

VILLAGE OF LOMBARD  
REQUEST FOR BOARD OF TRUSTEES ACTION  
For Inclusion on Board Agenda

\_\_\_\_\_ Resolution or Ordinance (Blue) \_\_\_\_\_ *Waiver of First Requested*  
\_\_\_\_\_ Recommendations of Boards, Commissions & Committees (Green)  
 X  Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Timothy Sexton, Director of Finance

DATE: December 8, 2015 (COW)(B of T) December 17, 2015

TITLE: Motion to Execute an Intergovernmental Agreement By & Between the Illinois Office of the Comptroller (IOC) and the Village of Lombard Regarding Access to the Comptroller's Local Debt Recovery Program (LDRP)

BACKGROUND/POLICY IMPLICATIONS:

The purpose of the Agreement between the IOC and the local unit is to establish the terms and conditions for the offset of the State's tax and nontax payments in order to collect tax and nontax debts owed to the Village of Lombard for both unpaid parking tickets and utility bills.

The attached memo and resolution provide additional information on the LDRP program and how it will help the Village of Lombard.

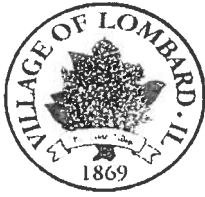
The Finance and Administration Committee unanimously recommended at the November 30, 2015 meeting to recommend to the Village Board that the Village enter into an intergovernmental agreement (IGA) with IOC to collect delinquent debt for parking tickets.

In order to participate in the LDRP the Village must enter into an intergovernmental agreement (IGA) with the IOC, a copy of which is attached herein. It is recommended that the Village Board approve executing the accompanying IGA at the December 17, 2015 Board meeting. Staff will then compile and send the necessary data to the IOC in anticipation of the 2015 tax filing season.

Review (as necessary):

Village Attorney X \_\_\_\_\_ Date \_\_\_\_\_  
Finance Director X Timothy Sexton \_\_\_\_\_ Date 12/9/15  
Village Manager X \_\_\_\_\_ Date \_\_\_\_\_

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.



## MEMORANDUM

To: Board of Trustees  
From: Tim Sexton, Director of Finance  
Date: December 8, 2015  
Subject: Local Debt Recovery Program

In 2012 the State of Illinois created the Local Debt Recovery Program (LDRP) in response to mounting unpaid debts owed to local governments across the State. Through the LDRP, local units of government can partner with the Illinois Office of the Comptroller (IOC) to collect delinquent debts such as parking tickets, property code violations, waterbills, and other local fines and fees. The program provides an important enforcement tool for municipalities seeking greater compliance with local ordinances, particularly from habitual offenders who feel they can disregard the law with impunity and ignore assessed fines.

Under the LDRP, a participating local unit of government submits to the IOC all outstanding debt it wishes the State to collect. Per the terms of the program, the debt must be seven years old or less, greater than \$10.00 and not currently in litigation or liened. After matching its records with those of the local government, the IOC withholds money for unpaid debts from tax refunds, lottery payouts, or payroll checks owed to the debtor. Those withholdings are held in a trust for 60 days, during which time the debtor has an opportunity to protest the decision. If no protest is made at the end of the 60 day period, the amount owed will be transferred to the local unit of government. The IOC estimates a protest rate of all claims to be approximately 4% of which 40% are approved and 60% are denied.

As previously discussed, the LDRP is a time and cost effective tool to collect on unpaid fines which are intended to serve as a deterrent for engaging in unlawful behavior. Unlike utilizing collection agencies, which can charge exorbitant collection fees, the LDRP operates at no charge to the local government. The IOC simply applies a modest administrative fee of \$20.00, paid by the debtor, to recover their cost in administering the program. The LDRP also mitigates the harm caused by collection agencies by forgoing any reporting of delinquent payments to credit agencies. This allows the local government to collect outstanding debts without causing any damage to the credit rating

of the debtor. In addition, the IOC has developed a portal that will allow the Village to enter, submit and manage debts filed for offset. Therefore, we will not need to hire a third party to help manage this program.

