



**Purchasing Modification
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 17
AGENDA DATE: Thu 02/10/2005
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SUBJECT: Ratify Amendment No. 1 to a revenue agreement with UNIQUE MANAGEMENT SERVICES, INC., Jeffersonville, IN, for collection of overdue library materials, fines and fees for the Austin Public Library, to increase the estimated annual collection fees by \$115,000 for the first year, for a revised total of \$130,000 and to increase the estimated annual revenue amount by \$48,000, for a revised total revenue amount of \$130,000 for the first year. The two 12-month extension options for collection fees will be increased by \$100,000 for a total of \$115,000 per extension option and for revenue by \$33,000 for a total of \$115,000 per extension option.

AMOUNT & SOURCE OF FUNDING: The increase in collection fees will be offset by the increased revenue.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing
DEPARTMENT: for Library;

DIRECTOR'S
AUTHORIZATION: Vickie Schubert

FOR MORE INFORMATION CONTACT: Mick Osborne, Senior Buyer/974-2995

PRIOR COUNCIL ACTION: Approved the original revenue agreement on February 5, 2004.

BOARD AND COMMISSION ACTION: N/A

PURCHASING: N/A

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

On February 5, 2004, City Council approved an agreement with Unique Management Services for the collection of overdue library fines, fees, and materials. Annual revenue was estimated to be \$82,000 and annual collection fees were estimated to be \$15,000. Unique Management charges a flat fee of \$8.95 per referred account. This initial estimate was based on the number of overdue borrower accounts referred to the City's claims division for handling as of FY 2002. These referrals consisted only of those accounts with a \$50 outstanding balance and an outstanding item (i.e. an item that was never returned).

Prior to implementation of the agreement, however, it was determined that it was more appropriate to refer for collection those accounts with a \$25 minimum outstanding balance and a past due date of 56 days, regardless of whether or not there was an outstanding item. This decision significantly increased the number of accounts to be referred.

The initial referral list, sent to Unique Management on September 16, 2004, consisted of 5,259 borrower accounts meeting the revised set of criteria. The past-due dates went as far back as 1987 and totaled outstanding balances of more than \$472,000. These referrals generated fees due to Unique Management totaling \$47,068, well beyond the estimated \$15,000. This amount was paid by the Library.

As of the month ending December 31, 2004, an additional 3,145 accounts were referred for collection

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Disposition:

Adjusted version published:



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with outstanding amounts totaling over \$248,000 for a cumulative amount of \$720,000. Unique Management Services has recovered \$74,790 in fines and materials from the collection of these accounts to date. The additional referrals generated an additional \$28,148 in fees due to the vendor.

This Amendment No. 1 will increase the estimated annual revenue by \$48,000 for the first year, for a total of \$130,000 and will increase the estimated annual collection fees due to Unique Management by \$115,000 for the first year, for a total of \$130,000. The total estimated revenue and the total estimated collection fees for the two 12-month extension options will increase by \$33,000 and \$100,000 respectively and will each equal \$115,000 per extension option.

The agreement contains a guarantee of "revenue neutrality", which guarantees that collection fees charged on referred accounts will not exceed the revenue collected. Unique Management performs an important service for the Library Department not only in that it increases the collection of overdue funds due to the City of Austin, but also by aiding in the recovery of library materials for the department. Recovery of materials is critical to the Library in that it reduces the cost of replacing lost materials.



MEMORANDUM

To: Mayor and Council Members
From: Brenda Branch, Director, Library Department
Date: February 3, 2005
Subject: Collection Services for the Austin Public Library

The February 10, 2005, agenda includes an RCA requesting ratification of Amendment No. 1 to a revenue agreement with Unique Management Services, Inc., Jeffersonville, IN, for collection services for the Austin Public Library to increase the estimated annual revenue amount by \$48,000 for a revised total revenue amount of \$130,000 and to increase the estimated annual collection fees by \$115,000 for a revised total collection fee amount of \$130,000 for the first year. The Council approved the initial 12-month agreement on February 5, 2004, with annual revenue estimated to be \$82,000 and annual fees paid to the vendor estimated to be \$15,000. The formal contract term runs from June 1, 2004 through May 31, 2005.

Unique Management charges a flat fee of \$8.95 per referred account. The initial estimate was based on the number of overdue borrower accounts referred to the City's claims division for handling as of FY 2002. These referrals consisted only of those accounts with a \$50 outstanding balance and an outstanding item (i.e. an item that was never returned). Prior to implementation of the agreement it was determined that it was more appropriate to refer for collection those accounts with a \$25 minimum outstanding balance and a past due date of 56 days, regardless of whether or not there was an outstanding item. This significantly increased the number of accounts to be referred. The initial referral list sent to Unique Management on September 16, 2004 consisted of 5,259 borrower accounts meeting the revised criteria. These referrals generated fees due to Unique Management totaling \$47,068, well beyond the estimated \$15,000. Payment was made by the Library.

As of the month ending December 31, 2004, an additional 3,145 accounts were referred for collection with outstanding amounts totaling over \$248,000. Unique Management Services has recovered \$74,790 in fines and materials from the collection of these accounts to date. The additional referrals generated an additional \$28,148 in fees due to the vendor.

The agreement contains a guarantee of "revenue neutrality", which guarantees that collection fees charged on referred accounts will not exceed the revenue collected. Unique Management performs an important service for the Library Department not only in that it increases the collection of overdue funds due to the City of Austin, but also by aiding in the recovery of library materials for the department. Recovery of materials is critical to the Library in that it reduces the cost of replacing lost materials.

Please contact me if you have any questions.

Brenda Branch, Director
Library Department