



Board of Aldermen Request for Action

MEETING DATE: 4/1/2025

DEPARTMENT: Administration/Finance

AGENDA ITEM: Resolution 1460, Agreement with Midwest Municipal Services LLC

REQUESTED BOARD ACTION:

A motion to approve Resolution 1460, awarding Bid No. 25-08 for Debt Collection Services for the City and authorizing and directing the Mayor to enter into an agreement with Midwest Municipal Services LLC.

SUMMARY:

The debt collector for the City of Smithville works to recover unpaid utility bills. The City's debt collector receives payment from the client, retains a percentage (contingency rate), and remits the remaining to the City the following month.

In February 2025, a Request for Proposals was distributed for Debt Services. The City received two responses. The City's current provider did not submit a proposal. The current contract with I.C. System Inc. expires May 31, 2025.

The Finance Department staff reviewed both proposals.

When evaluating the proposals, the Finance Department evaluated the following areas:

- Proposer qualifications, experience, and demonstrated ability.
- References from previous clients.
- Thoroughness and quality of the proposal.
- Contingency Fee for collections.

When evaluating interviews, the review committee considered the best proposal for the City based on contingency fee, recovery expectations, portal features and industry experience.

Midwest Municipal Services LLC has proposed a straightforward contingency rate of 22%, ensuring simple invoicing, in contrast to the other proposal, which features a sliding contingency rate

Staff recommends awarding the bid to Midwest Municipal Services LLC.

A comparison of two proposals follows:

Midwest Municipal Services LLC	Bull City Financial Solutions
Contingency fee: 22%	Contingency fee: 25% - 40% sliding scale
Recovery expectation: 34%	Recovery expectation: 18% - 24%
Interactive online portal: YES	Interactive online portal: YES
Client focus: Municipalities	Client focus: Municipalities, Public Sector
Regulatory Compliant: YES	Regulatory Compliant: YES

Midwest Municipal Services LLC brings the required experience and knowledge to deliver exceptional debt collection services. With a proven track record of success in

navigating the complexities of debt recovery, ensuring efficient, professional, and legally compliant solutions tailored to meet the unique needs of municipalities. Discussions with existing clients state Midwest Municipal Services LLC is results-driven services and maintain positive client relationships throughout the process.

The proposed agreement is for a three-year contract with an option of three additional one-year periods, for a potential total of 6 years. The initial contract timeframe is June 1, 2025, through May 31, 2028.

PREVIOUS ACTION:

The previous contract was with I.C. Systems, Inc. with an initial contract period of June 4, 2019, through May 31, 2022. A second three-year term was opted, ending May 31, 2025. I.C. Systems, Inc. did not submit a bid.

POLICY ISSUE:

Customer Service and Debt Collection

FINANCIAL CONSIDERATIONS:

There is no financial impact to the FY2025 budget. The contract with Midwest Municipal Services LLC is contingent based on the results of the City's debt collections. If approved, there is no cost to the City, only a percentage of what is collected on the City's behalf.

ATTACHMENTS:

- | | |
|--|-----------------------------------|
| <input type="checkbox"/> Ordinance | <input type="checkbox"/> Contract |
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Plans |
| <input type="checkbox"/> Staff Report | <input type="checkbox"/> Minutes |
| <input type="checkbox"/> Other: Agreement | |

RESOLUTION 1460

A RESOLUTION AWARDING BID NO. 25-08 FOR DEBT COLLECTION SERVICES FOR THE CITY AND AUTHORIZING AND DIRECTING THE MAYOR TO ENTER INTO AN AGREEMENT WITH MIDWEST MUNICIPAL SERVICES LLC

WHEREAS, City Staff has conducted a bid process as outlined in the City Purchasing Policy; and

WHEREAS, after a bid process, staff has made the recommendation for accepting the best bid received as being the most advantageous to the City.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF SMITHVILLE, MISSOURI:

THAT Bid No. 25-08 is hereby awarded to Midwest Municipal Services LLC and the Mayor is hereby authorized to execute an agreement with a set contingency fee of 22%.

