



Legislation Details (With Text)

File #: 11-1106 **Version:** 1 **Name:** FM - Collection Agency Services
Type: Contract **Status:** CCIS
File created: 10/21/2011 **In control:** City Council
On agenda: 11/8/2011 **Final action:** 11/8/2011

Title: Recommendation to adopt Specifications No. RFP FM 11-045 authorizing City Manager to execute all necessary agreements with NCO Financial Systems, Inc. (NCO), of Rancho Cordova, CA (not an MBE, WBE, SBE or Local), to provide collection services for a period of two years with the option to renew for three additional one-year periods. (Citywide)

Sponsors: Financial Management

Indexes: Agreements

Code sections:

Attachments: 1. 110811-C-9sr.pdf

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|------------------------|--------|
| 11/8/2011 | 1 | City Council | approve recommendation | Pass |

Recommendation to adopt Specifications No. RFP FM 11-045 authorizing City Manager to execute all necessary agreements with NCO Financial Systems, Inc. (NCO), of Rancho Cordova, CA (not an MBE, WBE, SBE or Local), to provide collection services for a period of two years with the option to renew for three additional one-year periods. (Citywide)

The City of Long Beach has a history of delinquent accounts receivable against customers that the City is unable to collect through its own efforts. These delinquent accounts represent numerous lines of business including: utilities (gas, water, refuse, and sewer charges); ambulance transports; false alarms; police booking fees; business licenses; marina fees; returned checks; city taxes; property damage claims; and various permits and charges.

It is a function of the Commercial Services Bureau in the Department of Financial Management (FM) to pursue money owed to the City for these accounts. In-house collection staff work to collect on delinquent accounts for approximately six months from the time of invoicing, in pursuit of payment. A number of resources to collect delinquent payments are used including, but not limited to, arranging a monthly payment plan, small claims court action and variety of other options. Delinquent accounts that remain unpaid despite extensive actions taken by FM, are turned over to a private collection agency under contract with the City.

A Request for Proposal (RFP) for providing collection services was advertised in the Press-Telegram on July 6, 2011, and 21 potential bidders specializing in collection services were notified of the bid opportunity. Of those bidders, 28 downloaded the bid via our electronic bid system. The bid document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division’s website at www.longbeach.gov/purchasing <<http://www.longbeach.gov/purchasing>>. A bid announcement was also included in the Purchasing Division’s weekly update of Open Bid Opportunities, which is sent to 30 local, minority, and women’s business groups. Four proposals were received on August 2, 2011. Of those four

bidders, none were Minority-owned Business Enterprises (MBEs), none were Women-owned Business Enterprises (WBEs), none were certified Small Business Enterprises (SBEs), and none were Local Long Beach Businesses (Local). A selection committee consisting of members from the Departments of Financial Management and Technology Services reviewed the four proposals received and conducted a series of interviews. NCO Financial Systems, Inc. (NCO), of Rancho Cordova, CA (not an MBE, WBE, SBE and Local), is recommended for award. NCO will provide that 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 current performance with the City, as well as support capabilities, competitive collection fees, customer service, and compatible technology interfaces contributed to their selection.

Local Business Outreach

Our outreach goal is to encourage Long Beach businesses to participate in City procurement processes and submit proposals for City contracts. We assist businesses with registering on our Bids Online database to download the request for proposal. Four Long Beach vendors were contacted to offer local outreach, of which one downloaded the RFP, and none submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Amy R. Webber on October 14, 2011 and Budget Management Officer Victoria Bell on October 24, 2011.

City Council action to adopt specifications No. RFP FM 11-045 and award a contract is requested on November 8, 2011 to ensure that the contract is in place expeditiously.

It is estimated that approximately \$150,000 in annual revenue, net of collection fees, will be realized from the proposed contract. Revenues generated from this activity will be credited to various funds and departments that have delinquent account receivables. There is no cost associated with the recommended action. NCO will re-bill the City's delinquent debtors equivalent to the outstanding amount plus a 17.9 percent collection fee. Upon collection, NCO remits 100 percent of the delinquent amount to the City and retains the 17.9 percent portion. There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:

PATRICK H. WEST
CITY MANAGER