



# City of Grand Island

Tuesday, December 22, 2015

Council Session

## Item G-12

**#2015-345 - Approving Agreement with Credit Management Services, Inc. for Utility Collections Services**

Staff Contact: William Clingman, Interim Finance Director

# Council Agenda Memo

**From:** William Clingman, Interim Finance Director

**Meeting:** December 22, 2015

**Subject:** Approval of Agreement with Credit Management for Utility Collections Services

**Presenter(s):** William Clingman, Interim Finance Director

## Background

Utility and Ambulance collection services are currently operating under contracts establish in 2003. Therefore, an RFP (Request for Proposals) was advertised in the Grand Island Independent on October 8, 2015. Submittals were due at 4:00 PM (CST) on October 27, 2015. At that time nine submittals were received.

## Discussion

A committee was established within the Finance Department to evaluate the RFP's that were submitted. The committee reviewed and scored potential bidders primarily on three criteria, which were:

1. Ability to send and receive files in the required formats
2. Percentage (%) fee of the amount collected
3. Proof of ability to collect (percentage of amount collected vs. total amount sent to collections).

Ambulance and Utility services were also evaluated separately. After the evaluation process for Utility collections was completed, the committee decided to move forward with Credit Management as their choice for Utilities collections services.

## Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Approve the Resolution as presented.
2. Refer the item to a committee
3. Postpone the issue to a future meeting.

4. Take no action.

### **Recommendation**

City Administration recommends that the Council approve the contract with Credit Management.

### **Sample Motion**

Move to approve the contract with Credit Management.



Stacy Nonhof, Purchasing Agent

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Better Tomorrow, Today*

**REQUEST FOR PROPOSAL  
FOR  
COLLECTION AGENCY SERVICES**

**RFP DUE DATE:** October 27, 2015 at 4:00 p.m.  
**DEPARTMENT:** Finance  
**PUBLICATION DATE:** October 8, 2015  
**NO. POTENTIAL BIDDERS:** 3

**SUMMARY OF PROPOSALS RECEIVED**

**I.C. System**  
St. Paul, MN

**Creditor Advocates, Inc.**  
Burnsville, MN

**Credit Management**  
Grand Island, NE

**General Collection Co., Inc.**  
Grand Island, NE

**Monarch Recovery Management, Inc.**  
Philadelphia, PA

**Kansas Counselors, Inc.**  
Lenexa, KS

**The Affiliated Group**  
Rochester, MN

**Online Collections**  
Winterville, NC

**United Adjustments**  
Kentland, IN

cc: Marlan Ferguson, City Administrator  
Stacy Nonhof, Purchasing Agent

William Clingman, Interim Finance Director

**P1846**

## COLLECTION AGREEMENT

This Agreement is entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between GRAND ISLAND UTILITIES (Client) and Credit Management Services, Inc. (Agency).

The parties agree as follows:

1. Client shall assign to Agency certain of Client's unpaid accounts (Accounts).
2. The Agency will carry out its collection efforts on the Accounts in compliance with all applicable federal, state and local laws. Agency is authorized to perform acts necessary for the collection, settlement, adjustment, compromise and/or satisfaction of said claim. The Agency agrees to pursue collection of referred Accounts in good faith.
3. All payments of principal on accounts prior to filing a formal lawsuit will be paid 25 percent to Agency and 75 percent to Client. All payments of principal made subsequent to filing a lawsuit will be paid 25 percent to Agency and 75 percent to Client. The Agency may request the court to award the Agency the costs of filing suit, attorney's fees and/or pre-judgment interest pursuant to Neb. Rev. Stat. §25-1801 or Neb. Rev. Stat. §§45-101 et. seq., as deemed appropriate by the Agency.
4. The Client will cease all collection efforts immediately upon transfer of an Account to the Agency.
5. The Client will report all payments, bankruptcy notices, and any other collections-related communications (including but not limited to payments and/or communications by Workers' Compensation, Medicare, Medicaid or any other third-party payors) directly to the Agency upon the Client's receipt. Client shall forward Agency's portion of any such payments to Agency.
6. The Agency may return Accounts to the Client at any time.
7. The Client will provide the Agency with invoices, payment histories, and other documentation necessary for the Agency to carry out its collection efforts.
8. The Client will provide a witness or witnesses to testify at trial or such other court proceedings as may be necessary for the advancement of the Agency's collection efforts.
9. The Client warrants and represents that it will not refer Accounts that include interest, fees, charges, or expenses incidental to the principal obligation unless such amount is expressly authorized by the agreement creating the debt or permitted by law.


10. This Agreement shall remain in effect until terminated in writing by either party. This Agreement shall apply to all present and future assignment and transfer of claims by Client to Agency and all such assignments and transfer of claims between Client and Agency shall be subject to the terms of this Agreement.

In witness whereof, the parties have executed this Agreement on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

Client: GRAND ISLAND UTILITIES

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Agency: Credit Management Services, Inc.

By:   
Print Name: Melissa G. FFA  
Title: Executive Account Advisor  
Date: 12-17-15

RESOLUTION 2015-345

WHEREAS, the City of Grand Island advertised a request for proposal for utility collection agency services; and

WHEREAS, the City received and reviewed proposals from vendors; and

WHEREAS, Credit Management Services, Inc. is the vendor recommended to provide utility collection agency services; and

WHEREAS, Credit Management Services, Inc. will charge the City Of Grand Island a fee of 25% of the gross amount collected.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, to approve the contract with Credit Management Services, Inc. for utility collection agency services

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Adopted by the City Council of the City of Grand Island, Nebraska, December 22, 2015.

\_\_\_\_\_  
Jeremy L. Jensen, Mayor

Attest:

\_\_\_\_\_  
Nicki Stoltenberg  
Assistant to the City Administrator

Approved as to Form	☐ _____
December 18, 2015	☐ City Attorney