

# City of West Hollywood

## Collection Services RFP

### Responses to Questions From Prospective Bidders

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This document provides responses to questions submitted to the City of West Hollywood in regards to the Collection Services RFP. The deadline to submit questions was May 6, 2014. Questions were edited and organized for clarity purposes. **No additional questions will be entertained. The deadline to submit proposals is May 22, 2014 at 4 p.m.**

1. What is your current vendor?  
**The City currently contracts with American Agencies (NRA Group). American Agencies is utilized as full-scope collection agency, which performs “Phase 2” collections. American Agencies is used, primarily, for collections of unpaid administrative citations that stem from violations to the West Hollywood Municipal Code. In the past, Trasworld Systems was used on a limited basis and it was only charged with sending collection letters to issuers of NSF checks and those who have not paid rent stabilization fees. The City will, as part of the new contract, refer additional accounts to the awarded provider as detailed on Section 2.1.: “Scope of Services” of the Collection Services RFP.**
  
2. What is the age of the oldest accounts in the portfolio?  
**Five years old.**
  
3. At what point in time will new/future accounts be placed with the selected Service Provider?  
**The City aspires to start new contract on July 1, 2014. Thus, referrals of accounts will begin on July 1<sup>st</sup> or right after.**
  
4. How will account/collection information or data be communicated to the successful bidder, i.e. - electronic to a secure FTP site, email, paper files, etc.?  
**The City would highly prefer to export reports of delinquent accounts (compiled on Excel spreadsheets) via secure FTP site.**
  
5. With respect to each such debt type referenced under RFP Heading 2.1 “Proposal Requirements”, please itemize a breakdown of each debt type as a percentage of the entire outstanding portfolio?  
**The City has only referred administrative citations stemming from violations to the West Hollywood Municipal Code to American Agencies. In addition, the City retained the services of Trasworld Systems to prepare and mail letters to issuers of NSF checks and those who have not paid rent stabilization fees.**
  
6. On the Parking debt types, are all Parking Violation Processing Notices (Notice of Parking Violation; Notice of Delinquent Parking Violation required per Vehicle Code

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§40200 et. seq.) and administrative review hearings, if any, completed, final and all amounts due fully assessed prior to referral for collections?

**Parking violations will not be part of this contract as this service is already provided by the City-contracted parking enforcement agency.**

7. If not, at what stage in the processing are Parking Citations referred to collection?  
**N/A**
8. Does the City need the Vendor to act as a “processing agency” for the City in the processing of the delinquent parking violation citations?  
**N/A.**
9. On the NSF portion of the portfolio, has the City issued the required Notices pursuant to Civil Code §1719 calling for treble damages prior to referring the matter to collections?  
**Yes.**
10. If not, will the vendor awarded the Contract mail the Civil Code §1719 notice on behalf of the City?  
**No. The City will continue to contact issuers of NSF checks and will only refer such accounts when said issuers do not respond to the City’s letter.**
11. If the City has mailed the Civil Code §1719 notice, will the vendor obtain a percentage of the treble damages as a part of the fee?  
**Yes, only when the account has been referred to collections.**
12. Is the cost of collection added to the amount owed by debtor....and collected from debtor?  
**No.**
13. If cost of collection is added to the amount owed by debtor, please provide statutory and/or municipal code authority allowing such add-on fee.  
**N/A**
14. In light of Pintos v. Pacific Creditors Association (2010) 605 F.3d 665, will the city consider removing the mandatory reporting requirement on accounts that may be subject to the Pintos ruling and allow credit reporting only on cases deemed appropriate after consultation?  
**The Fair Credit Reporting Act (at 15 U.S.C. §1681b (a) (3) (A)) contemplates that a permissible purpose for a creditor to pull a consumer credit report exists for a person who “intends to use the information in connection with a credit transaction involving**

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the consumer on whom the information is to be furnished and involving the extension of credit to, or review or collection of an account of, the consumer.” Under *Pintos v. Pacific Creditors Association*, 605 F.3d 665 (9th Cir. 2010), however, debt collection is a permissible purpose for obtaining a credit report only in connection with a “credit transaction” in which the consumer directly participated and voluntarily initiated. Hence, in response to question 14, the City will consider removing the mandatory reporting requirements for accounts subject to the *Pintos* ruling and allow credit reporting only on cases deemed appropriate after consultation.

15. Will the City consider the CPI for an out of state vendor in establishing or adjusting the requirements of the City of West Hollywood Ordinance 3.20.040 subsection (d) “Payment of Living Wage and Benefits” to reflect the adjusted (lower) cost of living for employees of the out of state vendor?

**All vendors must comply with the City’s living wage ordinance (West Hollywood Municipal Code, Chapter 3.20). The living wage ordinance requires the payment of a living wage rate in an amount set and adjusted by the City Council. The City will not adjust the living wage rate by anything other than the Consumer Price Index (CPI) for all urban consumers in the Los Angeles-Riverside-Orange County area.**

16. Why is the current project up for bid? Are you satisfied with current vendor performance?

**The current contract with American Agencies has been in place for many years and the contract with Trasnworld Systems has expired; it is the City’s policy to solicit bids every so often so as to ensure the City is getting the best cost for the best available quality services.**

17. What are the categories you send to collection e.g. NSF, parking tickets, EMS, weed removal, etc.?

**This information is already provided on the RFP packet under Section 2.1.: “Scope of Services”. Parking citations will not be referred to contracted service provided as those citations are handled by the contracted Parking Enforcement agency, which operates its own collection operation.**

18. What was the total dollar amount assigned in 2013? Do you have this by category, i.e. billable services, parking tickets, returned checks?

**YTD for American Agencies: \$298,957.28. Unpaid administrative citations.  
YTD for Transworld Systems: \$10,939.02. NSF and unpaid rent stabilization fees**

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19. What was the total number of accounts assigned in 2013? Do you have this by category, i.e. billable services, parking tickets, returned checks?  
**YTD for American Agencies: 286 accounts / unpaid administrative citations.**  
**YTD for Transworld Systems: 876 accounts. NSF and unpaid rent stabilization fees.**
20. What was the total dollars collected in 2013? Do you have this by category, i.e. billable services, parking tickets, returned checks?  
**YTD collected by American Agencies: \$16,756.60. Unpaid administrative citations.**  
**YTD collected by Transworld Systems: \$872.00. NSF and unpaid rent stabilization fees.**
21. How long has your current vendor(s) provided debt collection services to the city?  
**American Agencies has provided services since 1998.**  
**Transworld Systems has provided services to the City since 2003**
22. What is your current commission rate for standard collection? Legal?  
**Current commission rate for American Agencies is: 25% for accounts under a \$1,000, and 30 % for accounts over \$1,000. Legal is currently set at 40%.**  
**Transworld Systems: Due to the limited scope of the contract, the fee was established at \$10.46 per account.**
23. Do you allow settlements? If so, what are the settlement criteria?  
**The City allows settlements. The current criterion requires that unpaid debts be paid in full, including the full payment of penalties related to citations. The City is amenable to waive late fees, provided the violator pays the fine in full and the violator is current with all financial obligations due to the City. Any settlements will have to be submitted to the City for review and approval.**
24. Do you allow legal action?  
**Yes, only at the request of the City. The City of West Hollywood does operate a Legal & Prosecutions Services Division and contracts for City Attorney services with a private municipal law firm. The City will analyze each case, and will make decisions regarding referrals for legal action(s) to third-party entities.**
25. If you could improve one aspect of your current vendor relationships what would that be, reporting? Results? Rates?  
**Communication is of utmost importance in the business world and so is the ability of a vendor to respond quickly to questions and requests. Innovation is highly valued by the City and the ability of a vendor to address the City's needs regarding reports and particular accounts is expected. The City, as a fiduciary of taxpayers' monies will**

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**place high emphasis on competitive rates and proven track record of quality, highly professional business practices and success in collecting outstanding debts.**