


5-13-08*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

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**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

Introduction and first reading: 05/13/08  
Public hearing: 05/20/08  
Second reading and enactment: 05/20/08

INFORMATION ON PROPOSED ORDINANCE

Title

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.

Summary

The proposed ordinance increases the fee for passing bad checks to the City from \$25 to \$35.

Sponsor

Staff

Mark Jinks, Deputy City Manager  
Laura Triggs, Director of Finance  
Karen S. Snow, Assistant City Attorney

Authority

§ 15.2-106, Code of Virginia (1950), as amended

Estimated Costs of Implementation

None

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

ORDINANCE NO. \_\_\_\_\_

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.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

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:

Sec. 3-2-301            Generally.

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.

William D. Euille  
Mayor

Introduction:	05/13/08
First Reading:	05/13/08
Publication:	
Public Hearing:	
Second Reading:	
Final Passage:	