



COUNCIL REPORT

Report Date: June 28, 2024
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Meeting Date: July 24, 2024
[Submit comments to Council](#)

TO: Standing Committee on City Finance and Services
FROM: General Manager of Finance & Supply Chain Management and Chief Procurement Officer
SUBJECT: Contract Award for Debt Collection Agency Services

Recommendations

- A. THAT Council authorize City staff to negotiate an agreement for Debt Collection Services with Gatestones & Co. Inc. for an estimated total contract value of \$2,032,965.00 over the initial five-year term, with the City holding two of two-year options to extend (the "Agreement"), for total of \$3,591,571.00 plus applicable taxes over the potential nine-year term. The services will be funded from within the City's 2024 Operating Budget.
- B. THAT Council delegate its authority to execute the Agreement to the City's Director of Legal Services, Chief Procurement Officer, and General Manager of Finance & Supply Chain Management.

No legal rights or obligations will be created by Council's approval of Recommendations A and B unless and until the City executes and delivers the Agreement.

Purpose and Executive Summary

The City issued a Request for Proposal ("RFP") No. PS20230255-FRSCM-RFP – Debt Collection Agency Services on December 5, 2023 for Debt Collection Services. The City advertised the RFP on the City of Vancouver website in accordance with the City's Procurement Policy (ADMIN-008). City staff on the RFP evaluation committee and the Bid Committee have considered the responses received and recommended that the City negotiate an agreement with Gatestone & Co. Inc.

Council Authority/Previous Decisions

The City's Procurement Policy (ADMIN-008) requires Council approve contracts with a total value greater \$3,000,000 following review and recommendations by the City's Bid Committee. The Bid Committee has considered the bids and recommends Gatestone & Co. Inc. as the successful proponent.

City Manager's Comments

The City Manager concurs with the foregoing recommendations.

Context and Background

The City's Revenue Services and Accounts Receivable Departments require an agency to provide debt collection services.

The majority of the City of Vancouver's debt being sent to external collections is from the issuance of parking tickets under the Local Government Bylaw Notice Enforcement Act.

The City requires an agency to provide debt collection services to collect on:

- first, second and third placement defaulted bylaw tickets
- first and second placement defaulted accounts receivable debt

Debts are categorized by placement type. First placement debt has never been sent to a collection agency before while second and third placement debts have been worked on by one and two collection agencies, respectively. Debt that has already been worked on by a collection agency will be harder to collect by the next agency which results in higher commission rates for successive placement types.

The Proponent's recommended collection program must be in strict accordance with industry standards and must abide by all applicable law including the Freedom of Information and Protection of Privacy Act (British Columbia), the Business Practices and Consumer Protection Act (British Columbia), the Payment Card Industry (PCI-DSS) and any other applicable laws in Canada or the United States.

The purpose of the RFP was to identify a supplier with the capability to meet the City's requirements for debt collection services while offering a competitive price and satisfactory service.

Discussion

The RFP was issued in accordance with the City's Procurement Policy (ADMIN-008).

The City received responses from:

- A-1 Credit Recovery & Collection Services Inc.
- ARO inc.
- CBV Collection Services Ltd.
- Collectcents Inc. dba Credit Bureau of Canada Collection
- Gatestone & Co. Inc.
- Partners In Credit Inc.
- Transworld Systems Canada
- Financial Debit Recovery – Non PCI Compliance – Did Not Provide Required Documentation.
- General Credit Services Inc. – Non PCI Compliance – Did Not Provide Required Documentation.

All proponents must be PCI compliant because the City accepts credit cards as a form of payment. The City received ten (10) submissions, but Financial Debit Recovery and General Credit Services Inc. were not PCI compliant; therefore, their proposals were not evaluated.

The compliant responses were evaluated, using both quantitative and qualitative factors, by an evaluation team comprised of representatives from Revenue Services, Risk Management (PCI Compliance), and Accounts Receivable under the stewardship of Supply Chain Management, to assess each response's overall value.

Some of the criteria considered in the overall evaluation process included:

- The proponent's experience, reputation, and history of success;
- Service compliance with applicable industry standards;
- Price;
- Ability to meet the City's service requirements;
- Demonstrated ability to adhere to City's values, including sustainability.

The evaluation team concluded that the proposal submitted by Gatestone & Co. Inc. met the City's requirements and provided the best overall value to the City.

Financial Implications

Finance has reviewed and confirmed that funding is available from within the City's 2024 Operating Budget. Contract expenditure beyond 2024 will be subject to Council Approval of the Annual Operating budget corresponding to the year of expenditure. As a result of the RFP, the City is able to achieve cost certainty for the proposed initial five-year contract term.

Services are on as needed basis, actual spend will vary depending on service requirements. Estimated annual cost of services are 5.3% higher than the average cost of \$386,000 per year over the preceding five-year period. This is due to the increased volume of debt being transferred for collection to the new agency and the higher rate of commission in comparison to the last agency.

Legal Implications

The City's Procurement Policy (ADMIN-008) requires the Director of Legal Services to execute all contracts that have been awarded by the Bid Committee and Council.

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