



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

**C-10**

333 West Ocean Boulevard 6th Floor • Long Beach, California 90802

October 17, 2006

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute an agreement with OSI Collection Services, Inc., to provide Collection Agency Services, for a three-year term with options for two additional one-year periods. (Citywide)

## DISCUSSION

The City regularly has delinquent accounts receivable, damage claims and judgments against former customers and debtors that remain unpaid despite the fact that extensive actions have been taken through internal collection efforts. These delinquent accounts arise from billings for utility, ambulance transports, false alarms, City property damage claims and other services provided by the City. The City utilizes the services of an outside collection agency to capture delinquent revenues.

The Request for Proposal (RFP) was downloaded from the City website by 13 companies. Of these, two are Minority-owned Business Enterprises (MBEs); there were no Women-owned Businesses Enterprises (WBEs), nor were there any Long Beach businesses. There was one certified small business. Eight companies responded to the RFP for collection agency services. One of these companies could be categorized as either a MBE, WBE, Long Beach business or certified small business.

A selection committee consisting of members from Financial Management and Technology Services reviewed the responses and conducted a series of discussions. OSI Collection Services, Inc., from Rancho Cordova, CA demonstrated the ability to provide the requested collection services. OSI Collection Services, Inc., provides outside collection services to the City of Los Angeles, Sacramento Municipal Utility District, and the California Department of Transportation with collection rates that significantly exceed the results of the other submittals with competitive collection fees. Also, OSI Collection Services, Inc., will provide the best value to the City as a result of their extensive experience with successful collection of the types of debts incurred by the City. In addition, their prior performance with agencies of similar size and complexity, as well as support capabilities, customer service, and compatible technology interfaces contributed to their selection.

The proposed agreement will enable the collection agency to retain a 17.9 percent fee that will be assessed from the revenue collected monthly on referred accounts. Additionally, the term of the contract will be three years, with options for two additional one-year periods. This agreement will provide collection services on a citywide basis.

This item was reviewed by Deputy City Attorney Lori A. Conway on October 5, 2006 and Budget Management Officer David Wodynski on October 4, 2006.

TIMING CONSIDERATIONS

Recent surveys indicate it would be in the City's best interest to enter into an agreement with the proposed vendor to obtain favorable rates of return on collected City debts. The City Council action to authorize the proposed agreement is requested at the October 17, 2006 City Council meeting to ensure the best possible collection rates are in place.

FISCAL IMPACT

It is estimated that approximately \$250,000 in net annual revenue will be realized for various funds and departments that have delinquent account receivables, damage claims and judgments. The 17.9 percent collection fee will be added to the City's debtors' bills and will be retained by the collection agency. All remaining funds will be remitted to the City and deposited to the appropriate funds.

SUGGESTED ACTION:

Approve recommendation.

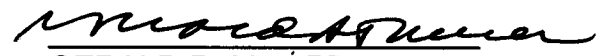
Respectfully submitted,



MICHAEL A. KILLEBREW  
DIRECTOR OF FINANCIAL MANAGEMENT

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APPROVED:



GERALD R. MILLER  
CITY MANAGER