



Legislation Text

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Agenda Information Sheet

DEPARTMENT: Finance

CM/ ACM: Bryan Langley

Date: February 27, 2017

SUBJECT

Consider recommending approval of a contract with Credit Systems International, Inc. for the collection of unpaid utility bills owed by customers of Denton Municipal Utilities, in the annual estimated amount of \$45,000 for a three (3) year estimated total of \$135,000. Actual costs will be determined by monetary recoveries in accordance with approved percentages submitted by Credit Systems International, Inc. (RFP 6133-Section A)

BACKGROUND

The City of Denton's Utilities Customer Service, Finance, and Fire departments have utilized the services of Credit Systems International, Inc. for the past 12 years to assist with the collection of unpaid bills. The current contract expires on March 15, 2017. In an effort to obtain the best value for the City of Denton, Utilities Customer Service partnered with the aforementioned departments as well as Municipal Court to issue a Request for Proposal (RFP) to qualified collection agencies.

Requests for Proposals were sent to 72 prospective suppliers. In addition, specifications were placed on the Materials Management website for prospective suppliers to download and advertised in the local newspaper. Eight (8) proposals meeting specification were received. A selection committee comprised of staff from Customer Service, Municipal Court, Fire, and Technology Services reviewed the proposals from each vendor. The services evaluated during the review of candidates included the collection of revenue for utility services, ambulance billing, municipal court fines, and other miscellaneous services.

Proposals were evaluated based on the following weighted criteria:

- Price of the Proposal - 50%
- Compliance with City's specifications and needs - 10%,
- Experience in working with a combination of utilities, ambulance, municipal court, and miscellaneous receivable accounts - 20%
- Probability of Performance under contract - 10%

The attached evaluation sheet and ranking (Exhibit 1) indicates the scoring and ranking for each vendor. The recovery rate listed is the proposed rate from each firm's proposals. After reviewing each vendor proposal and checking references, the top (4) companies were invited to provide a presentation to the selection committee. A Best and Final Offer (BAFO) was requested from the two highest ranking firms which resulted in an estimated cost savings of \$3,360 annually with Credit Systems International, Inc.

Credit Systems International Inc. provides a comprehensive approach to the collection of unpaid debts for the City's collection efforts. These efforts include, but are not limited to, proactive phone calls, letter notifications and credit bureau reporting.

Credit Systems International Inc. has 36 years of experience in the collection of utility, healthcare, and municipal/governmental debts. In addition to the City of Denton, they serve local municipalities such as the City of Azle, Keller, DeSoto, and North Richland Hills. Staff recommends awarding the contract for the third party collection agency for outstanding utility bills and miscellaneous charges to Credit Systems International, Inc.

RECOMMENDATION

Award to Credit Systems International Inc. in the estimated (3) year amount of \$135,000. The actual amount to be paid to Credit Systems International, Inc. is contingent upon its monetary recoveries from persons, in accordance with the fees only expressed in Exhibit 1.

ESTIMATED SCHEDULE OF PROJECT

This is a one year contract with the option to renew for two additional one year periods if agreed upon by both parties. This award will provide continued partnership with the City of Denton and Credit Systems International Inc., and will require no implementation time.

FISCAL INFORMATION

An annual amount not to exceed the (3) year amount of \$135,000 will be funded by the Water Fund Customer Service account 630800.7866.

BID INFORMATION

RFP 6133 - Collection Services for Utilities, Fire/EMS, and Municipal Courts

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: **Organizational Excellence**

Related Goal: **1.1 Manage financial resources in a responsible manner**

EXHIBITS

1. Evaluation of Vendors

Respectfully submitted:

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