

AGENDA



Thursday, November 29, 2007

Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION

Item No. 31

Subject: Authorize award, negotiation, and execution of a 24-month requirements service contract with NCO FINANCIAL SYSTEMS, INC., Norcross, GA, MSB GOVERNMENT SERVICES, Austin, TX, and CREDIT BUREAU COLLECTION SERVICES, Columbus, OH, for the collection of delinquent utility accounts in an estimated amount not to exceed \$3,980,400 each and combined, with three 12-month extension options in an estimated amount not to exceed \$1,990,200 per extension option each and combined, for a total estimated contract amount not to exceed \$9,951,000 each and combined.

Amount and Source of Funding: Funding in the amount of \$1,658,500 is available in the Fiscal Year 2007-2008 Operating Budget of Austin Energy. Funding for the remaining 14 months of the original contract period and extension options is contingent upon available funding in future budgets.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Sandy Calles, Buyer Sr./512-322-6487

Purchasing Language: Best three evaluated proposals of eight proposals received.

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority – Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This contract is for collection services for Austin Energy on inactive, unpaid utility accounts. Austin Energy will refer, on a rotating basis, any utility accounts that have been inactive for over 60 days. Approximately 2,480 inactive accounts, with an average unpaid balance of \$375 per account, will be referred or placed for collections on a monthly basis. The estimated annual amount of referred accounts is \$11,160,000. Contractors are projected to collect approximately \$9,169,800 on an annual basis.

Proposals were evaluated by a panel of six employees from areas representing quality management, fiscal, research analysis, and customer care and collections. Proposers were required to explain their understanding of the requirements of the scope of work, experience with collection activities and processes as well as their commission and recovery rates. In addition, the criteria required the proposers to describe payment handling procedures and the handling of non-English speaking customers and handling of customers' questions and problems.

MBE/WBE solicited: 0/0

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition
- b. Seventy-three notices were sent. There are no known MBE/WBEs available for this service. Eight proposals were received.
- c. The average commission rate paid to the contractors represents a 35% decrease from the average commission rate in the last contract award in November 2004. Austin Energy anticipates a continued lower volume of referrals with lower average balances.

APPROVAL JUSTIFICATION

- a. Three best evaluated proposals received.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.