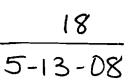
City of Alexandria, Virginia



MEMORANDUM

DATE: APRIL 29, 2008
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER
SUBJECT: CONSIDERATION OF AN ORDINANCE TO RAISE THE FEE FOR CHECKS RETURNED TO THE CITY UNPAID

ISSUE: Consideration of an ordinance to raise the fee charged for checks returned to the City unpaid.

RECOMMENDATION: That City Council pass this proposed ordinance (Attachment 1) on first reading on May 13, 2008, and schedule it for public hearing, second reading, and final passage on May 20, 2008.

DISCUSSION: The Code of Virginia provides localities with the authority to impose fees of up to \$35 for checks returned unpaid due to insufficient funds or because there is no account or the account has been closed. The City currently levies a returned check fee of \$25. Since the Code of Virginia allows this fee to be applied to "other means of payment," the \$35 fee could also be charged for eChecks bounced back to the City.

Finance staff processed more than 600 bad checks and eChecks in FY 2007. While the total number of transactions is not large, the time to follow up on and process these transactions is time that could be spent on other activities, including customer service. An increase of \$10 in the fee for returned checks could generate an additional \$6,500 in revenue; however, staff believes that since a higher fee may result in a decrease in bad checks, the actual revenue generated would be approximately \$6,000 annually.

FISCAL IMPACT: Staff estimates that increasing the returned check fee to \$35 would produce an increase of \$6,000 in additional revenue annually.

ATTACHMENT: Proposed Ordinance

STAFF:

Mark Jinks, Deputy City Manager Laura B. Triggs, Director of Finance David Clark, Division Chief, Treasury EXHIBIT NO. _____

1	1 Total Academic		05/12/08	
1		and first reading:	05/13/08 05/20/08	
2	2 Fublic lical I	ing and enactment:	05/20/08	
4	1 Second read	ing and chactment.	03/20/08	
2 3 4 5	5			
6		OSED ORDINANCE		
7				
8	8 <u>Title</u>			
9				
10				
11			<i>,</i> ,	
12		MENT) of The Code of	the City of	
13				
14				
15				
16 17		for presing had checks	to the City from	
18		for passing bad checks	to the City Hom	
19				
20				
21				
22				
23	3 <u>Staff</u>			
24	4			
25				
26		Laura Triggs, Director of Finance		
27				
28				
29				
30 31		ended		
31		Chaca		
33				
34				
35				
36				
37	7			
38		and its Attachments (if	any)	
39				
40				
41				
42 43				
43	G:\DOCUMENT\DATA\ORD\3-2-301 Fee for Passing Bad Checks	COVER.doc		

	EXHIBIT NO3
1	ORDINANCE NO
2 3 4 5 6 7	AN ORDINANCE to amend and reordain Section 3-2-301 (GENERALLY) of Article Q (FEE FOR PASSING BAD CHECKS TO CITY), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of The Code of the City of Alexandria, Virginia, 1981, as amended.
8 9	THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:
10 11 12 13	Section 1. That Section 3-2-301 of The Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is amended and reordained to read as follows:
14	Sec. 3-2-301 Generally.
15 16 17 18 19 20 21	A fee of \$25 35 shall be charged for the uttering, publishing or passing of any check or draft for payment of taxes or any other sums due to the city, which is subsequently returned for insufficient funds or because there is no account or the account has been closed. Section 2. That this ordinance shall become effective on July 1, 2008.
22	Beetion 2. That this branchice shall beebine encouve on sury 1, 2000.
23 24 25	William D. Euille Mayor

3