

**CITY OF SAN ANTONIO
MUNICIPAL COURTS DEPARTMENT**

Interdepartmental Correspondence

CONSENT AGENDA
ITEM NO. 16

TO: Mayor and City Council

THROUGH: Terry M. Brechtel, City Manager

FROM: Quentin B. Porter, Municipal Court Director

COPIES: Melissa Byrne Vossmer, Assistant City Manager; File

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

DATE: February 5, 2004

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, 2004, and end December 31, 2004. The contract fee is 16% of the net amount collected plus an additional 4% if PFS achieves the Incentive Collection Rate, which is 35% of the amount referred for collection.

Staff recommends approval of this ordinance.

BACKGROUND:

On December 14, 2000, ordinance number 93103 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 ended on December 31, 2002. Ordinance number 96938, approved December 19, 2002, authorized the first one-year renewal option for the period January 1, 2003 through December 31, 2003.

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. During the first 180 days of delinquency, Municipal Courts Department mails up to three notices to the registered owner of the vehicle. In addition, vehicles are "booted" or towed for failure to pay delinquent parking fines. Approximately 60% of the parking cases are closed as a result of the City's efforts during the first 180 days. Citations referred to PFS are the more difficult collection cases, such as, cases with incorrect or unknown addresses.

The following is an analysis of PFS collection performance for the first three years of the contract:

	Year 1	Year 2	Year 3
	<u>(Jan 01-Dec 01)</u>	<u>(Jan 02-Dec 02)</u>	<u>Jan 03-Dec 03</u>
Revenue and Fees			
Amount Referred	\$ 7,997,059	\$ 1,117,799	\$ 1,257,010
Dollar Amount Recovered	\$ 131,374	\$ 94,784	\$ 72,782
Collection Fee (16%)	\$ 21,019	\$ 15,165	\$ 11,645
City Net Revenue	\$ 110,355	\$ 79,619	\$ 61,137
Collection Rate	1.64%	8.48%	5.79%
Incentive Collection Rate	17.4%	35%	35%

Although PFS did not achieve the Incentive Collection Rate, parking fine revenue increased substantially during the three years of this collection service contract. Fine collections for the FY 01, immediately prior to the contract, totaled \$1,483,481, compared to \$1,663,047 and \$1,656,033 for FY 02 and FY 03, respectively. This increase is due in part to the City's collection efforts and efforts of PFS. In addition, PFS's collection rate is comparable to other cities. For example, the contractor for the City of Austin collected 2% of the delinquent fines referred for collection in 2003.

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

- 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
- Comparable collection rate to other cities
- 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 resources

necessary to locate parking violators and obtain voluntary compliance with court orders. They have shown a commitment to maintaining a high standard of service, professional conduct, and business ethics in dealing with the public.

Staff is in the process of structuring a new Request for Proposal for these services to coincide with the expiration of this last renewal option with PFS.

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 2004 parking violations is \$1.350M. Estimated collection by PFS is 7.5% or \$101,250. The estimated amount due PFS is \$16,200 based on the 16% collection fee.

COORDINATION:

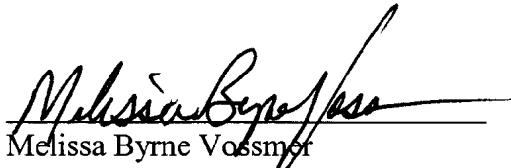
Awarding this contract was coordinated with Finance, Budget, Economic Development, Information Services, Risk Management, and the City Attorney's Office.

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

City of San Antonio Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2
Attach additional sheets if space provided is not sufficient.
State "Not Applicable" for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract.

THE OWNERS OF PFS ARE LOUIS P. VALERIO & WESLEY F. HULL.
NEITHER PARTY HAS ANY AFFILIATION WITH ANYONE AT THE
CITY OF SAN ANTONIO

(2) the identity of any business entity that would be a party to the discretionary contract.

DATA SEARCH, INC.
ADVANTECK, LLC
FINANCIAL RECOVERY, INC.

and the name of:

(A) any individual or business entity that would be a subcontractor on the discretionary contract.

NONE

and the name of:

(B) any individual or business entity that is known to be a partner or a parent or subsidiary business entity of any individual or business entity who would be a party to the discretionary contract.

NONE

* A business entity means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association or any other entity recognized by law.

(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

NONE

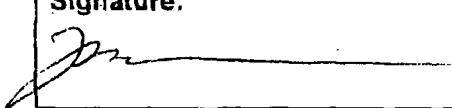
Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2), or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
NONE		

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which reasonably understood, raise a question as to whether any city official or employee would violate Section 1 of Part B, improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature: 	Title: EXECUTIVE VICE PRESIDENT, SECTY. & TREAS. Company: PROGRESSIVE FINANCIAL SERVICES	Date: 1/23/04

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.