



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: DECEMBER 9, 2025**

FROM: FINANCE DEPARTMENT **WARDS: ALL**

SUBJECT: APPROVE THE THIRD AMENDMENT TO THE PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH COLLECTION BUREAU OF AMERICA, LTD. TO EXTEND COLLECTION AGENCY SERVICES FOR TWO YEARS

ISSUE:

Approve the Third Amendment to the Professional Consultant Services Agreement with Collection Bureau of America, LTD. to extend the agreement for two additional years, allowing the City to participate in a joint RFP with Public Utilities, Business Tax, and Accounts Receivable in 2027 to negotiate a lower commission rate on amounts collected.

RECOMMENDATIONS:

That the City Council:

1. Approve the Third Amendment to the Professional Consultant Services Agreement with Collection Bureau of America, Ltd. to extend the contract for two additional years; and
2. Authorize the City Manager, or designee, to execute the Third Amendment to the Professional Consultant Services Agreement with Collection Bureau of America, Ltd, including the ability to make minor, non-substantive changes.

BACKGROUND:

The Finance Department provides various levels of collection services for delinquent accounts. In addition to enhanced collection services for the Fire and Police Department (e.g., fireworks citations, false alarms), Finance also handles a variety of delinquent account types including business license fees, property damage claims, DUI related citations, and permit fees. Finance does not provide collections services for delinquent utilities accounts which are handled by Riverside Public Utilities.

Finance Department personnel from Business Tax and Accounts Receivable attempt to collect debts that are more than 30 days past due. Collection efforts are made through correspondence and phone calls and result in most delinquent accounts being collected.

DISCUSSION:

On April 18, 2019, Request for Proposal (RFP) No. 1925 was issued for Collection Agency

Services. Through this process, Collection Bureau of America, Ltd. (CBA) was selected as the most qualified service provider. CBA, an industry leader since 1959, provides first- and third-party debt collection services for more than 1,000 clients nationwide, including over 50 municipalities.

On January 14, 2020, the City Council approved a Professional Services Agreement with CBA of Hayward, California, pursuant to RFP 1925, for a five-year term ending January 31, 2025, in an amount not to exceed \$250,000. The Agreement is contingency fee-based, meaning fees are paid only when CBA successfully collects delinquent accounts. The fee structure is as follows:

- 25% of the amount collected on behalf of the City, and
- 35% of the amount collected after litigation is authorized by the City and pursued by CBA.

Subsequent amendments executed on January 16, 2025, and June 3, 2025, extended the CBA contract through December 31, 2025.

The Business Tax Division and Accounts Receivable unit are requesting approval to extend the term of the contract for an additional two years. This extension will allow the City to align its next RFP process with Riverside Public Utilities (RPU) in an effort with the goal of potentially negotiating a lower commission rate for collection services.

Over the next two years, the Accounts Receivable unit anticipates referring approximately 2,000 accounts, with a total balance of approximately \$2 million, for outside collection services. The Business Tax Division also expects to continue referring delinquent accounts, estimated at more than 300 cases during the same period.

This two-year extension will ensure continuity of collection efforts and prevent any disruption to revenue recovery for both the Accounts Receivable unit and Business Tax Division. To maintain system continuity and avoid disruptions, the continued use of the software and related services from the existing vendor is desired.

Purchasing Resolution 24101, Section 1104 states that "Change Orders. Modifications to a Purchase Order shall be made only by Change Order, except that minor variances of \$200 or less, where the variance is due to sales tax or freight charges may be processed without a Change Order. Subject to the availability of funds, Change Orders may be utilized for purposes of (5) modifying contract completion time or the term of a Contract ... Unless otherwise specifically authorized by the Awarding Entity, Change Orders which cumulatively exceed the following will require Awarding Entity approval: d) A Contract amendment which extends the term of the agreement beyond one year of the original expiration date."

The Purchasing Manager concurs that the recommendation is in compliance with Purchasing Resolution No. 24101.

FISCAL IMPACT:

There is no fiscal impact related to this item. The \$250,000 not to exceed amount was approved by City Council on January 14, 2020 and sufficient funds remain available to pay the contingency fees for amounts collected during the extended contract term. Funds are budgeted and encumbered in the General Fund, Finance-Business Tax, Professional Services account 2304000-421000.

Prepared by:	Daniel Sanchez, Business Tax Supervisor
Approved by:	Julie Nemes, Deputy Finance Director
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. CBA Contract Amendment