Staff would like to submit both unpaid parking tickets and water bills to the IOC for debt recovery. The Village currently has approximately \$964,000 in unpaid parking tickets that have been adjudicated and waterbills totaling \$6,736 in collections. We are not able to send waterbills thru the LDRP that the Village already liened. The IOC estimates a matching rate 50%-60% for the number debtors that governments have filed.

The Finance and Administration Committee unanimously recommended at the November 30, 2015 meeting to recommend to the Village Board that the Village enter into an intergovernmental agreement (IGA) with IOC to collect delinquent debt for parking tickets.

In order to participate in the LDRP the Village must enter into an intergovernmental agreement (IGA) with the IOC, a copy of which is attached herein. It is recommended that the Village Board approve executing the accompanying IGA at the December 17, 2015 Board meeting. Staff will then compile and send the necessary data to the IOC in anticipation of the 2015 tax filing season.

If you have any questions regarding the LDRP or the accompanying IGA, please do not hesitate to contact me.

**INTERGOVERNMENTAL AGREEMENT  
BY AND BETWEEN  
THE ILLINOIS OFFICE OF THE COMPTROLLER  
AND  
THE VILLAGE OF LOMBARD  
REGARDING ACCESS TO THE COMPTROLLER'S LOCAL DEBT RECOVERY  
PROGRAM**

This Intergovernmental Agreement (“the Agreement”) is hereby made and entered into as of the date of execution by and between the Illinois Office of the Comptroller (hereinafter “IOC”) and the Village of Lombard (hereinafter “the local unit”), in order to provide the named local unit access to the Local Debt Recovery Program for purposes of collecting both tax and nontax debts owed to the named local unit. Each of the parties hereto is a “public agency” as defined in Section 2 of the Intergovernmental Cooperation Act [5 ILCS 220/2].

**WHEREAS**, both the State of Illinois and the local unit have a responsibility to collect debts owed to its respective public bodies;

**WHEREAS**, IOC operates a system, known as the Comptroller’s Offset System (hereinafter, “the System”), for collection of debt owed the State by persons receiving payments from the State;

**WHEREAS**, the Illinois General Assembly specifically provided for the ability of the local unit to utilize the System when it amended Section 10.05 and added Section 10.05d to the State Comptroller Act [P.A. 97-632; 15 ILCS 405/10.05 and 10.05d];

**WHEREAS**, IOC and the local unit are empowered under the Illinois Constitution [Ill. Const., Art. VII, Sec. 10], Section 3 of the Intergovernmental Cooperation Act [5 ILCS 220/3], and Section 10.05d of the State Comptroller Act (hereinafter, “the Act”) [15 ILCS 405/10.05d] to contract with each other in any manner not prohibited by law;

**NOW THEREFORE**, in consideration of the foregoing recitals and the mutual covenants and promises contained herein, the sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

**Article I – Purpose**

The purpose of the Agreement between the IOC and the local unit is to establish the terms and conditions for the offset of the State’s tax and nontax payments in order to collect tax and nontax debts owed to the local unit.

**Article II – Authority**

The authority for State payment offset is granted under Section 10.05 of the Act [15 ILCS 405/10.05] and the authority for entering into this Agreement is granted under Section 10.05d of the Act [15 ILCS 405/10.05d], Section 3 of the Intergovernmental Cooperation Act [5 ILCS 220/3], and Article VII of the Illinois Constitution [Ill. Const., Art. VII, Sec. 10].

### Article III – State Payment Offset Requirements and Operations

A. Legal Requirements. The offset of State payments shall be conducted pursuant to the authority granted in Section 10.05 and 10.05d of the Act [15 ILCS 405/10.05 and 10.05d] and the requirements set forth in this Agreement.

1. Definition of “Debt”

- (a) For purposes of this Agreement, debt shall mean any monies owed to the local unit which is less than 7 years past the date of final determination, as confirmed by the local unit in Article III(A)(2)(a)(viii) of this Agreement.
- (b) No debt which is more than 7 years past the date of final determination may be placed or may remain on the System.
- (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.

