



City Council Report

Date: October 17, 2016
To: City Council
Through: Alex Deshuk, Chief Innovation Officer
From: Edward Quedens, MPA, C.P.M., CPPO, Business Services Director
Matt Bauer, MBA, CPPO, CPPB, CPSM, Purchasing Administrator
Subject: One-Year Renewal of the Term Contract for Collection Services for the Business Services and Financial Services Departments (**Citywide**)

Purpose and Recommendation

Council is requested to approve the Renewal of the Term Contract for Collection Services as recommended.

The Business Services and Financial Services Departments, and Purchasing recommend authorizing the renewal with Valley Collection Service, LLC at \$30,000.00 annually, based on estimated requirements.

Background / Discussion

This contract provides a qualified firm to perform debt collection services for delinquent accounts on an as-needed basis. The contractor collects delinquent fees and taxes assessed by various departments that are referred to them by the City after the City has exhausted all in-house collection efforts. The contractor furnishes all services, labor, equipment, transportation, insurance, programming for the electronic transmission and receipt of data by Business Services - Revenue Collection Operations, and Financial Services - Accounting.

City staff initiates collection activities including sending a series of bills, letters and telephone calls (for some types of accounts) to the delinquent customer in an effort to resolve the delinquency. Collection activities are needed for delinquent utility bills, sales taxes, conference center, property damages, orders of protection, excess false alarms, airport and miscellaneous receivables.

This service has recovered \$133,869.27 in calendar year 2015. Per the agreement, Valley Collection Service was able to retain \$19,895.38 for the same period.

On February 25, 2013, Council approved the initial three-year contract with renewal options on 2/25/2013, and the first, one-year renewal contract on 2/8/2016. This is the second and final, one-year renewal option.

Valley Collection Service, LLC offered to renew the contract without a pricing increase, and has maintained the original bid pricing during the entire initial three-year and first, renewal term. The Consumer Price Index has increased by 3% since 2013. The City has been satisfied with the vendor's performance. This contract continues to be advantageous to the City and it is in the City's best interest to renew the contract.

Alternatives

Council may choose not to authorize the purchase and new responses will be solicited.

Fiscal Impact

The annual contract amount is available in the Business Services Department operating budget for collection services of delinquent utility accounts.

City departments which get collection revenues from the collection agency would pay a share of contract costs.

Coordinated With

Business Services Department, Financial Services Department, and Purchasing

PURCHASING INFORMATION

Action: Renewal

Procurement Type: Request for Proposals

Solicitation Number: 2012225

Responses Received: 6 (1 Non-Responsive)

Initial Contract Term: Three Years

Renewal Term: Second and Final, One Year

Renewal Terms Remaining: None

Proposal Scoring Results

Element / Maximum Points	Valley Collection Service, LLC Glendale, AZ (Awarded)	Progressive Financial Services, Inc. Tempe, AZ	Professional Credit Service Springfield, OR	The Advantage Group Grand Junction, CO	Penn Credit II Harrisburg, PA
Demonstrated company experience, and references / 250 Points	250	250	200	175	150
Recordkeeping, electronic document transfer capabilities / 250 Points	250	250	250	250	250
Capacity to perform high volume of work and collection rate history / 200 Points	200	175	150	150	125
Proposal format and organization (thoroughness, clarity, organization/ presentation) / 100 Points	100	100	100	50	75
Total Points Possible / 800 Points	<u>800</u>	775	700	625	600

Non-Responsive Proposal received from

I.C. System, Inc. dba I.C. System – St. Paul, MN

RENEWAL RECOMMENDATION ***Valley Collection Service, LLC*** **Glendale, AZ**

Description
<p>Contractor to provide Collection Services per Contract No. 2012225 Terms and Conditions, Specifications, and for the Contractor's Fee*</p> <p>Percentage of collected funds to be paid to the Contractor: 15%*</p> <p>Annual Contract Amount: <u>\$30,000.00</u></p> <p>* Contractor's pricing, a percentage fee for collecting payments for each assigned account (accounts that have been placed for collection). All fees will be based upon the amount of money actually collected and remitted to the City.</p>