PASSED AND ADOPTED by the Board of Aldermen and **APPROVED** by the Mayor of the City of Smithville, Missouri, the 1st of April 2025.

Damien Boley, Mayor

ATTEST:

Linda Drummond, City Clerk



Midwest Municipal Services LLC

PO Box 493 Camby, IN 46113

Phone 866-372-1024

DEBT COLLECTION SERVICES AGREEMENT

THIS DEBT COLLECTION SERVICES AGREEMENT (the "Agreement ") is entered into effective as of June 1, 2025, by and between Midwest Municipal Services LLC, an Indiana LLC ("MMS"), and the City of Smithville MO., ("Client") hereinafter sometimes collectively referred to as the "Parties" and is made concerning the following facts:

NOW, THEREFORE, in consideration of the recitals, covenants, conditions, and promises contained herein, the Parties agree as follows:

1. **Fees for Services Rendered:** MMS will receive twenty-two percent (22%) of any amount recovered from any claim.
 - a. **Payment of Collected Debt:** For all funds collected by MMS in satisfaction of the debt, MMS will pay out all funds received less the fees as defined herein on the fifteenth day of every month for all collections received one (1) month prior. A monthly itemized statement will be provided.
 - b. **Uncollectable Debt:** MMS will not continue its collection efforts under this Agreement if MMS considers a debt uncollectable. At that point, MMS will notify the Client in writing that the debt is uncollectable and cease all collection efforts. Only MMS can determine if a debt is uncollectable. A debt may be uncollectible when the debtor is a) bankrupt; b) deceased with no ability to collect from the debtor's estate of an individual; c) unable to be located after numerous attempts at skip tracing or asset searches have failed; or d) the debtor is a company or other entity other than an individual and is dissolved, revoked, or inactive.
2. **Debt Validation:** MMS will receive fees for services rendered for any debt that the client cannot validate.
3. **Term of Agreement:** This agreement is for thirty-six (36) months with the option to renew for three additional 1-year terms.
4. **Ethics and Compliance:** MMS shall comply with the federal Fair Debt Collection Practices Act, guidelines issued by the Federal Trade Commission, and any legal written instructions provided by the Client. MMS shall possess all licenses, qualifications, and other approvals necessary in any jurisdiction where the Client performs activities.
5. **No Guarantees:** MMS makes no representations or warranties about the likelihood of success in collecting the debt. MMS shall not be liable for the ability or inability to collect any debt placed by Client for collection by MMS. It is expressly understood and agreed that MMS is not the guarantor of any specific result concerning collecting the debt.
6. **Client Warranties:** Client expressly represents and warrants: Client warrants the validity, amount, and authenticity of each debt owed directly to Client. Client agrees to satisfactorily provide documentary validation of the authenticity of the debt to MMS upon request; that the debt is presently and validly owed by the debtor to Client; and the amount stated in supporting documentation provided by Client to MMS is the current amount that is owed (inclusive of any interest) to Client or will have provided such written verification within twenty-four (24) hours of Client's execution of this Agreement. Client understands that until such verification is provided, MMS will not process or commence any work under this Agreement.
 - a. Client has not committed any breach of any agreements between debtor and Client
 - b. Client represents and warrants that it has the right and authority to enter and fully perform its obligations under this Agreement and all collateral agreements to be entered into by it in furtherance of the provisions hereof, without the need for any additional authorizations, consents or approvals.
 - c. Client expressly represents and warrants that it has complied with and shall continue to comply with any federal, state, and local laws, codes, statutes, ordinances, rules, regulations, and directives which directly or indirectly regulate or affect this Agreement or any activities in connection with this Agreement (collectively "Laws").

