant changes their mind about building and never picks up (or pays for) the permit. Sometimes the applicant notifies the department that they wish to withdraw the application; most often they do not, and the application simply becomes inactive. In either case, the applicant (whoever signed the personal guarantee of financial responsibility form and/or the application) is financially liable for certain fees related to the review of their application, including, but not limited to, addressing fees, zoning clearance fees, drainage review fees, and/or plan review fees.

The department's policy is to attempt to collect fees related to either cancelled or inactive building permit applications that equal or exceed \$100 per application. Collection procedures are described in detail below. Any cancelled or inactive application that involves another One Stop Shop department's fees only will be turned over to that department for collection (collection will be pursued by Planning and Development when the cancelled or inactive application includes both Planning and Development and another department's fees).

Cancelled applications. Requests to cancel building permit applications must be submitted in writing to the Plan Review Supervisor. He will review the request and calculate the cancellation fee; he will also write a letter to the applicant advising them of any balance due, linking the letter to Sire. The letter should identify the tracking number(s) of the related application(s), and should state that the fees are due and payable. The letter ("cancellation denial") should also state that the application(s) cannot be cancelled until the cancellation fees are paid. The Plan Review Supervisor will then update Accela Automation with an appropriate "Notice" entry in Locks/Holds/Notices (L/H/N). Thirty days after the date of the "cancellation denial" letter, the Financial Supervisor should send a reminder letter by first-class mail to the applicant, linking the letter to Sire. Sixty days after the date of the "cancellation denial" letter, the Financial Supervisor will begin contacting the applicant by telephone in an effort to collect the balance due. Telephone calls will continue to be made to the applicant each week for a period of thirty days or until payment is received, whichever comes first. Upon payment of the cancellation fee for an application, the Plan Review

Supervisor will zero out the balance due in Accela Automation by removing the permit fee line item. He will also write a "cancellation approval" letter to the applicant and link the letter to Sire. Finally, he will update L/H/N and change the status of the application to "terminated".

Inactive applications. Per County Code, all plan review approvals expire six months after the date of application. The collections process for inactive applications with a balance due is similar to that for cancelled applications with a balance due. Every month the Accounting Specialist, or other staff person, will run a report to identify inactive applications, for which permits have been approved for issuance, and then mail an "inactive letter" advising the applicant that their permit is ready to be paid for and picked up. If the applicant fails to do so within thirty days from the date of the inactive letter, then the application is placed into "collections" status and an initial collections letter ("demand letter") is mailed to the applicant's last known address. The Accounting Specialist will update the "Collections Tracking" spreadsheet maintained on the "P" (or Public) drive to include pertinent information about the applications placed into "collections" status. Any building permit application for an "as-built" structure is excluded from the collections process, since "as-built" structures must be permitted.

In instances where it is suspected that the building project may have been undertaken without first obtaining a building permit, prior to the application being placed into "collections" status, either the Financial Supervisor or the Plan Review Supervisor may forward a request for a site inspection to the Code Enforcement Division Supervisor, who will cause a violation case to be opened. After a complete investigation, Code Enforcement Division staff may instruct the property owner to bring their property into compliance, which may include applying for building permits and paying outstanding fees as necessary, if the site inspection discloses that the building project was undertaken without first obtaining a building permit. Fees not paid and/or permits not reinstated may result in the property owner being summoned before the Civil Hearing Officer as with any other code violation case. In those investigations revealing that the building project was not pursued, the Financial Supervisor will attempt to collect the cancellation fee.

Transfer of ownership. Real property related to a cancelled or inactive building permit application may sometimes be sold, resulting in the transfer of title to a new owner. The new owner may submit a new building permit application, unaware that there is a balance due to the county for an application, submitted by the previous owner, which became inactive. In the event that the old owner, or other third party, refuses to pay the balance due for the old application, the new owner cannot be required to pay the balance due; however, Customer Service staff should advise the new owner about the old application at the time the new application is being submitted.

#### Using Debt Collections Contractors

Privately-owned debt collection companies provide debt collection services to County departments under contract. The County's Materials Management Department administers those contracts. The Planning and Development Department's responsibilities under those debt collection contracts include the following:

1. Prepare accounts for submittal to contractor
2. Provide copies of documentation as required by contractor to respond to debtor's request

3. E-mail a "cancel and return" request to contractor on an as-needed basis (for example, when a debtor files for bankruptcy and is granted a discharge of debt)
4. Review and respond to compromise settlements on accounts on an as-needed basis, either approving or disapproving them
5. For disputed accounts, work with contractor to validate the debt
6. Authorize contractor to take legal action (garnishment, lawsuit, etc.) when collection efforts have been exhausted

On a monthly basis, the Accounting Specialist will prepare those accounts for submittal to the debt collections contractor for which the collections activities described in the "Collections Policy and Procedure" section of this directive have been completed, but without success. Once an account has been submitted to a contractor, department staff should not communicate directly with the debtor, and if contacted by the debtor should simply refer the debtor to the contractor. Also, department staff should not request that a contractor return an account unless, as noted above, the department becomes aware that the debtor has filed for bankruptcy.

#### Uncollectible Accounts

Only the Director is authorized to declare as uncollectible any fees due to the department for inactive building permit applications or applications for which the cancellation fees were never paid. On a quarterly basis, the Financial Supervisor will prepare a listing of those applications, showing the outstanding fees, which are either less than \$100 in amount or for which collection efforts have proved unsuccessful (for inactive applications, at least ninety days will have elapsed since the Accounting Specialist mailed the "inactive letter" to the applicant). This listing will be forwarded to the Director with a request to declare the unpaid fee amounts as uncollectible. Upon receipt of the Director's approval, the Financial Supervisor will update the related Accela Automation files to reflect the write-off of the balances due.

#### Legal Action via Lien Process

There are numerous legal considerations related to establishing, perfecting, and foreclosing on a lien on real property with the intent of recovering the department's unpaid fees. Given the detailed requirements of the lien process, the time and costs involved to complete that process, and the uncertainty associated with the dollar amount that might ultimately be received from a foreclosure sale, the collection procedures described above must be completed before consideration is given to pursuing collection of unpaid fees through the lien process.

Only the Director has the authority to direct staff to pursue collection of unpaid fees through the lien process. The decision to do so will be based on a thorough examination of the merits of each individual case, in consultation with legal counsel. In particular, the Director will weigh the likelihood that proceeds from the sale of the related property will be sufficient to cover both the county's costs to foreclose and satisfy all superior liens against the property, with enough money remaining to satisfy the department's assessment for the unpaid permit fees.