

ORDINANCE NO. 19-35

AN ORDINANCE TO AMEND TITLE 3, CHAPTER 2 “COURT ADMINISTRATION” TO ADD A SECTION PROVIDING FOR THE USE OF A COLLECTION AGENCY TO COLLECT UNPAID FINES AND COSTS ASSESSED BY THE MUNICIPAL COURT.

WHEREAS, *Tennessee Code Annotated*, § 40-24-105(e) authorizes municipalities to employ the services of a collection agency to collect unpaid fines and costs assessed by the municipal court upon the adoption of an ordinance to do so; and

WHEREAS, such collection agency shall only collect fines which are more than 60 days overdue; and

WHEREAS, the collection agency may be paid an amount not exceeding forty percent (40%) of the sums collected as consideration for collecting the fines and costs; and

WHEREAS, the City shall have a written contract with the collection agency which shall conform to provisions set forth in *Tennessee Code Annotated*, § 40-24-105(e); and

WHEREAS, Title 3, Chapter 2 of the Municipal Code requires amendment to incorporate this provision.

BE IT THEREFORE ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF SPRING HILL, TENNESSEE, that the following is hereby adopted.

The following language is added to Title 3, Chapter 2:

§ 3-210 USE OF COLLECTION AGENCY TO COLLECT UNPAID FEES AND FINES.

- (A) The City is hereby authorized to solicit and use the services of a collection agency to collect unpaid fees and fines of the municipal court including, but not limited, to traffic citations; and
- (B) The contract with such collection agency shall be in writing and conform to all provisions set forth in *Tennessee Code Annotated*, § 40-24-105(e); and
- (C) The City shall be entitled to recover collection fees and attorney’s fees incurred in collecting delinquent court accounts.

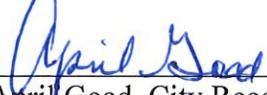
Passed and adopted by the Board of Mayor and Aldermen of the City of Spring Hill, Tennessee on the 18th day of November, 2019.

AMENDED



Rick Graham, Mayor

ATTEST:



April Goad, City Recorder

LEGAL FORM APPROVED:



Patrick Carter, City Attorney

PASSED ON 1ST READING: October 21, 2019

PASSED ON 2ND READING: November 18, 2019



**City of Spring Hill
Budget & Finance Advisory Committee
and
Board of Mayor and Aldermen**

Date: October 1, 2019
Memo to: Budget & Finance Advisory Committee and BOMA
From: Patti Amorello, Finance Associate
Re: Ordinance Numbers 19-35 and 19-36

ORDINANCE 19-35, AN ORDINANCE FOR THE CITY OF SPRING HILL, TENNESSEE, PROVIDING FOR THE USE OF A COLLECTION AGENCY TO COLLECT UNPAID FEES AND COSTS ASSESSED BY THE MUNICIPAL COURT.

ORDINANCE 19-36, AN ORDINANCE TO AMEND TITLE 18, CHAPTER 1, SECTION 18-107 "DEPOSIT", SECTION 18-127 "PROCEDURE FOR SERVICE TERMINATION AND REINSTATEMENT" AND SECTION 18-512, SUBSECTION C "BILLING PROCEDURES AND PENALTIES FOR LATE PAYMENT" AND TO AMEND TITLE 17, CHAPTER 1, SECTION 212, "COLLECTION FEE IMPOSED" WITHIN THE SPRING HILL CODE OF ORDINANCES

BACKGROUND INFORMATION: In conjunction with the Request for Proposals for debt collection services, TCA and our Municipal Code sections were reviewed. As a result, several modifications are required:

- 1) TCA 40-24-105(e) authorizes municipalities to use a collection agency to collect unpaid fines and costs assessed by the municipal court upon the adoption of an ordinance. Specific language is also required within TCA. Amendment to Title 3 (Municipal Court) is required and is being addressed with Ordinance 19-35.
- 2) Upon reviewing the various sections of the Municipal Code pertaining to Water and Sewer (including Stormwater) and Refuse and Trash, those sections will require modification to allow for the recovery of collection fees for accounts referred to collection by the City. The modifications will enable the City to include related collection fees in addition to the balances due when accounts are placed for collection. Based upon the proposed contract with ACSI, who is charging a 22% collection fee, the impact on an account is demonstrated as follows:

Example:

- Account balance due = \$100.00

- Amount referred for collection (1.2821 times the balance due) = \$128.21
 - If \$128.21 is collected, 22% of the total or \$28.21 would be paid to ACSI and \$100.00 would be paid to the City.
- 3) While reviewing the required changes to the Municipal Code, we observed that the Code still references the practice of collecting deposits for new customer accounts. The City changed practice back in the 1990's to assess a non-refundable new customer connection fee in lieu of a deposit but the changes were not formally codified. As a result, the Municipal Code needs to be amended to remove references to utility account deposits.

ATTACHMENTS: Ordinance 19-35, Ordinance 19-36.

RECOMMENDATION: Approve Resolution 19-35 and Ordinance 19-36.