



Legislation Details (With Text)

File #: 22-1131 **Version:** 1 **Name:** FM - Contract w/Transworld Systems for collection agency svcs
Type: Contract **Status:** CCIS
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Title: 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, for external collection services, to extend the term of the contract to November 8, 2023, with the option to renew for two additional one-year periods, at the discretion of the City Manager. (Citywide)

Sponsors: Financial Management

Indexes:

Code sections:

Attachments: 1. 100422-C-11sr.pdf

Date	Ver.	Action By	Action	Result
10/4/2022	1	City Council	approve recommendation	Pass

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, for external collection services, to extend the term of the contract to November 8, 2023, with the option to renew for two additional one-year periods, at the discretion of the City Manager. (Citywide)

City Council approval is requested to amend Contract No. 32515 with Transworld Systems, Inc. (TSI), a collection agency, to continue providing external collection services. The purpose of extending the contract with TSI is so the City of Long Beach (City) may complete a competitive procurement process to select and implement the City's first centralized debt collection system.

On November 8, 2011, the City Council awarded a contract to NCO Financial Systems, Inc., now known as Transworld Systems, Inc., as part of its adoption of Request for Proposal (RFP) FM 11-045 to provide collection services for various types of delinquent accounts, which include the following: utilities (gas, water, refuse, and sewer), ambulance transports, false alarms, 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.

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. On June 18, 2019, the City Council authorized the City Manager to further extend Contract No. 32515 for a period of one year, with the option to renew for two additional one-year periods. Contract No. 32515 is set to expire on November 8, 2022.

The Commercial Services Bureau in the Financial Management Department (Department) is tasked with pursuing money owed to the City. Department staff work to contact those with a delinquent account and attempt to collect payment. Additionally, staff use other resources such as payment plans, small claims court actions, and tax liens to obtain payment. Delinquent accounts which remain unpaid, despite staff's best efforts to obtain payment, are turned over to TSI for collection. The customer pays a collection fee to the agency in addition to the principal amount owed to the City.

Extending the contract with TSI will allow the City to complete the selection and implementation of a centralized debt collection system. The system will allow staff to manage delinquent accounts efficiently and effectively from various City billing systems. Once the collection system is successfully implemented, the Department, in coordination with the Technology and Innovation Department (TID), will dedicate resources to developing and issuing an RFP for a competitive procurement for a collection agency. The new collection system will need to interface with the City's collection agency. The current process for sending accounts to the agency is addressed through both manual processes and TID involvement. Replicating this process with a new vendor prior to the new collection system implementation, and again once the new collection system is in place is neither cost effective, nor resource-wise. Extending the current contract with TSI will avoid diversion of limited City resources during the implementation and stabilization of a new collection system.

This matter was reviewed by Deputy City Attorney Erin Weesner-McKinley on August 31, 2022, Purchasing Agent Michelle Wilson on September 2, 2022, and by Revenue Management Officer Geraldine Alejo on August 24, 2022.

City Council action to amend Contract No. 32515 is requested on October 4, 2022, to ensure there is no interruption to services.

There is no cost to the City to maintain collection agency services with TSI. The service cost will be paid to TSI directly by the debtor at the time of collection. TSI will add its percentage-based fee to the delinquent amounts, and will collect both its fee and the delinquent amount owed to the City from the debtor. It is estimated that the City will realize approximately \$156,000 in annual revenue through TSI's collection efforts. Revenues generated from this activity will be credited to various funds and departments that have delinquent accounts receivable. 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.

Approve recommendation.

KEVIN RIPER
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER