

January 13, 2012

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator  
Russ Truell, Assistant City Administrator/CFO  
Steve Sims, Assistant Recorder and Court Clerk

SUBJECT: Outstanding Debt – Municipal Court

**PURPOSE**

The purpose of this memorandum is to provide additional information requested by the Budget and Finance Committee of efforts to collect outstanding debts owed the City.

**BACKGROUND**

This follows the November 2011 discussion of efforts to collect bad debts, particularly for outstanding court obligations.

**FINDINGS**

We have an extensive follow-up process to pursue outstanding court obligations but additional tools are needed. Both the Tennessee Code and the Franklin Municipal Code have specific considerations when pursuing using a Collections Agent. Additional information was provided to the Committee on January 4, 2012 and is included in the enclosed materials.

**FINANCIAL IMPACT**

Uncollected obligations affect all citizens and customers. There was about \$550,000 in outstanding obligations owed the Court last fiscal year that can be pursued using a Collections Agent. As noted in the material provided, we have a ten (10) year statute of limitations.

**ALTERNATIVES**

The alternatives considered include:

1. Continue the same course and not pursue outstanding court fees through a collection agent.
2. Pursue legal actions using our Legal Department.
3. Pursue using a competitively bid contract to pursue outstanding obligations.

**RECOMMENDATION**

It is recommended that the Budget and Finance Committee accept this status report and that guidance be provided to pursue the issuance of a request for proposals for a collections agent (option 3).