



**FINANCE DEPARTMENT  
MEMORANDUM 17-71**

Date: March 30, 2017

To: Mayor and City Commissioners

From: Andrew Jean-Pierre, Finance Director

Via: Greg Harrison, City Manager

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Re: Recommendation to extend contract with Penn Credit Corporation

The City has worked with Penn Credit Corporation (Penn), the City's collections agent, now for nine years and has placed numerous accounts with them of varying ages. During that timeframe the City has collected approximately \$437,000 in delinquent Utilities, Nuisance Abatement, Unsafe Structure, Parking Citations, Code Compliance, and EMS Accounts (Code Compliance accounts were initially referred at the end of January 2012, Parking Citations in June 2012, and EMS transport fees in September 2014). Collection success for the nine (9) year term, depends on the type of account placed, which is impacted by the age of some of the accounts, the account owner, as well as the continued impacts of the economic downturn and the ability of some subset of debtors ability to satisfy their obligation to the City at this time. The arrangement with Penn continues to be on a purely contingent basis, meaning that they do not get compensated for their services unless they are successful in collecting on the City's obligations. More importantly, their collection fee is added to the value of the City's obligations and that total sum is attempted to be collected by Penn. That being said, based on due diligence performed by the Finance Department their collection fee (17% for non-litigation accounts and 27% for accounts elevated to litigation status) continues to be at the low end of the scale compared to other providers. It is also unusual for a collection agency to agree to a purely contingent, add-on fee relationship. As such, staff recommends a continued relationship with Penn. Please refer to the Penn Credit Analysis Report at **Attachment A** for additional information.