



**Purchasing Service Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 27
AGENDA DATE: Thu 11/18/2004
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SUBJECT: Authorize negotiation and execution of a 12-month service agreement with CREDIT SYSTEMS INTERNATIONAL, INC., Ft. Worth, TX, for the collection of delinquent utility services accounts in an amount not to exceed \$1,572,000, with three 12-month extension options in an amount not to exceed \$1,572,000 per extension option, for a total agreement amount not to exceed \$6,288,000.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$917,000 is available in Fiscal Year 2004-2005 Approved Operating Budget of Austin Energy. Funding for the remaining 5-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.

REQUESTING Purchasing **DIRECTOR'S**
DEPARTMENT:for Austin Energy; **AUTHORIZATION:** Vickie Schubert

FOR MORE INFORMATION CONTACT: Sandy Calles, Buyer II/322-6487

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Best proposal of nine proposals received.

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 this solicitation.

This 12-month service agreement is for the collection of delinquent utility services accounts for Austin Energy on inactive, unpaid utility accounts. Austin Energy will refer, on a monthly basis, any utility accounts that have been inactive for over 60 days. Approximately 3,800 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 \$17,100,000. For the past four years, 14.83% or \$2,535,930 has been collected annually. Credit Systems International, Inc. (CSII) provided five tiers of fees for monies collected based on the age of accounts referred or placed as follows:

- 22% for accounts placed with CSII at 90 days or less after disconnect
- 23% for accounts placed with CSII between 91 and 180 days after disconnect
- 27% for accounts placed with CSII between 181 and 365 days after disconnect
- 34% for accounts placed with CSII between 366 days and two years after disconnect
- 45% for accounts placed with CSII more than two years after disconnect

Austin Energy will allow CSII 180 days from date of referral to collect on an account. At that time, if there is no collection activity, the account is returned for Austin Energy's collection activity and no fee is paid to CSII.



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MBE/WBE solicited: 1/0

MBE/WBE bid: 0/0

PRICE ANALYSIS

- a. Adequate competition
- b. Seven notices were sent including one MBE. Nine proposals were received. There are no known WBEs for this commodity code.
- c. Comparison of collection fees from the last contract bid in July 2000 reflects a 1% decrease. The collection fees proposed are considered fair and reasonable.

APPROVAL JUSTIFICATION

- a. Best evaluated proposal
- b. Austin Energy concurs with the recommended award.
- c. Advertised on the Internet.