2. Due Process & Notification

- (a) Before submitting a debt to IOC for State payment offset, the local unit must comply with all of the notification requirements of this Agreement. For purposes of this Agreement, notification of an account or claim eligible to be offset shall occur when the local unit submits to IOC the following information:
  - (i) the name and address and/or another unique identifier of the person against whom the claim exists;
  - (ii) the amount of the claim then due and payable to the local unit;
  - (iii) the reason why there is an amount due to the local unit (i.e., tax liability, overpayment, etc.);
  - (iv) the time period to which the claim is attributable;
  - (v) the local entity to which the debt is owed;
  - (vi) a description of the type of notification has been given to the person against whom the claim exists and the type of opportunity to be heard afforded to such a person;

(vii) a statement as to the outcome of any hearings or other proceedings held to establish the debt, or a statement that no hearing was requested; and,

(viii) the date of final determination of the debt.

(b) IOC will not process a claim under the Agreement until notification has been received from the local unit that the debt has been established through notice and opportunity to be heard.

(c) The local unit is required to provide the debtor with information about a procedure to challenge the existence, amount, and current collectability of the debt prior to the submission of a claim to IOC for entry into the System. The decision resulting from the utilization of this procedure must be reviewable.

3. Certification

(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.

(b) Only debts finally determined as currently due and payable to the local unit may be certified to IOC as a claim for offset.

(c) The chief officer of the local unit may delegate to a responsible person or persons the authority to execute the statement of the claim required by the Agreement.

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

(e) For purposes of this Agreement, "chief officer of the local unit" means the Assistant Director of Finance.

(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.

4. Notification of Change in Status

- (a) The chief officer must notify IOC as soon as possible, but in no case later than 30 days, after receiving notice of a change in the status of an offset claim.
- (b) A change in status may include, but is not limited to, payments received other than through a successful offset, the filing of a bankruptcy petition, the death of the debtor, or the expiration of the ability for the debt to remain on the System, as provided for in Article III(A)(1)(b) of this Agreement.

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.

B. Operational Requirements

- 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.
- 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.
- 3. Offset Notices. IOC will send offset notices to the debtor upon processing a claim under the Act and this Agreement. The notice will state that a request has been made to make an offset against a payment due to the debtor, identify the local unit as the entity submitting the request, provide the debtor with a phone number made available pursuant to Article III

(B)(6) of this Agreement, and inform the debtor that they may formally protest the offset within sixty (60) days of the written notice.

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.
5. IOC Hearing Officer. The local unit hereby agrees to provide the Hearing Officer with any information requested in an efficient and timely manner in order to facilitate the prompt resolution to protests filed as a result of this Agreement. For purposes of this Agreement, any decision rendered by the Hearing Officer shall be binding on the local unit and shall be the final determination on the matter. The Hearing Officer may continue the review of a protest at his/her discretion in order to assure an equitable resolution.
6. Local Unit Call Center. The local unit hereby agrees to provide a working phone number which IOC will furnish to persons offset under this Agreement. The local unit shall ensure that the phone number is properly staffed in order to provide information about the debt the local unit is offsetting under this Agreement. The phone number for purposes of this Section and the Agreement is: 630/620-5700.
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.
8. Transfer of Payment. Transfer of payment by IOC to the local unit shall be made in the form of electronic funds transfer (EFT). Nothing in this section or this Agreement shall limit the ability of either party to modify this Agreement at a later date in order to provide for an alternative method(s) of payment transfer.
9. IOC Refunds. If IOC determines that a payment is erroneous or otherwise not due to the local unit, IOC will process a refund of the offset, and refund the amount offset to the debtor. In the event the refund results in only a partial refund to the debtor, IOC will retain the fee referenced in Article III, Paragraph B, Section 2 above. The fee will only be refunded to the debtor in the event of a full refund of the offset amount.
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.

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.

#### **Article IV – Permissible Use of Information**

IOC acknowledges that the local unit is providing sensitive information about local debts for the purpose of conducting offsets under the Agreement. As such, IOC will use the information solely in connection with the Local Debt Recovery Program. IOC shall safeguard the local information in the same manner as it protects State debt information.

The local unit acknowledges that IOC is providing sensitive information about State payments for the purpose of conducting offsets under the Agreement. As such, the local unit will use the information solely in connection with the Local Debt Recovery Program. The local unit shall safeguard State information in the same manner as it protects local debt information.

