

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

00-027

SYNOPSIS -

AGENDA:

JANUARY 24, 2000

SUBJECT:

SELECTION OF THE
CBE GROUP, INC.
AS THE CITY'S
COLLECTION
SERVICES AGENCY

On November 15, 1999, the City Council approved a Request for Proposals (RFP) for a Citywide collection agency. The City distributed 23 RFPs and received three bids. The proposals were evaluated on a 100-point scale based on financial capability, overall ability to perform, information technology and reports, and compensation plan. The CBE Group, Inc. (3362 University Avenue; Waterloo, IA 50701; Thomas R. Penaluna, President) scored highest of the three bidding firms (see scoring chart below).

FISCAL IMPACT -

TYPE:

None directly. Collection agencies usually work on a contingency fee basis, collecting revenue that is not collectible by the client.

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

Approval.

SUBMITTED BY:

KEVIN RIPER
FINANCE
DIRECTOR

BACKGROUND -

Like most large organizations in both the private and public sectors, the City uses a collection agency to collect revenue it is unable to collect itself. Areas of major emphasis include ambulance billing, on behalf of the Finance and Fire Departments, and public housing rent, on behalf of the Housing Services Department. Since the City's contract with the current provider is set to expire this month, the Finance Department prepared and distributed an RFP for collection services. The RFP makes clear that for the successful collection agency: "The Agency shall collect accounts without disturbing customer relationships. The Agency agrees to preserve both the self-

respect of the debtor and the valuable public image of the City."

Following is the point allocation table for the three bids (CBE, OSI, CIC):

CBE OSI CIC

Financial Capability 8 7 5

Overall ability to perform 29 23 19

IT and Management Reports 18 18 11

Compensation 38 40 34

Total 93 88 69

The RFP review committee included: Tracy Bruce, Accounting Assistant (Housing Department); Jolene Carter, Legal Assistant (Legal Department); David Keenan, EMS Coordinator (Fire Department); Danyell Punelli, Management Intern (Finance Department); and Karl Young, Auditor (Finance Department).

Staff will return to the City Council at a later date with the final contract for collection services. The RFP proposed a contract term of three (3) years with two (2) one-year renewal options.



