

Request For Board Action

REFERRED TO BOARD: October 3, 2016

AGENDA ITEM NO: 7 & 8

ORIGINATING DEPARTMENT: Finance

SUBJECT: Consideration of an Ordinance amending the Village Code to include the cost of collection to debtors' delinquent account balances.

AND

Consideration of a Resolution authorizing the Village Attorney to retain collection agents to collect bad debt.

SUMMARY AND BACKGROUND OF SUBJECT MATTER:

Historically, the Village practiced a "soft" collection policy for unpaid fees and fines. Each year, bad-debt is written off the books as uncollectible. We find it prudent, and in the best interests of and fairness to those residents whose accounts are in good standing, to pursue aggressive collection action.

The 2013 Water & Sewer amended Ordinance changed the practice of billing all users of the system to billing landlords only and authorized the Administrator to offer payment plans. These actions, along with timely service disconnections, have significantly reduced delinquent amounts from over \$300,000 to \$64,000. However, we still need to address the old delinquent accounts.

Unpaid Adjudication Court fines have grown to over \$46,000. With little recourse - since there is no service to disconnect, staff would like ability to forward unpaid fines to collections.

Attached is a Resolution to enter into an agreement with Municipal Collection Services of America, Inc. (MCOA) for collection services. Clerk Romine requested proposals for collection services, staff reviewed, vetted, and selected MCOA as the preferred vendor. MCOA charges a fee of 35% of the balance paid. To relieve the Village of the costs of collection services, it is necessary to amend Village Code to allow these costs to be passed on to debtors.

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FINANCIAL IMPACT: Potential recovery of unpaid fees and fines.

DOCUMENTS ATTACHED:

1. Ordinance
2. Resolution
3. Agreement with Municipal Collections of America, Inc.

RECOMMENDED MOTION:

Move to Approve an Ordinance Adding § 1-8-11 to the Municipal Code of Antioch passing costs of collections to debtors.

AND

Move to Approve a Resolution Authorizing the Village Attorney to retain collection agents to collect bad debts.

ORDINANCE 16 - _____

**AN ORDINANCE ADDING § 1-8-11
TO THE MUNICIPAL CODE OF ANTIOCH
PASSING COSTS OF COLLECTIONS TO DEBTORS**

WHEREAS, from time to time, various persons and entities incur debts due to the Village from a variety of sources, which could include things like unpaid adjudication court tickets, unpaid water and sewer bills and unpaid license or permit fees, and

WHEREAS, the Village Board finds that it is inherently unfair for the honest citizens of this Village to pay the costs of collecting on such debts, and it is equally unfair for such debts to continue without reasonable and ongoing efforts to collect the same, and

WHEREAS, 65 ILCS 5/1-2-1 gives the Village certain powers to collect debts, including specifically the following provision:

A default in the payment of a fine or penalty or any installment of a fine or penalty may be collected by any means authorized for the collection of monetary judgments. The municipal attorney of the municipality in which the fine or penalty was imposed may retain attorneys and private collection agents for the purpose of collecting any default in payment of any fine or penalty or installment of that fine or penalty. Any fees or costs incurred by the municipality with respect to attorneys or private collection agents retained by the municipal attorney under this Section shall be charged to the offender. and

WHEREAS, the Village Board wishes to utilize the foregoing statutory provision so as to ensure that debtors bear the cost of their debts and collection efforts to the maximum extent possible,

NOW THEREFORE, BE IT ORDAINED by the Village of Antioch, Lake County, Illinois, as follows:

SECTION ONE: Title I, Chapter 8 of the Antioch Municipal Code is hereby amended by the addition of Section 11 which shall hereafter read as follows:

1-8-11 Bad Debt Collection Fees. Consistent with the provisions of 65 ILCS 5/1-2-1, the Village Attorney, in consultation with the Administrator and Finance Director, may retain collection agencies and collection attorneys to collect unpaid debts and financial defaults. Any and all fees incurred by the Village in respect to such collectors shall be additional obligations of the debtors, and shall be added to the amounts subject to collection.

SECTION TWO: This Ordinance shall be in full force and effect from and after its passage, approval and publication as required by law.

PASSED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF ANTIOCH, ILLINOIS,
ON THIS ____ DAY OF _____, 2016.

ATTEST:

LAWRENCE M. HANSON, MAYOR

LORI K. ROMINE, VILLAGE CLERK

RESOLUTION 2016 - _____

**A RESOLUTION AUTHORIZING THE VILLAGE ATTORNEY
TO RETAIN COLLECTION AGENTS TO COLLECT BAD DEBTS**

WHEREAS, the Village has accumulated a number of debts from a variety of persons and entities over a long period of time, and

WHEREAS, the Village Board acknowledges that it is inescapable that additional debts will continue to be incurred in the future and that employing collection agents is a necessity in order to ensure that municipal services are always available at the lowest possible cost to the honest taxpayer and rate payers, and

WHEREAS, the Village Attorney has consulted with the Administrator and Finance Director and has recommended retaining Municipal Collections of America, Inc., and

WHEREAS, attached as Exhibit A is a draft contract provided by MCOA which the Village Board finds to be in good form and which ought to be approved, and

WHEREAS, the said contract provides that the cost of collections will be levied against the debtors, consistent with Section 1-8-11 of the Antioch Municipal Code,

NOW THEREFORE, BE IT RESOLVED by the Village of Antioch, Lake County, Illinois, as follows:

SECTION ONE: The Village Attorney and Administrator are authorized to retain Municipal Collections of American on the terms and conditions set forth in the draft contract attached as Exhibit A hereto.

SECTION TWO: This resolution shall take effect immediately upon passage.

PASSED BY THE BOARD OF TRUSTEES OF THE VILLAGE OF ANTIOCH, ILLINOIS,
ON THIS ____ DAY OF _____, 2016.

ATTEST:

LAWRENCE M. HANSON, MAYOR

LORI K. ROMINE, VILLAGE CLERK