



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Maria Öberg

SUBJECT: See Below

DATE: May 11, 2026

Approved

Date:

5/18/26

COUNCIL DISTRICT: Citywide

SUBJECT: Third Amendment to the Agreement with Collection Bureau of America, Ltd. for Collection Services for Delinquent Accounts

RECOMMENDATION

Adopt a resolution authorizing the City Manager or her 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, with payment made upon successful collection and remittance of funds by Collection Bureau of America Ltd., 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 Ltd., 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 Ltd., with no fiscal impact to the City as the fee is paid directly by the customer; 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.

SUMMARY AND OUTCOME

This recommendation authorizes the City Manager or her designee to execute an amendment to the existing agreement with Collection Bureau of America, Ltd. for collection services. The current agreement with Collection Bureau of America, Ltd. is set to expire on June 30, 2026. Approval of this recommendation will help to ensure the collection services for delinquent accounts, invoices, and claims owed to the City continue without interruption by adding and exercising two additional one-year options to extend the agreement term through June 30, 2028, subject to the appropriation of funds.

BACKGROUND

In August 2014, the City entered into an agreement with Collection Bureau of America, Ltd. for collection services for delinquent accounts based on the results of a competitive Request for Proposals process. The agreement included a five-year initial term and five one-year options to extend the agreement, with the final option ending on June 30, 2024. In Fiscal Year 2024-2025, Collection Bureau of America, Ltd. collected approximately \$433,000 on behalf of the City.

Between May 2024 and June 2025, the City executed additional amendments and option term extensions to the agreement to extend the term through June 30, 2026 and revise the scope of services. The Second Amendment to the agreement was approved by City Council in March 2025.¹ In addition to extending the agreement, this amendment revised the scope of the agreement to include collection services for San José Clean Energy's closed accounts.

ANALYSIS

The collection services provided under the current agreement with Collection Bureau of America, Ltd. have facilitated revenue recovery for delinquent accounts that would not otherwise be collectible through standard City processes. These services support the

¹ <https://sanjoseca.govnita.com/api/workspace/Resolutions/files/1980891184508/view>

City's revenue recovery effort and supplement internal operations. Without these services, the City would expect a decrease of around \$433,000 in revenue from delinquent accounts. A lapse in service would delay or reduce revenue recovery and require the City to absorb additional administrative burden or experience a gap in collections during a transition period.

The proposed amendment will increase the Collection Bureau of America Ltd.'s collection fees as follows:

- 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;
- 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; and
 - 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.

The proposed 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. As the fee is paid directly by the customer with the delinquent balance, the proposed amendment will not result in a fiscal impact to the City or to existing San José Clean Energy ratepayers.

Staff intends to conduct a new Request for Proposal for these services in late 2026 and is working to finalize bid documents. The proposed two one-year option terms should provide sufficient time to complete the solicitation process and ensure continuity of services without disruption.

Approval of this recommendation will ensure the City continues to receive these essential services and will avoid the disruption of ongoing collection activities.

EVALUATION AND FOLLOW-UP

No additional follow-up action with the City Council is expected at this time.

HONORABLE MAYOR AND CITY COUNCIL

May 11, 2026

Subject: Third Amendment to the Agreement with Collection Bureau of America, Ltd. for Collection Services for Delinquent Accounts

Page 4

COORDINATION

This memorandum was coordinated with the City Attorney's Office, City Manager's Budget Office, and the Energy Department.

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the June 2, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



Maria Öberg
Director, Finance

For questions, please contact Fletcher Barnes, Interim Deputy Director of Finance - Purchasing, Finance Department at Fletcher.Barnes@sanjoseca.gov.