



CITY OF LONG BEACH

R-20

DEPARTMENT OF FINANCIAL MANAGEMENT

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January 19, 2010

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager to execute an agreement with MRS Associates for providing collection services of delinquent towing fees for a period of one year with the option to renew for two additional one-year periods at the discretion of the City Manager. (Citywide)

DISCUSSION

City Council approval is being requested to authorize the City Manager to enter into an agreement with MRS Associates to provide collection services for delinquent towing, storage and lien fees where sufficient funds to pay the outstanding amounts due the City were not recovered through the sale of the vehicle.

At the request of a City impounding agency (e.g., Police, Community Development), the Department of Public Works, Towing Division, tows and stores vehicles pending release to the registered owner of the vehicle, who is responsible for all associated costs incurred. For unclaimed vehicles, the City sells the vehicles through a lien process. The proceeds from the lien sales are then used to repay outstanding tow, storage and lien fees, as well as parking citations if applicable. In many cases, the fees owed are in excess of the funds realized from the sale of the vehicle, resulting in an outstanding debt owed to the City. On February 10, 2009, City Council requested staff to develop a Towing Cost Recovery program, with the goal of addressing the insufficient cost recovery of towing, storage and lien fees. Per this recommended action, MRS Associates would seek collections of debts accrued in Fiscal Year 2010, on or after October 1, 2009.

The Towing Division has initiated a number of processes to assist in minimizing uncollected debt and offering their customers proactive solutions. The Vehicle Title Surrender program offers a mechanism whereby a registered owner can immediately surrender the impounded vehicle by signing over the title and thereby stopping the accumulation of storage fees. The Legal Owner Outreach Procedure (LOOP) notifies the legal owner if the registered owner does not respond to notices, thereby resulting in the titleholder paying for all outstanding fees. Staff is reviewing the proposed initial Installation of parking ticket kiosks to accept payment at the Towing Division to improve efficiency and convenience for customers. The LOOP and the Vehicle Title Surrender program were implemented in September 2009. Since their inceptions, the public has responded well to these programs. For Fiscal Year 2010, the towing operation has received 175 vehicle titles from citizens who would normally just abandon their vehicles. To complement these efforts, an outside collection service will also be employed.

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A Request for Proposals (RFP) was issued on April 28, 2009, and 197 potential bidders specializing in collection and financial services were notified. Of the 197 potential bidders, 26 vendors downloaded the document; and six vendors submitted proposals on June 2, 2009. Of those six vendors, two are Woman-owned Business Enterprises (WBEs); three are Minority-owned Business Enterprises (MBEs); one is a certified Small Business Enterprise (SBE); and, two are Long Beach businesses. The RFP document was made available from the Purchasing Division, located on the seventh floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An announcement was also included in the Purchasing Division's weekly update on Open Bid opportunities, which is sent to 30 local, minority and women's business groups.

A panel of seven members, including the Business Relations Manager; the Fleet Services Bureau Manager; and, the Commercial Services Bureau Manager, reviewed the proposals and selected three finalists to provide a presentation. After presentations and further evaluations, the panel selected MRS Associates, of Cherry Hill, New Jersey as best meeting the City's requirements. MRS Associates has been providing vehicular collections for the government sector for five years. Their clients include the cities of Los Angeles, San Francisco, Phoenix, Philadelphia and Cleveland. The proposed 5 percent recovery rate and 15 percent contingency fee are highly competitive, based on the proposals received.

Local Business Outreach

The Purchasing Division conducted significant research to locate Long Beach-based businesses that provide this specialized collection service. We located two businesses that provide collection services and both vendors submitted proposals. After the thorough review process conducted by the panel, it was determined that the Long Beach-based businesses did not specialize in vehicle-related collections. This specialized field requires Department of Motor Vehicle access and expertise in the California Vehicle Code. In an effort to promote local business opportunities, the Purchasing Division is committed to providing outreach and assistance to Long Beach businesses. Our goal is to provide all Long Beach businesses an opportunity when the applicable bid is posted.

This matter was reviewed by Deputy City Attorney Amy R. Burton and Budget and Performance Management Bureau Manager David Wodynski on January 4, 2010.

TIMING CONSIDERATIONS

City Council action to authorize an agreement is requested on January 19, 2010.

FISCAL IMPACT


The average annual amount of uncollected towing fees is estimated to be \$6 million to \$8 million. MRS Associates has proposed a 5 percent recovery rate (estimated to be \$300,000 to \$400,000); and a 15 percent contingency fee of the recovered amount. The revenue collected from this contract will accrue to the Towing Fund (EF 340) in the Department of Public Works (PW) and is already reflected in the FY 10 Adopted Budget.

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

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APPROVED:



PATRICK H. WEST
CITY MANAGER