



Recommendation for Action

File #: 22-3372, Agenda Item #: 21.

11/15/2022

Posting Language

Authorize negotiation and execution of two multi-term contracts with Transworld Systems Inc. and I C System Inc. for collection services for delinquent utility accounts each for up to five years for total contract amounts not to exceed \$3,000,000, divided between the contractors.

[Note: 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 services required for this solicitation, there were insufficient subcontracting opportunities; therefore, no subcontracting goals were established].

Lead Department

Financial Services Department.

Client Department(s)

Austin Energy.

Fiscal Note

Funding in the amount of \$700,000 is available in the Fiscal Year 2022-2023 Operating Budget of Austin Energy. Funding for the remaining contract term is contingent upon available funding in future budgets.

Purchasing Language:

The Financial Services Department issued a Request for Proposals (RFP) 1100 MMH3020 for these services. The solicitation was issued on April 11, 2022, and it closed on May 12, 2022. Of the eight offers received, the recommended contractors submitted the best evaluated, responsive offers. A complete solicitation package, including a log of offers received, is available for viewing on the City's Financial Services website, Austin Finance Online. Link: [Solicitation Documents](https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=136266)
<https://financeonline.austintexas.gov/afo/account_services/solicitation/solicitation_details.cfm?sid=136266>.

For More Information:

Respondents to this solicitation, and their representatives, shall continue to direct inquiries to the solicitation's Authorized Contact Person: Melita Harden, at 512-322-6149 or Melita.Harden@austintexas.gov
<<mailto:Melita.Harden@austintexas.gov>>.

Council Committee, Boards and Commission Action:

November 14, 2022 - To be reviewed by the Electric Utility Commission.

Additional Backup Information:

These contracts will provide City utilities with three contractors to collect delinquent and aged inactive customer utility debt at the primary and secondary levels. City utilities includes Austin Energy, Austin Water, Austin Resource Recovery, Public Works, and the Watershed Protection Department.

Currently, the City utilities' delinquent accounts are categorized into three levels (the third level is already

being handled by a vendor under a different City contract):

Primary: This is the first level of inactive utility accounts. At this level, accounts owe \$25 or more and are typically placed in the delinquent list 60 to 120 days after the final bill generates. Contractors at this level will maintain the referrals between nine and 12 months before being recalled by the City and transferred to the secondary level. Transworld Systems Inc. will be responsible for the collection of primary level delinquent accounts.

Secondary: This is the second level of inactive utility account balances placed with a contractor. These accounts are typically over 12 months old, but less than 24 months old. Contractors at this level will maintain the referrals between nine and 12 months before being recalled by the City and transferred to the tertiary level. I C System Inc. will be responsible for the collection of secondary level delinquent accounts.

As these are consecutive level collection placements, no contractor may be awarded both primary and secondary contracts or secondary and tertiary contracts. A tertiary agency is already under contract through November 2023. Payments on these contracts are commission based; expenditures are dependent on amounts collected by the contractors.

An evaluation team with expertise in this area evaluated the offers and scored Transworld Systems Inc. and I C System Inc. as the best to provide these services based on commission rates, service-disabled veteran business enterprise, local business presence, solution, prior experience, business organization and project management structure, and recovery rates.

These contracts will replace the current contracts that expire on January 31, 2023 and are critical to City utilities to assist with outstanding revenue collection and the reduction of bad debt expense.

Contract Detail:

<u>Contract Term</u>	<u>Length of Term</u>	<u>Contract Authorization</u>
Initial Term	2 yrs.	\$1,400,000
Optional Extension 1	1 yr.	\$ 700,000
Optional Extension 2	1 yr.	\$ 700,000
Optional Extension 3	1 yr.	\$ 700,000
TOTAL	5 yrs.	\$3,500,000

Note: Contract Authorization amounts are based on the City's estimated annual usage.

Strategic Outcome(s):

Government that Works for All.