The parties may use information in any litigation involving the parties, when such information is relevant to the litigation.

#### **Article V – Term of the Agreement and Modifications**

The Agreement becomes effective as of the Effective Date and shall remain in effect until it is terminated by one of the parties. Either party may terminate this Agreement by giving the other party written notice at least thirty (30) days prior to the effective date of the termination. Any modifications to the Agreement shall be in writing and signed by both parties.

#### **Article VI – No Liability to Other Parties**

Except for the fees described in Article III, paragraph B, Section 2 above, each party shall be responsible for its own costs incurred in connection with the Agreement. Each party shall be responsible for resolving and reconciling its own errors, but shall not be liable to any other parties for damages of any kind as a result of errors. Each party shall be liable for the acts and omissions of its own employees and agents. The Agreement does not confer any rights or benefits on any third party.

#### **Article VII – Issue Resolution**

The parties acknowledge that IOC is ultimately responsible for the development, design and operation of the System. Subject to that understanding, the parties agree to work cooperatively to resolve any matters that arise during the development, design and implementation of the program. If an issue cannot be resolved informally by mutual agreement of staff personnel, then the parties agree to elevate the issue to a senior level manager for resolution of the issue. For purposes of the Agreement, the “senior level managers” are:

1. IOC: Robert Dulski, Director – Department of Government and Community Affairs
2. Local Unit: Jamie Cunningham, Assistant Director of Finance - Village of Lombard

### **Article VIII – Contacts**

The points of contacts for this Agreement are:

IOC: Alissa Camp, General Counsel  
Illinois Office of the Comptroller  
325 West Adams  
Springfield, Illinois 62704  
Phone: 217/782-6000  
Fax: 217/782-2112  
E-mail: CampAJ@mail.ioc.state.il.us

Local Unit: Thomas Bayer, Village Attorney  
20 N Wacker Dr., Ste 1660  
Chicago, IL 60606  
Phone: 312/984-6422  
Email: tpbayer@ktjlaw.com

### **Article IX – Acceptance of Terms and Commitment**

The signing of this document by authorized officials forms a binding commitment between IOC and the Village of Lombard. The parties are obligated to perform in accordance with the terms and conditions of this document, any properly executed modification, addition, or amendment thereto, any attachment, appendix, addendum, or supplemental thereto, and any documents and requirements incorporated by reference.

By their signing, the signatories represent and certify that they possess the authority to bind their respective organizations to the terms of this document, and hereby do so.

[Signature Page Follows]

IN WITNESS WHEREOF, the Illinois Office of the Comptroller and the Village of Lombard by the following officials sign their names to enter into this agreement.

ILLINOIS OFFICE OF THE COMPTROLLER

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: Leslie Geissler Munger

Title: Comptroller

VILLAGE OF LOMBARD

By: \_\_\_\_\_

Date: \_\_\_\_\_

Name: Keith Giagnorio

Title: Village President



STATE OF ILLINOIS  
COMPTROLLER  
LESLIE GEISSLER MUNGER

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**Acknowledgment Regarding Notification and Appeal  
Procedures by Claiming Entity**

For participation in the Local Debt Recovery Program (LDRP) with the Illinois Office of the Comptroller (IOC), I hereby acknowledge the following as legal counsel of the Claiming Entity:

The Claiming Entity's notification and appeal processes satisfy Due Process in accordance with the Intergovernmental Agreement and laws of the State of Illinois.

Furthermore, the IOC has requested documentation regarding notification and appeal processes from the participating Claiming Entity for the sole purpose of future use by the IOC if a protest is filed by the debtor. The documentation will be referenced if the IOC has to adjudicate the protest.

I hereby acknowledge and accept the foregoing as legal counsel of the Claiming Entity.

\_\_\_\_\_  
Legal Counsel's Signature

**Thomas Bayer**

\_\_\_\_\_  
Name

**Village Attorney**

\_\_\_\_\_  
Title

**Village of Lombard**

\_\_\_\_\_  
Claiming Entity

\_\_\_\_\_  
Date