

**CITY COUNCIL
COMMUNICATION:**

03-056

AGENDA:

JANUARY 27, 2003

SUBJECT:

EXTENSION OF
CONTRACT WITH CBE
GROUP, INC., THE
CITY'S COLLECTION
SERVICES AGENCY

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

MERRILL R. STANLEY
FINANCE DIRECTOR

ITEM _____

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

SYNOPSIS —

Approval of a one-year extension to the contract with the CBE Group, Inc., the City's collection services agency. The current contract was for a three-year period ending March 1, 2003. The one-year extension would expire on March 1, 2004.

FISCAL IMPACT —

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

RECOMMENDATION —

Approval of extension of contract with the CBE Group, Inc., the City's collection services agency, for a term of one year.

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 three-year contract with the current provider is set to expire on March 1, 2003, the City would like to extend the contract by one year. The current contract provides for the option of extending the initial term for two separate additional one-year periods. The option to extend may be exercised by the City by delivery of written notice to CBE Group, Inc. at least 30 days prior to the expiration of the initial term or first option period, as applicable.

As the City is currently reviewing collection procedures within the organization, the City would like to renew the contract only for one additional year instead of for two additional years. The City also has a right to terminate the agreement at any time with CBE Group, Inc. upon 30 days' written notice.

The City will issue a Request for Proposals (RFP) for the City's collection services agency before the agreement's new expiration date of March 1, 2004.

