



Legislation Details (With Text)

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File created:	10/22/2019	In control:	City Council
On agenda:	1/21/2020	Final action:	1/21/2020
Title:	Approve the award of RFP 19-170, Collection Agency Services, to Penn Credit Corporation for 17% of the total monies collected not to exceed \$120,000 and for a three-year term		
Sponsors:			
Indexes:			
Code sections:			
Attachments:			

Date	Ver.	Action By	Action	Result
1/21/2020	1	City Council	approved	Pass

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of RFP 19-170, Collection Agency Services, to Penn Credit Corporation for 17% of the total monies collected not to exceed \$120,000 and for a three-year term

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

In 2015, City Council established financial stability as one of the City's four Ends Policies. A critical element of maintaining the City's financial stability includes receiving monies due to the City in an efficient and timely manner.

The City of Naperville directly bills residents and customers for utility services, which may include one or all of the following: electric, water, sanitary sewer and trash services. The City also directly bills other miscellaneous charges such as damage to City property claims, truck permits, building inspections, recording fees, administrative towing fees, bail bonds and parking citations. Billing for two services, ambulance (EMS) services and fire response services for vehicle accidents and vehicle fires (non-EMS), has been outsourced to third-party vendors.

The majority of City bills are paid by the customers. However, there are instances where City receivables go unpaid. When all internal options are exhausted, the delinquent accounts are provided to the City's collection services vendor to resolve. In 2018, the City billed approximately

\$262,233,049.43 in receivables. Approximately, \$1,181,147.59 or 0.45% of total receivables were sent to the City's outside collection agency with the outside agency collecting approximately 10%. In 2019, the collection rate has increased to approximately 14%.

DISCUSSION:

Advertisement Date:	09/04/2019	Notices Sent:	76
Opening Date:	09/27/2019	Planholders:	15
		Proposals Received:	5

Proposals were received from the following vendors:

Life Line Billing Systems, LLC dba LifeQuest Services
Municipal Collections of America Inc.
Municipal Collection Services Inc.
Nationwide Credit & Collection Inc.
Penn Credit Corporation

A selection team comprised of staff from the Finance Department, Fire Department, Police Department and Legal Department evaluated proposals, which were scored based upon the criteria set forth in the RFP:

1. Capability, Capacity and Qualifications of the Proposer (30%)
2. Suitability and Quality of the Approach (35%)
3. Reporting and Metrics (20%)
4. Outcomes to be Achieved (15%)

After review and scoring of proposals, the selection committee invited the top three vendors, LifeQuest Services, Municipal Collections of America and Penn Credit, to attend interviews. Following completion of interviews, the selection committee rescored vendors. The vendor with the highest qualification score, Penn Credit Corporation, is recommended for award. The table below provides a summary of final qualification scores:

Vendor	Qualification Score	Collection Fee
Penn Credit Corporation	78.9	17%
Life Line Billing Systems, LLC dba LifeQuest Services	77.6	16%
Municipal Collections of America Inc.	72.6	35%

Per the RFP document, staff recommends award to the vendor with the highest qualification score, Penn Credit Corporation. Penn Credit has acted as the City's collection agency since May 2015, when it was awarded Contract 15-179.

The term of the contract is three years from February 1, 2020 to January 31, 2023, with two, one-year options to extend.

FISCAL IMPACT:

CIP#: N/A

Collection agency fees are expensed to administrative service fee accounts established with each department. Fees are applied based on the department and nature of the delinquent receivable. A total of \$670,878 is budgeted for general administration fees in 2020. The request is within budget

Account Number	Fund Description	Total Budget Amount
15101300-532316	Electric Utility	\$623,178
21101100-532316	General	\$800
21211100-532316	General	\$500
21211200-532316	Commuter Parking	\$700
21214300-532316	SSA 26	\$224,800