

RESOLUTION NO. 2009-384

Adopted by the Sacramento City Council

June 16, 2009

AUTHORIZING A NON-PROFESSIONAL SERVICES AGREEMENT WITH FINANCIAL CREDIT NETWORK (FCN), INC., FOR CONTINUED COLLECTION SERVICES ON DELINQUENT CITY ACCOUNTS

BACKGROUND

- A. In February 2008, the City Council amended City Code section 1.28.040 to provide that costs incurred for collection of unpaid accounts owed to the City will be borne by the debtor, regardless of whether the City pursues such collections through litigation or by any other means, and whether those costs are generated by City staff or third parties. In accordance with this policy, the debtor will be required to bear the collection charges under existing third-party collection contracts only if the contracts are amended to authorize this.
- B. In 1995, City Agreement No. 95-228 was executed with Financial Credit Network (FCN), Inc. for collection services on delinquent City accounts receivable. On December 1, 1998, City Agreement No. 95-228-1 was executed to extend the term of that agreement for five years.
- C. These agreements expired December 1, 2003, but FCN has continued to provide uninterrupted collection services to the City since then because neither the agreements nor the continued collection services provided by FCN have required the City to pay any compensation to FCN directly. Rather, FCN simply remitted their collections to the City net of their collection commission. The fact of the expired agreement went unnoticed until there was a need to update the agreement with FCN to allow for collection costs to be charged to the debtor pursuant to amended City Code section 1.28.040.
- D. The City now desires to prepare and issue a new RFP for collection services on delinquent City accounts. However, staff needs adequate time to prepare this RFP without disrupting ongoing collection of the City's delinquent accounts receivable.
- E. Therefore, it is in the best interest of the City to suspend competitive bidding and authorize a new, one-year Non-Professional Services Agreement with FCN while the City conducts the RFP process. This proposed agreement will allow the City to continue its ongoing collection efforts without disruption, pending the results of a new RFP for a new collection services agreement to be issued next year. In addition, the proposed agreement allows the City to immediately implement its recently updated policy under City Code 1.28.040 that allows the cost of collections to be borne by the debtor.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Council hereby suspends competitive bidding in the best interest of the City and authorizes the City Manager or his designee to execute a one-year, Non-Professional Services Agreement with Financial Credit Network, Inc., attached hereto as Exhibit A, to continue collection services on delinquent City accounts.
- Section 2. The City Council hereby ratifies past expenditures of \$272,224, which are the total commissions indirectly paid to FCN for City accounts receivable it collected from December 1, 2003 to the present, following the expiration of City Agreements No. 95-228 and 95-228-1.
- Section 3. Exhibit A is part of this Resolution.

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Exhibit A Non-Professional Services Agreement

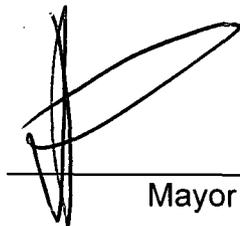
Adopted by the City of Sacramento City Council on June 16, 2009 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Johnson.

Noes: None.

Abstain: None.

Absent: None.



Mayor Kevin Johnson

Attest:



Shirley Concolino, City Clerk