



Legislation Text

File #: 16-0925, **Version:** 1

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

City Council approval is requested to amend Contract No. 32515 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 awarded a contract for the collection of delinquent accounts on numerous lines of business, including 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 two years, with the option to renew for three additional one-year periods. This contract is set to expire on November 8, 2016.

The Commercial Services Bureau in the Department of Financial Management (FM) currently pursues money owed to the City. FM collection staff works to contact those in possession of delinquent accounts using a variety of methods for approximately six months from the time of invoicing, in pursuit of payment. Additionally, staff also utilizes other resources such as payment plans, small claims court action, and tax liens in order to obtain payment. Delinquent accounts, which remain unpaid after these staff efforts, are turned over to Transworld, a private collection agency under contract with the City.

The City will soon begin the implementation of a new Enterprise Resource Planning (ERP) system. As part of the ERP project, funding has been allocated for a new collections system. The existing collections system, which must be interfaced with Transworld (or any outside vendor), is obsolete and will be replaced as part of the ERP project. Extending the current contract avoids the diversion of limited City resources away during the implementation of the ERP project and the potential building of multiple interfaces. A Request for Proposals (RFP) for collection services will be developed as part of the ERP process.

This matter was reviewed by Deputy City Attorney Linda T. Vu on September 14, 2016 and by Assistant Finance Director Lea Eriksen on September 21, 2016.

This matter was reviewed by Deputy City Attorney Linda T. Vu on September 14, 2016 and by Assistant Finance Director Lea Eriksen on September 21, 2016.

There is no cost associated with the recommended action. It is estimated that approximately \$315,000 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. The vendor assigns a percentage-based fee to delinquent accounts referred by the City. Upon collection, Transworld remits 100 percent of the delinquent amount to the City and retains their percentage-based fee. There is no local job impact associated with this recommendation.

Approve recommendation.

[Enter Body Here]

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER