



# CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

**C-6**

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June 18, 2019

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary to amend Contract No. 32515 with Transworld Systems, Inc., of Rancho Cordova, CA, for external collection services, to extend the term of contract for a period of one year, with the option to renew for two additional one-year periods. (Citywide)

## DISCUSSION

City Council approval is requested to amend the agreement with Transworld Systems, Inc. (Transworld), a private collection agency, to extend the contract term by one-year, with the option to renew for two additional one-year periods.

On November 8, 2011, the City Council authorized the City Manager to enter into a contract with NCO Collections (now Transworld), for collection services for various types of delinquent accounts, which include the following: utilities (gas, water, refuse, and sewer), ambulance transports, false alarms, police booking fees, business licenses, marina fees, City taxes, property damage claims, and other City permits and charges, for a period of five years. Most recently, on October 11, 2016 the City Council authorized the City Manager to extend Contract No. 32515 for a period of one year, with the option to renew for two additional one-year periods, and will expire on November 8, 2019.

The Commercial Services Bureau of the Financial Management Department (FM) currently pursues delinquent accounts for the City. Staff work with delinquent accounts and attempt to collect payment for approximately six months from the original invoice date. Delinquent accounts that remain unpaid after six months, despite staff's best efforts, are turned over to Transworld for collection.

The City will soon begin the selection and implementation of a new collection system as part of the City's ERP project, known as LB COAST. A Request for Proposals (RFP) for a new collection system will be developed in coordination with the Technology and Innovation Department (TID). Once a collections system is chosen and successfully implemented, FM and TID will then dedicate resources to developing a RFP for external collections services. Extending the current contract will avoid diversion of limited City

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resources during the implementation and stabilization of LB COAST and the new collection system.

This matter was reviewed by Deputy City Attorney Amy R. Webber on May 17, 2019, Purchasing Agent Tara Yeats on May 21, 2019, and by Budget Management Officer Julissa Jose-Murray on May 30, 2019.

TIMING CONSIDERATIONS

City Council is requested on June 18, 2019, to allow for uninterrupted continuation of collection services.

FISCAL IMPACT

The amended contract has no cost to the City. It is estimated that approximately \$186,000 in annual revenue, net of collection fees, will be realized from the proposed contract extension. Revenues generated from this activity will be credited to various funds and departments that have delinquent account receivables. Upon collection, Transworld remits 100 percent of the delinquent amount to the City and retains their percentage-based fee, which is the responsibility of the debtor. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

**SUGGESTED ACTION:**

Approve recommendation.

Respectfully submitted,



**JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT**

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**APPROVED:**

  

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**PATRICK H. WEST  
CITY MANAGER**