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# With \$300K in Unpaid Bills, Powder Springs Eyes Collection Agency

Transworld Systems would initially charge a flat rate per account, but once "intensive collections" begin at 120 days of missing water and sewer payments, the company would get 50 percent.

By [Michael Stone](#) | [Email the author](#) | May 31, 2012

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Powder Springs officials are considering contracting with a collection agency to help cut down on the \$300,000 owed to the city in water and sewer bills, and prevent such a backlog from growing again.

The city—which provides for those in the city limits and some just outside—disconnects service to about 80 accounts a month for nonpayments, officials discussed at Wednesday’s work session at [City Hall](#). The disconnect comes 15 days after a notice is sent by mail regarding the money owed.

“But after we cut them off, we really have no process in place at the moment to go after those fees,” said Finance Director Amy Davis, who [was hired in April](#). “A lot of them might come back and pay the bill, but then they don’t pay that extra 15 days and the delinquent fees.”

Councilman Al Thurman asked why more notices aren’t sent out, with Davis saying the city doesn’t have the staff to do it in-house.

The longer money is owed on an account, the less likely it will be collected, Davis said. Chances are now heading toward 0 percent, she said, “because we’re not doing anything.”

If the city contracted with [Transworld Systems collection agency](#), delinquent customers would receive two calls, two letters, and finally a warning letter spread out between 30 and 60 days of being overdue. These messages would be delivered under the city of Powder Springs name, and the city would still be able to collect payments in house.

Then, from 70 to 110 days, five demand letters would be spread out under the third-party collection name.

At 120 days, “intensive collections” and legal action begin. This is the stage that represents the \$300,000 currently owed and is where Transworld would begin to collect that money, Davis said.

If Transworld handled 100 delinquent accounts, the city would be charged a \$13.25 flat rate per account for a total of \$1,325 (discounts are offered

when the total is paid in full upfront).

Discounts are also given for signing on for more accounts; for example, if Transworld took on 15,000 accounts, the flat rate per account would drop to \$7.25 each.

Such charges come during the period of 30 to 110 days. At 120, Transworld gets 50 percent of the payment because of the difficulty in getting the money at that point, Davis said.

Through the program, though, about 80 percent of accounts are paid off closer to the 30-day mark, she said.

Davis explained that the city would be able to have discretion over the accounts being turned over and would work with residents, including allowing partial payments.

Councilwoman Nancy Hudson asked what happens when people move and are hard to track down. Davis said that, with customers initially providing their Social Security number and birthday, Transworld is able to use its national databases to find them.

In March, officials [restructured how residents are charged for water and sewer](#), which resulted in mostly increases but provided some opportunities for savings for small residential customers. From January to March, as officials were preparing the restructuring, Powder Springs lost about \$90,000 following a 12 percent water-sewer increase from the Cobb County-Marietta Water Authority.

Also changed at that time were reimbursable water and sewer deposits. A \$50 sewer deposit was added for new customers only, in addition to the existing \$50 water deposit.

For renters, who officials said are worse about leaving balances, a new \$75 sewer deposit was started, and the existing \$50 water deposit was raised to \$75.

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**Frank Hogg**

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10:27 am on Friday, June 1, 2012

Before the city loses money by hiring a collection company, how about looking into how many of the mayor's "friends" have had their \$20,000 water leaks paid by the city? Others in the same neighborhood have to pay for repairs on private property.

Reply

**Brad Hulsey**

Delete

10:58 am on Monday, June 4, 2012

I have investigated the comments regarding a \$20,000 water leak paid by the City on behalf of private citizens. My findings indicate that there has never been such a payment by the City. I found only one case in which the City has paid for a leak on private property. It was a \$600 payment made to a property owner due to the City having damaged the property owner's private water line during a construction project located on Austell-Powder Springs Road.



