

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

October 22, 2020

COMMITTEE MEMBERS:

Yvonne Dedmore, Administrative Manager, Finance Department
Brian Reams, Revenue Manager, Finance Department, UB&C
Barbara Mitchell, Revenue Supervisor, Finance Department, UB&C
Robin Madrid, Tax/Permit Inspector, Finance Department
Rosie Rivera, Senior Accountant-Auditor, Airports Department
Christina Cronin, Senior Accountant-Auditor, Fire Department
Gina Daniels, Assistant Finance Director, City of Clovis, California
Panhia Moua, Procurement Supervisor, 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. Four proposals were downloaded from the City's Planet bid site and f o u r (4) proposals were received and opened on August 25, 2020. 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 service (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. (FCN)

This proposer is one of the City's current incumbent collection agencies. This proposer offered the highest rate for traditional, regular collections, but offered tiered rates for Utility accounts, based on the date of assignment. They have two offices in California, with a local office in Visalia, California. 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. Based on experience the

**Report from Evaluation Committee
RFP No. 9556, Collection Agency Services for Various City Departments**

City has had over the last contract period with this proposer, 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. This company has provided acceptable service in the past with the City of Fresno and they are a full service agency.

Central Valley Receivables

Central Valley Receivables has only been in business since July 2019, purchasing a previous company the City had worked with in the past; Data Central. The contract with Data Central did not end well and prior management never responded to our requests nor paid us for accounts collected right before company ceased doing business. Central Valley Receivables does not have municipal government experience and the Committee felt the company lacked the resources to take on an agency of our size at this time. Central Valley Receivables only has Spanish as their bi-lingual language. The Committee felt that with our diverse City, more options would be needed. There were also some discrepancies in their proposal related to number of personnel within the company and the number of employees that could serve this contract. The Committee does not recommend awarding a contract to Central Valley Receivables.

RSI Enterprises, Inc. (RSI)

This proposer is the City's current incumbent collection agencies. This proposer offered the lowest rates for traditional, regular collections. They offered special low rates for Utility accounts, based on the date of assignment. 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.

States Recovery Systems, Inc. (SRS)

This proposer offered the second lowest rate for traditional, regular collections and offered the lowest rate for Utility accounts. States Recovery Service has assisted various government entities for over 25 years, and currently contracts with over 15 municipalities. With this experience, it gives City departments one more advantage on collecting accounts. States Recovery Service has experience in the tax intercept program which would benefit the Utility Billing and Collection and Business Tax Divisions to collect through this tax program. The Committee recommends award to States Recovery Service on a contingency basis. Their proposal meets all the RFP requirements and offers the lowest rates.

RECOMMENDATION

The Committee recommends that Council approve and award three 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 three 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 three recommended collection agencies are:

Report from Evaluation Committee
RFP No. 9556, Collection Agency Services for Various City Departments

1. RSI Enterprises, Inc. at the following collection fee rates: 16% non-legal collection Utility accounts; 16.5% for all other non-legal accounts; 27% legal collection accounts; and flat fee for EBO services.
2. Financial Credit Network, Inc. at the following collection fee rates: 19% - 23% non-legal Utility collection accounts; 23% for all other non-legal accounts; 27% legal collection accounts.
3. States Recovery Systems, Inc. at the following collection fee rates: 15% non-legal collection Utility accounts; 17% for all other non-legal accounts; 25% legal collection accounts; and; 12% for Lien and Tax Intercept accounts.

Attachment: Matrix Summary of Information Submitted by Proposers

RFP9556CollectionAgencyServicesForVariousCity Departments