



City Council Memorandum

City of Arts & Innovation

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TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JANUARY 14, 2020

FROM: FINANCE DEPARTMENT WARDS: ALL

SUBJECT: PROFESSIONAL CONSULTANT SERVICES AGREEMENT WITH COLLECTION BUREAU OF AMERICA LTD. FOR RFP 1925 FOR COLLECTION AGENCY SERVICES FOR A TERM OF FIVE YEARS IN AN AMOUNT NOT TO EXCEED \$250,000 – SUPPLEMENTAL APPROPRIATION

ISSUES:

Approve the Professional Consultant Services Agreement for RFP 1925 for Collection Agency Services with Collection Bureau of America, Ltd., of Hayward, California, for a term of five years in an amount not to exceed \$250,000 and authorize a supplemental appropriation.

RECOMMENDATIONS:

That the City Council:

1. Approve the Professional Consultant Services Agreement for RFP 1925 for Collection Agency Services with Collection Bureau of America, Ltd., of Hayward, California, for a term of five years, ending January 31, 2025, in an amount not to exceed \$250,000;
2. Authorize the City Manager, or designee, to execute the Professional Consultant Services Agreement with Collection Bureau of America, Ltd, including the ability to make minor, non-substantive changes; and
3. Authorized a supplemental appropriation for the current fiscal year in the amount of \$50,000 in the Non-Departmental Finance Citywide Collections Professional Services Expenditure Account and increase the estimated revenue by the same amount in the Non-Departmental Finance Citywide Collections Miscellaneous Receipts Revenue Account.

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., fire inspections, 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 the Business Tax and Accounts Receivable units attempt to collect debts that are more than 30 days past due. Collection efforts are completed using correspondence and/or phone calls and result in the collection of most delinquent accounts. For example, during Fiscal Year 2018-19, Finance's Accounts Receivable unit completed collection activity for more than 4,500 past due accounts with an account balance of \$14.5 million. At the end of the fiscal year, there were 950 active accounts totaling more than \$1.1 million. Accounts are referred to a debt collection agency once Finance has exhausted its collection efforts.

DISCUSSION:

On April 18, 2019, Request for Proposal (RFP) 1925 was issued for collection agency services via the City's online bidding portal. Vendors were required to submit proposals by May 16, 2019. The City received 11 proposals by the submission deadline. A panel of three (3) Finance personnel familiar with the City's collection activities reviewed the proposals. Each member of the panel scored each proposal based on criteria outlined in the RFP and submitted results to Purchasing. The three (3) highest rated vendors were invited to provide a live presentation to the selection panel on July 16, 2019.

Collection Bureau of America, Ltd., (CBA) was selected as the most qualified service provider. CBA is an industry leader and has been providing first and third-party debt collection services since 1959. CBA collects for over 1,000 clients nationwide including a wide-variety of services for over 50 municipalities.

The Professional Consultant Services Agreement with CBA includes a five-year term and is for a total sum not to exceed \$250,000. The Agreement is a contingency fee-based agreement. Fees will only be paid after CBA has successfully collected on delinquent accounts. The fee is 25% of the amount collected on behalf of the City and 35% of the amount collected on behalf of the City after litigation is authorized.

The Purchasing Manager concurs that this purchase is in compliance with Purchasing Resolution 23256.

FISCAL IMPACT:

The total fiscal impact of the action is a not to exceed amount of \$250,000 over a five-year term. This averages out to be \$50,000 per year.

Upon approval, \$50,000 will be appropriated in Non-Departmental Finance Citywide Collections Professional Services Expenditure Account 7223800-421000 and will be entirely offset by revenue in Non-Departmental Finance Citywide Collections Miscellaneous Receipts account 7223800-374200 for FY2019/20. Appropriations for future fiscal years will be included in the Department's budget submissions for those fiscal years to be presented to the City Council for approval.

Prepared by: Edward Enriquez, Chief Financial Officer / Treasurer
Certified as to
availability of funds: Marie Ricci, Assistant Chief Financial Officer
Approved by: Carlie Myers, Deputy City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Request for Proposal
2. RFP Award Recommendation
3. Professional Consultant Services Agreement