



Legislation Text

File #: 23-0986, Version: 1

CITY MANAGER AUTHORITY PROCUREMENT AWARDS

ACTION REQUESTED:

Approve the award of Option Year One to Contract 19-170.1, Collection Agency Services, to Penn Credit Corporation for an amount not to exceed \$80,000

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director

BACKGROUND:

The City Council awarded Contract 19-170 to Penn Credit in January 2020 for a three-year term from February 1, 2020 to January 31, 2023, with two, one year options to extend. The purpose of this contract is to retain Penn Credit's services in collecting outstanding unpaid balances due to the City of Naperville. These consist of unpaid ambulance fees, utilities, miscellaneous receivables including such items as bail bonds and tow fees and parking citations.

DISCUSSION:

During the original term of the contract, Penn Credit was sent a total of 5,949 delinquent accounts to work totaling \$4,418,271.50. Of the amount sent, they've collected a total of \$467,991.94 (10.59%) for the period of January 2020 to September 2023. The breakdown of the worked accounts is as follows below:

| Account Type | # of Accounts | Delinquent Amount | Total Collected |
|---------------------------|---------------|-----------------------|---------------------|
| Utility | 2,969 | \$1,172,549.20 | \$309,175.53 |
| Administrative Tow Fees | 212 | \$89,000 | \$800 |
| Miscellaneous Receivables | 60 | \$33,217.66 | \$1,620.44 |
| Parking Citations | 515 | \$27,620 | \$2,950 |
| Police Bail Bonds | 3,131 | \$156,543 | \$9,625 |
| EMS Services | 2,243 | \$2,939,341.64 | \$143,820.97 |
| TOTAL | 5,949 | \$4,418,271.50 | \$467,991.94 |

Based upon the vendor's performance, the Finance Department would like to extend the contract for the first option year. Penn Credit has agreed to maintain the rates and terms provided for under the contract.

The term of the first option year is February 1, 2023 to January 31, 2024, with one, one year option remaining on the agreement.

FISCAL IMPACT:

CIP#: N/A

Collection agency service fees are expensed to various Administrative Service Fee accounts. There was a total of \$2,142,612 included in the 2023 budget for different types of administrative service fees, including collection agency fees. The requested award was within the amount budgeted for this expense in 2023.