

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE CITY MANAGER OR THEIR DESIGNEE TO: (A) NEGOTIATE AND EXECUTE THE THIRD AMENDMENT TO THE AGREEMENT WITH COLLECTION BUREAU OF AMERICA, LTD. (HAYWARD, CA) FOR COLLECTION SERVICES FOR DELINQUENT ACCOUNTS, TO ADD TWO ADDITIONAL ONE-YEAR OPTION TERMS, FOR A TOTAL OF NINE OPTIONS, TO EXTEND THE AGREEMENT TO ON OR ABOUT JUNE 30, 2028, SUBJECT TO THE APPROPRIATION OF FUNDS; (B) INCREASE COLLECTION BUREAU OF AMERICA'S COLLECTION FEE FROM 14% OF THE TOTAL AMOUNT COLLECTED PER ACCOUNT, TO 16% OF THE PRINCIPAL AMOUNT COLLECTED OR \$25 PER ACCOUNT, WHICHEVER IS GREATER; (C) INCREASE COLLECTION BUREAU OF AMERICA'S COLLECTION FEE FOR DELINQUENT ELECTRIC GENERATION CHARGES FROM SAN JOSE CLEAN ENERGY CLOSED ACCOUNTS RANGING FROM 24% UP TO 30%; AND (D) EXERCISE UP TO TWO ADDITIONAL ONE-YEAR OPTIONS TO EXTEND THE TERM OF THE AGREEMENT ENDING ON OR ABOUT JUNE 30, 2028, SUBJECT TO THE APPROPRIATION OF FUNDS

WHEREAS, the City of San José ("City") City Council desires to adopt this resolution for the reasons set forth in the memorandum, dated May 11, 2026, from the Director of Finance, Maria Öberg, for the June 2, 2026, City Council meeting ("Memorandum"); and

WHEREAS, the collection services provided under the current agreement with Collection Bureau of America, Ltd, has facilitated revenue recovery for delinquent accounts that would not otherwise be collectible through standard City processes; and

WHEREAS, without the services provided by Collection Bureau of America, Ltd, a decrease of over \$500,000 in revenue from delinquent accounts would be expected to occur; and

WHEREAS, the amendment will increase the Collection Bureau of America's collection fees as follows:

- a) Increase the collection fee from 14% to a maximum of 16% of the principal amount collected or \$25 per account, whichever is greater, excluding accounts representing delinquent Electric Generation Charges from the San José Clean Energy Community Choice Aggregation program;
- b) Increase the collection fee for delinquent Electric Generation Charges assigned by the San José Clean Energy Community Choice Aggregation program as follows:
 - i) From 24% to a maximum of 26% of the principal amount collected for delinquent accounts that are one year or less from their past due date,
 - ii) From 28% to a maximum of 30% of the principal amount collected for delinquent accounts that are more than one year from their past due date;and

WHEREAS, the fee increases reflect current market conditions and the complexity of collection efforts, while maintaining a performance-based structure in which fees are only paid upon successful recovery; and

WHEREAS, the fee is paid directly by the customer with the delinquent balance, resulting in no fiscal impact to the City or to existing San José Clean Energy ratepayers; and

WHEREAS, the City desires to negotiate and execute a third amendment to the agreement with Collection Bureau of America, Ltd;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

The City Manager or their designee is hereby authorized to:

- A. Negotiate and execute the Third Amendment to the Agreement with Collection Bureau of America, Ltd. (Hayward, CA) for Collection Services for Delinquent Accounts, to add two additional one-year option terms, for a total of nine options, to extend the agreement to on or about June 30, 2028, subject to the appropriation of funds.

- B. Increase Collection Bureau of America's collection fee from 14% of the total amount collected per account, to 16% of the principal amount collected or \$25 per account, whichever is greater, with payment made upon successful collection and remittance of funds by Collection Bureau of America, with no fiscal impact to the City as the fee is paid directly by the customer.

- C. Increase Collection Bureau of America's collection fee for delinquent Electric Generation Charges from San José Clean Energy closed accounts as follows:
 - 1) From 24% to a maximum of 26% of the principal amount collected for delinquent accounts that are one year or less from their past due date, with payment made upon successful collection and remittance of funds by Collection Bureau of America, with no fiscal impact to the City as the fee is paid directly by the customer.

 - 2) From 28% to a maximum of 30% of the principal amount collected for delinquent accounts that are more than one year from their past due date, with payment made upon successful collection and remittance of funds by

Collection Bureau of America, with no fiscal impact to the City as the fee is paid directly by the customer.

- D. Exercise up to two additional one-year options to extend the term of the Agreement ending on or about June 30, 2028, subject to the appropriation of funds.

ADOPTED this ____ day of _____, 2026, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

MATT MAHAN
Mayor

ATTEST:

TONI J. TABER, MMC
City Clerk