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**FINANCE & RECORDS**

## Memo

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: September 14, 2015

Re: Request to Approve Addendum to Collections Services Agreement with Municipal Collections of America, Inc.

### **Introduction and Background:**

In April of 2011 the City entered into an agreement with Municipal Collections of America, Inc. (MCOA) for collections services for unpaid Automatic Traffic Enforcement (ATE) fines. ATE fines that are not paid to GATSO within the initial 30 day notice period and the subsequent 30 days after the 2<sup>nd</sup> notice are forwarded to MCOA for collection. MCOA's collection efforts include (1) skip-tracing each account forwarded to them for any changes in address or phone numbers, (2) initial automated phone calls, (3) a series of live calls to the violators, and (4) forwarding those debts to be placed on individuals' credit bureau files. MCOA also works with City staff to forward unpaid violations of Iowa residents to be listed under the State's Income Offset Program.

The City's ordinance for the ATE fines provides that the cost of collection for unpaid fines be paid by the debtors. MCOA's fee for collections is 25% of the underlying debt and that fee is passed along to the violators.

### **Recommendation:**

The Iowa Department of Administrative Services manages the Income Offset Program and that office allows only one account for each governmental entity using this program. With the Fire department also using the Income Offset Program as part of their collection efforts for unpaid ambulance service bills, this has required the ATE and ambulance unpaid amounts be combined to be electronically submitted for listing under the Income Offset Program. MCOA has been working with Fire department staff to combine unpaid ambulance fees with unpaid ATE fees in one master listing to be submitted to the Offset Program. This master list then has to be periodically updated for new accounts as well as for accounts which have been paid. This has been a somewhat cumbersome process for both MCOA and fire staff, as well as confusing to some debtors.

Attached is a proposed Addendum to the MCOA agreement which will allow unpaid ambulance fees (as well as other unpaid invoices for other City departments) to be listed with MCOA for collections. With these debts combined, MCOA will then coordinate all collection efforts of the City including the overall collection effort using the Income Offset Program.

**"I remember Muscatine for its sunsets. I have never seen any  
on either side of the ocean that equaled them" — Mark Twain**

Per the City Code, ambulance and other debts are currently ineligible for the added-on cost of collection and the collection fees would come from the underlying debt amounts. The MCOA fee for accounts ineligible for the add-on fee in the proposed Addendum is 25% of the proceeds from the debt collection effort except in the case of accounts collected through the Income Offset Program for which the fee will be 10% of the debt collected. This compares favorably with the current fire department collection fees which are 30% for regular collections and 20% for Income Offset collections.

This Addendum is being proposed to improve and streamline the overall debt collection process for City departments. Approving this Addendum at this time will allow MCOA to prepare for the upcoming Income Offset season. The most significant portion of the funds received through this program are received in February – April each year.

**Summary:**

Please include this request on the agenda for the September 17, 2015 Council meeting. Please contact me if you have any questions or need additional information.

**COLLECTIONS SERVICES AGREEMENT ADDENDUM**  
***Municipal Collections of America, Inc***

The City of Muscatine, Iowa and Municipal Collections of America, Inc. (MCA) wish to hereby amend Article III of the April 21, 2011 Collection Services Agreement. All other components of Article III remain in full force as originally written. The following shall be added to Article III:

*No additional cost of collection shall be added to any delinquent ambulance bill or other debt that the city determines to be ineligible for such action. MCA shall retain 25% of the proceeds from the collection of any delinquent ambulance bill or other debts that is determined to be ineligible for the added on cost of collection. If an ambulance bill or other debt that the city determines to be ineligible for the added-on cost of collection is paid thru the DAS Iowa Offset Program, MCA shall retain 10% of the proceeds from collection as a commission for its services.*

IN WITNESS WHEREOF, the parties have signed and sealed this Agreement of the date first above written.

**Municipal Collections of America, Inc.**

**City of Muscatine, Iowa**

BY: \_\_\_\_\_  
(Print) President

BY: \_\_\_\_\_  
(Print)

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(

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(Signature)