



Legislation Text

File #: K-1718-126, **Version:** 1

CONTRACT K-1718-126: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA, AND ACCOUNT MANAGEMENT RESOURCES L.L.C., FOR COLLECTION SERVICES RELATED TO PAST DUE UTILITY ACCOUNTS.

BACKGROUND: Oklahoma Statute Title 11, Section 22-138, permits the governing body of a municipality to enter into a contract with a collection agency for the purpose of collecting debts and accounts receivable including, but not limited to, unpaid fees, penalties, interest, and other sums due the municipality. The statute also allows the governing body to authorize an addition of a collection fee to be charged by a third party collection agency in an amount not to exceed thirty-five percent (35%) on each of the above-named items. Under the statute the additional collection fee must be paid by the utility customer.

The City has not been under contract with any collection agency for the collection of past-due utility accounts since December 2013 when NCO Financial Systems ended their contract with the City for collection services.

DISCUSSION: Contract K-1718-126 is a contract with Account Management Resources, LLC ("AMR"). AMR is an established debt collection agency located in Oklahoma City that has been in business since 1967. Pursuant to the contract, AMR will follow all state and federal laws regarding debt collection practices. The City will send AMR accounts that are at least 60 days past due with more than \$50 owed. AMR will use its best efforts to collect the past due amount and will remit any recoveries on a monthly basis. AMR will add a twenty-five percent (25%) collection fee to each past due amount and the City will pay AMR the collection fee once the funds are remitted to the City. The 25% fee will be deposited monthly into the appropriate revenue accounts ending in 344-1639 within the Water, Wastewater and Sanitation funds based on the balances collected. The City's accounts receivable balances for fiscal year ending 2017 total \$4,702,366, of which \$1,022,659 is Sanitation, \$2,648,683 is Water, and \$1,031,024 is Wastewater.

After speaking to AMR, touring its facilities, and reviewing its qualifications, it was decided AMR would be able to adequately perform professional utility account collection services. The immediate and significant benefit of the collection process will be all delinquent utility accounts between 60 days and 3 years old can be securely submitted electronically to begin collection process upon Council approval. The collection process will not require any additional funds from the City or the Norman Utilities Authority to cover collection costs.

RECOMMENDATION: Staff recommends approval of Contract K-1718-126.