**Terri Foschini**

Delete

11:22 pm on Friday, June 1, 2012

Wow to Frank Hogg! Our water line at our home was replaced and cost us close to a grand. Would have been nice to know the "tricks" to getting the city to pay for it. Guess I am not even near the inner circle for the city's help. Funny to see those water lines in my neighborhood spring leaks one by one and all after the deadline set by people in power via lawsuits. Many neighbors had the water lines ran under the driveways. This would cost a family more than their monthly salary to repair and replace the damaged pipe. I wonder if by running a water line under a concrete driveway is a no-no by the city's home inspectors. Seems like a big oh-oh that all these things are coming to light in re-guards to the city and it's finances. I wonder who would possibly investigate what looks to me like maybe alleged "mismanagement!" Ah, strike that! It just a big whoops! Bye-bye!

[Reply](#)**TheEnergyGuy - Jon LaMonte**11:43 am on Thursday, June 7, 2012[Delete](#)

In a previous life I worked for the company that handled the claims for the Polybutylene Class Action Lawsuit you are referring to. There were no "people in power", it was a nation wide class action suit decided in federal court (including the expiration date). We handled class action and warranty claims for siding, roofing, plumbing, windows, doors, etc.. Often the home owners thought there was some great big conspiracy theory, when in reality it was just lawyers doing what they do best. The ending results often not making any sense even to those of us performing the actual product and site inspections.

As far as the politics go.... not going there. BUT, wouldn't it just make sense for the city not to turn the water back on until they're paid the old bill AND the fees? Don't know the politics or consequences of that option, just asking. If you really want people to hate the local government, unleash a collection agency on them.

**Lois Freeland**3:08 pm on Saturday, June 2, 2012[Delete](#)

Well, you may be able to go in person and ask the mayor, but just be careful to stay away from any doorknobs!

[Reply](#)**Frank Hogg**3:55 pm on Monday, June 4, 2012[Delete](#)

Mr. Hulsey, when you were asked to "investigate" the water leak issue, did the mayor also give you the address of the resident whose bill she "fixed?" Of course you won't find a paper trail!

[Reply](#)**Brad Hulsey**6:24 pm on Monday, June 4, 2012[Delete](#)

Mr. Hogg, I have spoken with Mayor Vaughn regarding this issue. Once again, there has not been a \$20,000 leak paid by the City on behalf of a private citizen. Since you allegedly have information regarding this matter, I ask that you please provide proof of the allegation to me. Brad A. Hulsey - Interim City Manager

**Jillian Trump**12:11 pm on Wednesday, June 6, 2012[Delete](#)

It seems very odd that the Mayor would feel the need to "investigate" an accusation made by an anonymous person on a random online newspaper. If there's nothing to it, you should be secure in the fact that when the authorities come with the audit, they will find nothing at that address.

Successful politicians don't feel the need to talk about things that are "rumors" or things that never happened. Knowing the truth is on their side is enough. The lack of self control has reached epic proportions in these past few months. The mouths of her "buddies" will certainly be her downfall.....

[Reply](#)**D. Gatch**2:04 pm on Wednesday, June 6, 2012[Delete](#)

This whole water issue(s) mismanagement mess with the city has ticked me off. Last month the water bill was over \$90.00 for 3500 gallons and the street light on a rental property I oversee. Back in October of last year the same amount of water was used and the bill was just over \$30.00+. My own home's water/sewer bill in the county using 6000 gallons including street light was \$64.00! Looks to me that Powder Springs needs to explain and correct a few things before I go and dust off my community activist hat.

[Reply](#)**Frank Hogg**3:22 pm on Wednesday, June 6, 2012[Delete](#)

I agree with Jillian....the lady doth protest too much! And Mr. or Ms. Gatch, your money is going down the proverbial drain.

[Reply](#)

**Ra Barr**

9:51 pm on Friday, June 8, 2012

Stormwater fee for a house is based on one REU regardless of whether the property is ovr unit be considered "commercial" property for water-rate purposes? Seems to be a problem

How is a water-rate ERU determined? What is the relationship between water usage and tr

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