

CITY OF SAN ANTONIO
MUNICIPAL COURTS DEPARTMENT

CONSENT AGENDA

ITEM NO. 29

Interdepartmental Correspondence

TO: Mayor and City Council

FROM: Quentin B. Porter, Municipal Court Director

THROUGH: Terry M. Brechtel, City Manager

COPIES: File

SUBJECT: ONE-YEAR RENEWAL OPTION TO CONTRACT WITH
PROGRESSIVE FINANCIAL SERVICES, INC. FOR THE
COLLECTION OF DELINQUENT PARKING FINES

DATE: December 19, 2002

SUMMARY AND RECOMMENDATION:

This ordinance authorizes the City Manager to renew a one-year option to contract with Progressive Financial Services, Inc (PFS) for the collection of City of San Antonio delinquent parking fines. The contract renewal period is for one year, which will begin January 1, 2003, and end December 31, 2003. The contract fee is 16% of the net amount collected plus an additional 4% if certain conditions are met.

Staff recommends approval of this ordinance.

BACKGROUND:

On December 14, 2000, ordinance number 93108 authorized the execution of a two (2) year professional service contract, with two (2) one-year renewal options, with (PFS) for the collection of City of San Antonio delinquent parking fines. The initial two (2) year contract period began on January 1, 2001, and ends on December 31, 2002.

A comprehensive request for proposal (RFP) was developed and issued by the Municipal Court Department on December 3, 1999 and a total of five firms submitted proposals. An evaluation committee comprised of representatives from Municipal Court, Finance, Office of Management and Budget, Information Technology Services, and Economic Development departments evaluated the proposals. PFS received the highest number of points and was recommended by the evaluation committee.

The RFP specified that delinquent parking citations would be referred to the vendor for collection 180 days after delinquency. The following is an analysis of PFS collection performance for the first two years of the contract:

	Year 1 (Jan 01-Dec 01)	Year 2 (Jan 02-Oct 02)
Revenue and Fees		
Amount Referred	\$ 7,997,059	\$ 923,455
Dollar Amount Recovered	\$ 131,374	\$ 81,639
Collection Fee (16%)	\$ 21,026	\$ 13,066
City Net Revenue	\$ 110,348	\$ 68,573
Collection Rate	1.64%	11.37%

Cases Filed

No. Cases Delinquent	338,689	29,708
No. Cases Closed by Payment	4,475	3,056
Collection Rate	1.32%	10.29%
Incentive Collection Rate	17.4%	35%

Although PFS did not achieve the Incentive Collection Rate, parking fine revenue increased substantially during the two years of this collection service contract. Fine collections for the FY 00, immediately prior to the contract, totaled \$1,483,481, compared to \$1,698,180 for FY 02.

After a thorough review of PFS collection performance, and reviewing proposed collection rates and fees provided from other vendors in December of 1999, staff recommends renewal of the one year option with PFS based on the following:

- Net revenue increase to the City of San Antonio
- Knowledge and experience in collection of delinquent parking fines
- The aggregate 20% fee on the amount recovered is one of the lowest in the state
- City of San Antonio escrows 4% of fee until the Incentive Collection Rate is achieved
- Trained staff capable of providing quality customer service

POLICY ANALYSIS:

Section 682, Texas Transportation Code, contains provisions that allow certain municipalities to declare the violation of city ordinances relating to parking and stopping vehicles to be civil offenses. City of San Antonio Ordinance number 65690, dated September 10, 1987 prescribes the fines, costs, and fees associated with violation of parking offenses.

Progressive Financial Services will continue to assist Municipal Courts with the enforcement of court orders associated with parking offenses. PFS has the creative and innovative resources necessary to locate parking violators and obtain voluntary compliance with court orders. They are committed to maintaining the highest standard of service, professional conduct, and business ethics in dealing with the public.

FINANCIAL IMPACT:

The current contract specifies if the City elects to exercise its option to renew said contract, the City agrees to pay Contractor a fee of sixteen (16%) percent of the net amount collected for any year this contract is renewed. However, if at the end of the renewal period, City determines that Contractor has achieved an overall Effective Collection Rate of at least 35%, then City shall pay Contractor an additional four (4%) percent of the total Net Amount Collected.

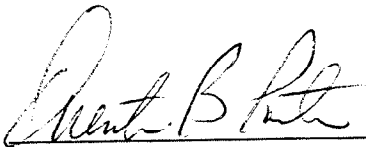
The total estimated delinquency for 2003 parking violations is \$1.2M. Estimated collections by PFS are \$132,000, which is approximately an 11% collection rate. The estimated amount due to PFS is \$21,120, based on the 16% collection fee.

COORDINATION:

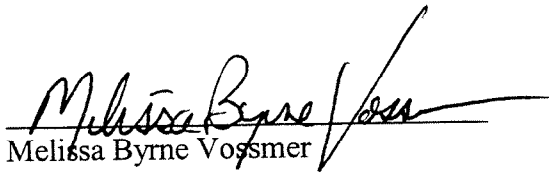
This item has been coordinated with the following departments: Finance, Budget, Economic Development, Information Services, Risk Management, and the City Attorney's Office.

SUPPLEMENTAL COMMENTS:

Attached are the required disclosures in accordance to the Ethics Ordinance.



Quentin B. Porter
Municipal Courts Director



Melissa Byrne Vossmer
Assistant City Manager

Approved by:


Terry M. Brechtel
City Manager