

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	57088	Agenda Number	19.
Meeting Date:	May 5, 2016			
Department:	Purchasing			
Subject				
Authorize negotiation and execution of a 24-month contract with CONVERGENT OUTSOURCING, INC., or one of the other qualified offerors to Request for Proposal RMJ0307, for the secondary-level collection of delinquent utility accounts in an amount not to exceed \$180,000, with three 12-month extension options in an amount not to exceed \$90,000 per extension option, for a total contract amount not to exceed \$450,000; and a 24-month contract with CONTRACT CALLERS, INC., or one of the other qualified offerors to Request for Proposal RMJ0307, for the tertiary-level collection of delinquent utility accounts in an amount not to exceed \$200,000, with three 12-month extension options in an amount not to exceed \$100,000 each per extension option, for a total contract amount not to exceed \$500,000.				
Amount and Source of Funding				
Funding in the amount of \$79,167 is available in the Fiscal Year 2015-2016 Operating Budget of Austin Energy. Funding for the remaining 20 months of the original contract period and extension options are contingent upon available funding in future budgets.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:	The Purchasing Office issued a Request for Proposal (RFP) RMJ0307 for these goods and services on January 4, 2016 and it closed on February 12, 2016 with six offers received. The recommended offers are the best evaluated offers submitted by responsible offerors. Additional information on the solicitation is included below. The recommended offerors are not the current providers for these goods and services.			
Prior Council Action:				
For More Information:	Ray Moncada, Senior Buyer Specialist Corporate, 512-322-6594			
Boards and Commission Action:	April 18, 2016 – Recommended by the Electric Utility Commission on a 10-1 vote with Commissioner Norris voting against.			

Related Items:	
MBE / WBE:	This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. For the goods and services required for this solicitation, there were insufficient subcontracting opportunities; therefore, no subcontracting goals were established.
Additional Backup Information	
<p>The contracts will provide City utility departments including Austin Energy, Austin Water and Austin Resource Recovery with two contractors to supplement current collection activities in place to collect delinquent and aged debt. The two levels of collections for this request are defined as follows:</p> <p>Secondary: Secondary placements are unpaid balances over 12 months old, but less than 24 months old. At 24 months, secondary placements are transferred to the tertiary level.</p> <p>Tertiary: Tertiary placements are unpaid balances over 24 months old. They remain at this level until collected or recalled.</p> <p>Convergent Outsourcing, Inc. will be responsible for the collection of secondary-level delinquent accounts. The average eligible total monthly referrals are approximately 600 accounts with an average balance of \$795 each.</p> <p>Contract Callers, Inc. will be responsible for the collection of tertiary-level delinquent accounts. Currently there are approximately 89,500 accounts totaling approximately \$40 million to be placed with the tertiary agency. Future placements with the tertiary contractor will depend on the primary and secondary contractor's recovery rates.</p> <p>Since 2000, Austin Energy has placed inactive utility accounts with balances with collection agencies as part of our standard business process. Austin Energy moved to a tiered collection agency approach in 2007 to allow for more specialized collection efforts based on the age of the debt. These contracts will replenish agencies at the secondary and tertiary tiers.</p> <p>Payments on the contracts are commission based. Therefore, expenditures are dependent on how much debt is collected by the contractors. Since these are consecutive level collections, the solicitation stated that no offeror could be awarded consecutive placement levels.</p> <p>An evaluation team with expertise in this area evaluated the offers and scored Convergent Outsourcing, Inc. for secondary-level delinquent accounts and Contract Callers, Inc. for tertiary-level delinquent accounts as the best to provide these services based on evaluation criteria included system concept and solution, organization and management structure, demonstrated applicable experience, commission rate, recovery rates, and local business presence.</p> <p>This request allows for the development of contracts with qualified offerors selected by Council. If the City is unsuccessful in negotiating satisfactory contracts with the selected offerors, negotiations will cease and staff will return to Council so that another qualified offeror(s) may be selected.</p> <p>A complete solicitation package, including a response list, is on file in the City's Purchasing Office and is available on the City's Financial Services Austin Finance Online website. Link: Solicitation Documents</p>	