



MEMORANDUM

To: Mayor Laurel Prussing and Urbana City Council Members

From: Beth Beaty, Administrative Services Manager

Date: September 28, 2015

Re: Local Debt Recovery Program

Introduction:

The City of Urbana entered into an Intergovernmental Agreement with the Illinois Office of the Comptroller back on September 18, 2012 (Resolution No. 2012-09-058R). This partnership has allowed the City to participate in the Comptroller's Local Debt Recovery Program in order to collect outstanding parking fines. Prior to the State Comptroller issuing a check, tax refund, commercial payment, lottery winning, unclaimed property or payroll check, the amount owed to the local government entity is deducted and deposited into the Comptroller's Local Debt Recovery Trust Fund. The debtor is sent written notice and has 60 days to appeal the deduction. If no appeal is made within the 60 day period, the amount owed is transferred to the local unit of government.

Background and Facts:

In January 2013, the City submitted its first batch of outstanding parking fines through the Local Debt Recovery Program. To date, the Illinois Comptroller's Office has offset more than 8,500 parking fines and collected over \$170,000 in revenue on behalf of the City. The majority of the eligible accounts are from license plate numbers with 1 to 4 parking fines listed under them. For these accounts, the City's collection methods were limited; however, the Local Debt Recovery Program has provided the City with a successful process for resolving unsettled parking fine debts.

In September 2013, Amendment 1 to the Intergovernmental Agreement was proposed by the Illinois Office of the Comptroller (see attached). In October 2013, Amendment 2 was proposed (see attached). Due to an oversight by staff, Council approval was not obtained.

Options and their Consequences:

Option 1 – Council approves Amendments 1 and 2 of the Intergovernmental Agreement

- Advantages
 - The City continues to utilize the Local Debt Recovery Program for its collection of outstanding parking fine debt.
- Disadvantages
 - There is no disadvantage to approving Amendments 1 and 2. Participation in the Local Debt Recovery Program requires minimal staff time.

Option 2 – Council does not approve Amendments 1 and 2 of the Intergovernmental Agreement

- Advantages
 - The City will explore other outside collection options for outstanding parking fine debt.
- Disadvantages
 - Other collection options may charge the City a fee or percentage of the debt in order to collect on the outstanding parking fine debt.

Fiscal Impact:

Staff estimates revenue collected through the Local Debt Recovery Program at around \$35,000 this fiscal year. The bulk of this amount will come from more recent parking fine debt. As the debt grows older, it becomes more difficult to collect. Participation in the program requires minimal staff time. The City does not pay any fees to the State Comptroller to administer the program. The State collects an administrative fee from the debtor and the City receives partial or full payment of the parking fine.

Recommendation:

Staff recommends approval of the proposed resolution amending both amendments to the Intergovernmental Agreement.

RESOLUTION NO. 2015-09-055R

A RESOLUTION APPROVING AMENDMENT NUMBERS 1 AND 2 TO AN INTERGOVERNMENTAL AGREEMENT WITH THE ILLINOIS OFFICE OF THE COMPTROLLER

(Local Debt Recovery Program)

WHEREAS, the City of Urbana ("City") did on the 18th day of September 2012, pursuant to Resolution No. 2012-09-058R, approve an intergovernmental agreement with the Illinois Office of the Comptroller ("Comptroller") to give the City access to the Comptroller's Local Debt Recovery Program for purposes of collecting debts owed to the City; and

WHEREAS, the City and the Comptroller have determined that the best interests of both entities are served by making and entering into amendments to said agreement as provided therein.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Urbana, Champaign County, Illinois, as follows:

Section 1. Amendment Numbers 1 and 2 to the Intergovernmental Agreement by and between the Illinois Office of the Comptroller and the City of Urbana Regarding Access to the Comptroller's Local Debt Recovery Program, in substantially the form of the copies of said Amendments attached hereto and hereby incorporated by reference, be and the same are hereby authorized and approved.

Section 2. The Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is hereby authorized to attest to said execution of said Amendments as so authorized and approved for and on behalf of the City of Urbana, Illinois.

Section 3. The City Council does hereby confirm and ratify any and all prior actions taken by any and all officials of the City of Urbana with respect to said Amendments.

PASSED BY THE CITY COUNCIL this ____ day of _____, _____.

Phyllis D. Clark, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Laurel Lunt Prussing, Mayor

AMENDMENT NUMBER 1 TO
THE INTERGOVERNMENTAL AGREEMENT BETWEEN
THE ILLINOIS OFFICE OF THE COMPTROLLER
AND
THE CITY OF URBANA

The parties hereby agree to amend the Intergovernmental Agreement (hereinafter, "the Agreement") between the Illinois Office of the Comptroller and the City of Urbana, (hereinafter referred to as the "local unit"), effective upon execution, as follows:

Article III, Section A, Subsection 3, Part (e) is amended by deleting that Part and replacing it with the following:

- (e) For purposes of this Agreement, "chief officer of the local unit" means the Mayor of the City of Urbana.

All other terms and conditions of the Agreement thereto shall remain in full force and effect. This amendment contains all of the revised terms and conditions agreed upon by the named parties.

IN WITNESS WHEREOF, the Illinois Office of the Comptroller and the City of Urbana by the following officials sign their names and agree to the terms and conditions of the above referenced amendments.

ILLINOIS OFFICE OF THE COMPTROLLER

By: Judy Baar Topinka / Stan L. Ullul Date: 10/1/13
Name: Judy Baar Topinka
Title: Comptroller

CITY OF URBANA

By: Laurel Lunt Prussing Date: September 27, 2013
Name: Laurel Lunt Prussing
Title: Mayor

RECEIVED

SEP 30 2013

Involuntary
Withholding

AMENDMENT NUMBER 2 TO
THE INTERGOVERNMENTAL AGREEMENT BETWEEN
THE ILLINOIS OFFICE OF THE COMPTROLLER
AND
The City of Urbana

The parties hereby agree to amend the Intergovernmental Agreement (hereinafter, "the Agreement") between the Illinois Office of the Comptroller and The City of Urbana, (hereinafter referred to as the "local unit"), effective upon execution, as follows:

Article III, Section A, Subsection 1 is amended by inserting the following new Parts (c) and (d):

- (c) No debt which has resulted in the issuance of a warrant for the arrest of the debtor may be placed or remain on the System so long as that warrant for arrest is active.
- (d) No debt which has resulted in the attachment of a lien on any personal property or other personal interest of the debtor shall be placed or remain on the System so long as that lien is attached to that property or interest.

Article III, Section A, Subsection 3, Part (a) is amended by deleting that Part and replacing it with the following:

- (a) The chief officer of the local unit shall, at the time the debt is referred, certify that the debt is past due and legally enforceable in the amount stated, and that there is no legal bar to collection by State payment offset.

Article III, Section A, Subsection 3, Part (d) is amended by deleting that Part and replacing it with the following:

- (d) This delegation of authority shall be made on either electronic or paper based forms provided by the Comptroller.

Article III, Section A, Subsection 3 is amended by inserting the following new Part (f):

- (f) The chief officer hereby acknowledges and agrees that he/she will ensure that the login information into any electronic system provided by the Office of the Comptroller will remain confidential, that only active employees of the local unit may be granted the delegation of authority provided for in Part (c) of this Subsection, and that under no circumstances is a vendor, agent, consultant, collector or any other third-party representative of the local unit authorized to submit or certify debt to IOC on behalf of the local unit.

Article III, Section A is amended by inserting the following new Subsection 5 at the end of the Section:

- 5. Notification of Change in the Chief Officer

- (a) The local unit shall be responsible for notifying IOC as soon as is practicable in the event the chief officer named in the Agreement is no longer an officer or employee of the local unit or is otherwise unable to perform the certification process provided for in Subsection 3 of this Section.
- (b) Upon obtaining knowledge that the chief officer is no longer an officer or employee of the local unit or is otherwise unable to perform the certification process provided for in Subsection 3 of this Section, whether through notification by the local unit or by any other means, IOC shall suspend the authority for the chief officer and any of his or her designees to certify debt to IOC.
- (c) The local unit shall be responsible for updating records with IOC in the event of a change in the chief officer in order to reestablish certification authority and resume collection by State payment offset.

The Article III, Section B header is amended by deleting that header and replacing it with the following:

B. Operational Requirements

Article III, Section B, Subsection 1 is amended by deleting that subsection and replacing it with the following:

- 1. Technical Requirements. IOC agrees to work with the local unit to facilitate information and data procedures as provided for in this Agreement. The local unit agrees to adhere to the standards and practices of IOC when transmitting and receiving data. The chief officer shall assume the responsibility of providing updates to the debtor records on file with IOC in order to ensure an equitable resolution of the debts owed to the local unit.

Article III, Section B, Subsection 2 is amended by deleting that subsection and replacing it with the following:

- 2. Fee. A fee may be charged to the debtor and shall be no more than \$20 per payment transaction. The fee will be deducted from the payment to be offset prior to issuance to the local unit.

Article III, Section B, Subsection 4 is amended by deleting that subsection and replacing it with the following:

- 4. IOC Protest Process. If a protest is received, IOC will determine the amount due and payable to the local unit. This determination will be made by a Hearing Officer and will be made in light of all information relating to the transaction in

the possession of IOC and any other information IOC may request and obtain from the local unit and the debtor subject to the offset. If IOC requests information from the local unit relating to the offset, the local unit will respond within sixty (60) days of IOC's request. IOC may grant the local unit an additional sixty (60) day extension for time to respond. The local unit shall complete an adjudication review with IOC in order to evaluate the local unit and the protest process prior to the offset of any State payments.

Article III, Section B, Subsection 7 is amended by deleting that subsection and replacing it with the following:

7. Debt Priorities. If a debtor has more than one local unit debt, the debt with the oldest date of entry on the System shall be offset first.

Article III, Section B, Subsection 10 is amended by deleting that subsection and replacing it with the following:

10. Local Unit Refunds. The local unit is responsible for refunding monies to the debtor, including any and all administrative fees collected by IOC, if an offset occurred due to inaccurate debt information or over collection, and the local unit has already received payment from IOC. IOC will only refund monies in the event that a payment has not yet been made to the local unit.

Article III, Section B, is amended by inserting the following new Subsection 11 at the end of that Section:

11. Third-Party Matching Services. IOC may utilize the services of a third-party vendor to assist in the identification of individual debtors. The local unit shall review and add any valid matches which result from the assistance of the third-party vendor within 30 days of receipt of the updated records. If the local unit is unable to add the valid matches within 30 days of receipt of the updated records, the chief officer must notify IOC as to the reason the local unit is not able to add the records in addition to a time frame for adding the records in the future.

All other terms and conditions of the Agreement thereto shall remain in full force and effect. This amendment contains all of the revised terms and conditions agreed upon by the named parties.

[Signatures Page Follows]

IN WITNESS WHEREOF, the Illinois Office of the Comptroller and The City of Urbana by the following officials sign their names and agree to the terms and conditions of the above referenced amendments.

ILLINOIS OFFICE OF THE COMPTROLLER

By: Judy Baar Topinka Date: 12/28/13

Name: Judy Baar Topinka

Stevan Ulesak

Title: Comptroller

The City of Urbana

By: Laurel Lunt Prussing Date: October 16, 2013

Name: Laurel Lunt Prussing

Title: Mayor