7. **Indemnification:** To the extent provided by law, Client shall defend, indemnify and hold harmless MMS, and its and their officers, directors, agents, employees, contractors and representatives from and against all demands, claims, counterclaims or suits brought by debtor, damages, losses , taxes , suits, judgments, liabilities and expenses , of whatever nature , including , but not limited to court costs and reasonable attorney 's fees, arising in any way out of or resulting from (a) the incurring of the debt and/or any component thereof due to acts and/or omissions by Client , (b) a breach of any of Client 's representations , warranties or covenants set forth in this Agreement (whether by Client, or others engaged or authorized by Client in connection with the debt), (c) any other acts or omissions of Client , or others engaged or authorized by Client in connection with the debt; and (e) any separate agreements that MMS entered into on behalf of Client for purpose of collecting the debt , including any attorney 's fees and costs incurred in connection with any alleged breach of such agreement and eventual payments owing pursuant to said Agreement . Client shall give MMS notice in writing as soon as practicable of the commencement or threatened commencement of any claim against MMS in which indemnification will or could be sought under this Agreement.
8. **Notice:** All writings under this Agreement must be mailed to MMS at P.O. Box 493, Camby, IN 46113.
9. **Disputes:** In case of any dispute between MMS and Client arising out of this Agreement or subsequent agreement entered in connection with the debt, Client agrees to waive its rights to file a lawsuit and will seek to informally resolve this suit through mediation before submitting to binding arbitration with a mutually agreeable arbitrator. Mediation and arbitration must occur within Clay County, Missouri.
10. **Execution of Instruments:** The Parties agree that each will execute and deliver to the other, upon request, any document or legal instrument necessary to carry out the provisions of this Agreement.
11. **Attorney Fees:** If any party to this Agreement institutes a legal or equitable action, including but not limited to arbitration, against any other party hereto arising out of this Agreement, then, as between such parties, each party shall be responsible for their own attorney's fees and other expenses in connection with such action or proceeding.
12. **Amendments/Modifications:** No amendment, modification, or waiver of any provision of this Agreement shall be effective unless in writing and signed by authorized representatives of both Client and MMS.
13. **Setoff:** Without limiting any of MMS' other rights and remedies under this Agreement, or in law or equity, Client agrees that MMS shall have the right to set-off any amounts which otherwise may be payable by MMS to Client against any amounts which Client may owe to MMS arising under this Agreement or otherwise.
14. **Exclusivity of Agreement:** MMS is the sole entity that may undertake collection efforts during the term of this Agreement. The Parties acknowledge and agree that neither of them has made any representation concerning the subject matter of this Agreement or any representations inducing the execution and delivery of this agreement, except such representations as are expressly outlined in this Agreement, and each of the Parties acknowledges that they have relied on their judgment in entering into the Agreement. This Agreement shall bind the parties, representatives, successors, and assigns.
15. **Assignment:** Neither this Agreement nor any duties, obligations, benefits, or services under it may be assigned by Client without the prior written consent of MMS. MMS has the express right to assign its rights and obligations under this Agreement as it deems necessary in the ordinary course of business.
16. **Law and Venue:** This Agreement and all matters or issues collateral to it shall be governed by the laws of the State of Indiana applicable to contracts made and performed within the State of Missouri without regard to its conflicts of law rules. Each party consents to the exclusive jurisdiction of the state and federal courts in Clay County, State of Missouri.
17. **Electronic Signatures:** Signatures transmitted electronically shall be as valid as an original signature and binding upon the individual whose signature is contained thereon.
18. **Counterparts:** This Agreement may be executed in counterparts, and all counterparts so executed shall constitute one Agreement binding on all the Parties. Faxed or scanned and emailed signatures on this Agreement shall be deemed original manually signed executions of this Agreement.

IN WITNESS of which, MMS and CLIENT have executed this Agreement and agree to the terms and conditions contained herein.

City of Smithville MO
 By: _____
 Name: Damien Boley
 Title: Mayor
 Date: April 1, 2025

Midwest Municipal Services
 By: _____
 Name: Christy Thomas
 Title: Managing Partner
 Date: _____