

**REPORT FROM EVALUATION COMMITTEE
REQUEST FOR PROPOSAL FOR
COLLECTION AGENCY SERVICES FOR VARIOUS CITY DEPARTMENTS**

October 22, 2014

COMMITTEE MEMBERS:

Kim Jackson, Management Analyst III, Finance Department
Brian Reams, Revenue Manager, Department of Public Utilities
Anita Villarreal, Management Analyst II, Finance Department
Yvonne Dedmore, Senior Accountant-Auditor, Airports Department
Christina Cronin, Senior Accountant-Auditor, Fire Department
Rick Kuffel, Tax/Permit Representative, Finance Department
Bill Casarez, CPA, Deputy Finance Director, City of Clovis, California
Jean Runnels, Senior Buyer, Purchasing, Finance Department Facilitator

BACKGROUND:

The goal of this Request for Proposal (RFP) was to solicit proposals from qualified collection agencies to provide collection services on a contractual as-needed basis for the assignment of unpaid and delinquent accounts from various departments throughout the City. Reputation, efficiency, thorough knowledge of all facets of collections requirements including current laws and regulations, experience in working with municipal governments, and a demonstrated high rate of successful collections were desired attributes. In addition, the "ideal" collection agency would have the capability to report unpaid accounts to the major credit bureaus as well as provide the City with online access and the ability to review account status at all times. Proposers were advised that the City reserved the right to award one all-encompassing contract for the entire City or numerous non-exclusive contracts for each Department, whichever the City deemed to be in its best interest. Sixteen proposals were downloaded from the City's Planet bid site and six (6) proposals were received and opened on July 22, 2014. This contract would be for Three (3) years with Three (3) One year extensions.

Currently, each department/division performs its own billing functions with the exception of the Fire Department. The Fire Department utilizes an Extended Business Office services (EBO) for billings and subsequent collection activities, when warranted. The preponderance of departments/divisions performs their own collection efforts through letter and telephone contacts with the nonpayer in an attempt to collect on unpaid and delinquent accounts. Referral to the collection agency is at the City's discretion by means of formal assignment of the account. Depending on the individual department/division, collection agency assignment will commence usually after 30 days to six (6) months after the original invoice date.

EVALUATION BY COMMITTEE:

Financial Credit Network, Inc.

This proposer offered the fourth lowest rates for traditional, regular collections and was tied for the lowest rates for more complex legal collections. They offered special low rates for Utility accounts, based on the date of assignment. They have two offices in California, with a local office in Visalia, CA. They have over 60 years' experience in the collection industry and have sufficient qualified staff, and online capabilities to assist the City as well as report to credit bureaus. The Committee was impressed with the experience and qualifications of Financial Credit Network, Inc. It was clear that Financial Credit Network, Inc understands local government operations. They have an effective stratified company-wide organizational structure that would provide expertise and management support throughout the contract. The Committee recommends awarding a contract to Financial Credit Network Inc. on a contingency basis. Their proposal meets all the RFP requirements and offers the City good collection rates and a Central Valley presence. Their submitted references were contacted and the responses given for their overall service was excellent.

H.S. Financial Group, LLC

H.S. Financial had the second lowest proposed rates for non-legal collections and the fifth highest for legal collection services. This proposer did not conform to all the specifications in the RFP and is found to be non-responsive. This proposer failed to submit the correct proposal pages; addendums were missing; nor did they provide a signature certification for the proposal. References were checked. This proposal is considered to be non-responsive due to they failed to conform to the terms and conditions of the RFP.

Linebarger, Goggan, Blair & Sampson LLP

This proposal contained the highest collection rates of all of the six (6) proposers – 25% for non-legal collections and 33% plus court costs for any legal collection efforts. This proposer did not conform to all the specifications in the RFP and was found to be non-responsive. The proposer did not submit their proposal on City forms as specified; the proposal failed to submit financials, bidders or the checklist. References were checked. This proposal is considered to be non-responsive due to they failed to conform to the terms and conditions of the RFP.

NCO Financial Systems, Inc. (An EGA Company)

This proposer's non-legal collection rates came in third for the lowest rates and their legal rates were the fourth lowest of the six proposers. However, this proposer did not conform to all the specifications in the RFP and was found to be non-responsive. They did not accept the City's contract language as specified and the exceptions taken render their proposal non-responsive. References were checked. This proposal is considered to be non-responsive due to the fact they failed to conform to the terms and conditions of the RFP.

RSI Enterprises, Inc.

This proposer is the City's current incumbent collection agencies. This proposer offered the lowest rates for regular collections and was tied for the lowest rates for legal collections. In addition, they offered special low rates for Utility accounts. RSI has municipal government experience, specializes in skip tracing, online information/transmittal capabilities and has a large staff of collectors. RSI reports to credit bureaus after a 30-day dispute period, which enhances their collection efforts. This agency's low rates, large staff, extensive municipal experience, state of the art collection system, and Extended Business Office (EBO) services meets the needs of the City of

Fresno. The Committee recommends award to RSI on a contingency basis. Their proposal meets all the RFP requirements and offers the lowest rates. This company has provided acceptable service in the past with the City of Fresno and they are a full service agency. There references were checked and the responses were excellent.

Sequoia Financial Services

Sequoia provided the City with a very high non-legal collection rate of 23% along with a 27% rate for legal collection services. This proposer did not conform to all the specifications in the RFP and was found to be non-responsive. This proposer failed to submit the correct proposal pages; addendums were missing; nor did they provide a signature certification for the proposal. References were checked. This proposal is considered to be non-responsive due to the fact they failed to conform to the terms and conditions of the RFP.

RECOMMENDATION

The Committee recommends that Council approve and award two Collection Agency Contracts, each consisting of an initial three-year term with provisions for three (3) one-year extension options available for each. The decision to select two companies benefits all City departments as each department can commence services with one company that is deemed to best suit their needs. If that firm is not effective in their collection processes, the department will then have an alternative company available to assist them. In addition, one firm may have more extensive experience in the type of collection efforts or accounts being pursued by a department than the other firm. The two recommended collection agencies are:

1. RSI Enterprises, Inc. at the following collection fee rates: 16% non-legal collection Utility accounts; 17.5% for all other non-legal accounts; 27% legal collection accounts; 12% EBO services and; 8% for Lien and Tax Intercept accounts.
2. Financial Credit Network, Inc. at the following collection fee rates: 15% - 19% non-legal Utility collection accounts; 19% for all other non-legal accounts; 27% legal collection accounts and; 12% for EBO services which would be provided by the sister company to Financial Credit Network, Inc.

Attachment: Matrix Summary of Information Submitted by Proposers