

CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: Municipal Clerk & Courts

AGENDA DATE: December 8, 2015

CONTACT PERSON/PHONE: Bruce D. Collins, Purchasing & Strategic Sourcing, Director, 212-1181
Richarda Duffy Momsen, Municipal Clerk 212-1206

DISTRICT(S) AFFECTED: All

STRATEGIC GOAL: NO. 2: Set the Standard for a Safe and Secure City of El Paso
2.6 – Enforce Municipal Court orders

SUBJECT: Approve the award of Solicitation 2015-709R Traffic Violation Collection Services to Delgado, Acosta, Spencer, Linebarger, & Perez, LLP. Delgado, Acosta, Spencer, Linebarger, & Perez, LLP was ranked the highest overall score.

BACKGROUND / DISCUSSION:

Since 2003, the Municipal Court has contracted with an outside collection agency as approved by the Texas Code of Criminal Procedures, Section 103.0031. The Court refers delinquent Class C warrants, warrant fees, and parking citations to the agency for collection. Each vendor submitted a minimum recovery rate for each account category, as well as a penalty fee associated with each category of accounts if the vendor fails to meet the guaranteed recovery rate.

It is important to note that no City money is paid to the collection agency. Section 103.0031 of the Texas Code of Criminal Procedure authorizes municipalities to pass on to the defendants and vehicle owners a 30 % collection fee when an outside collection agency or firm is used.

The evaluation committee consisted of 5 employees from different departments, all tasked with financial management for the City: Municipal Clerk & Courts, OMB, ESD, and Fire. The rating of the vendors was done in accordance with Purchasing Policies and Procedures. The Purchasing department rated the penalty fee proposals, and medical benefits & incentives. Attached is the final scoring sheet for all the vendors. The evaluation committee determined that Delgado, Acosta, Spencer, Linebarger, & Perez, LLP received the highest overall score.

SELECTION SUMMARY:

Solicitation, Number 2015-709R was advertised on February 17, 2015 and February 24, 2015, and opened March 25, 2015. On February 17, 2015 bid notifications were postcards were mailed out, the solicitation was posted on City website and the email (Purmail) notification was sent out and 38 vendors viewed the solicitation. Eight (8) vendors were solicited and two (2) vendors responded and one was a local vendor.

PROTEST

☒ There was no protest received for this requirement.

PRIOR COUNCIL ACTION:

Yes, the City has bid the collection services of the Municipal Court fines and fees before and City Council has approved the award of the contract. The most recent award was in 2008, for a five year contract with an option to extend to GC Services.

AMOUNT AND SOURCE OF FUNDING:

Approximately \$ 1.2 – 1.7 million annually is anticipated to be paid to the company based on the minimum recovery rate the company has guaranteed through the bid. The \$ 1.2- 1.7 million represents the agency's 30% collection fee against anticipated revenues in fines, bonds and fees of approximately \$4.0-5.7 million annually, attributed to the agency's efforts. The City collects the fee from the defendants with the delinquent citations at the time the bond or fine is received by the Court. The 30 % fee is then passed on to the agency. That 30 % collection fee amount is specified in the statute.

Accounting information: Municipal Court - # 111-11030-1000-203400

BOARD / COMMISSION ACTION:

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD: _____

**COUNCIL PROJECT FORM
(RFP)**

*******POSTING LANGUAGE BELOW*******

Please place the following item on the **REGULAR** agenda for the Council Meeting of **DECEMBER 8, 2015**.

Strategic Goal 2: Set the Standard for a Safe and Secure City of El Paso

Discussion and action on the award of Solicitation No. 2015-709R (Traffic Violation Collection Services) to Delgado, Acosta, Spencer, Linebarger, & Perez, LLP, for an initial three (3) term in the estimated amount of \$4,535,693.46. The award is to include two (2) one year options in the amount of \$3,023,795.64 for a total five (5) year award of \$7,559,489.10.

Department:	Municipal Clerk
Vendor:	Delgado, Acosta, Spencer, Linebarger, & Perez, LLP El Paso, Texas
Item(s):	All
Initial Term:	3 years
Option to Extend:	Two, one year options
Annual Estimated Award:	\$1,511,897.82
Initial Term Estimated Award:	\$4,535,693.46 (3 years)
Total Estimated Award:	\$7,559,489.10 (5 years)
Account No.:	111-11030-1000-203400
Funding Source:	Collection Agency Payable
District(s):	All

This is a Request for Proposal service contract.

The Purchasing & Strategic Sourcing and Municipal Clerk recommend award as indicated to Delgado, Acosta, Spencer, Linebarger, & Perez LLP, the highest ranked proposer based on evaluation factors established for this procurement. In accordance with this award, the City Manager or designee is authorized to exercise future options if needed.

*******ADDITIONAL INFO BELOW*******

COMMITTEE SCORE SHEET

SOLICITATION NO: 2015-709R

SOLICITATION TITLE: TRAFFIC VIOLATION COLLECTION SERVICES

	Delgado, Acosta, spence, Linebager & Perez, LLP El Paso, TX	GC Services Limited Partnership Houston, TX			
MINIMUM RECOVERY RATE					
# points 25					
	23.11	24.09			
PENALTY FEE PROPOSAL					
# points 35					
	35.00	22.21			
PERFORMANCE & CLIENT HISTORY					
# points 10	7.80	9.2			
Experience & Qualifications					
# points 10	8.9	9.4			
Reponse to References					
# points 10	6.31	9.56			
EMPLOYEE MEDICAL BENEFITS & INCENTIVES					
# points 10	8.00	8.00			
GRAND TOTAL 100	89.12	82.46			



Solicitation #: 2015-709R
Department: MUNICIPAL CLERK

DELGADO ACOSTA SPENCER LINEBARGER & PEREZ LLP ATTORNEYS AT LAW	EL PASO, TX
GC SERVICES LIMITED PARTNERSHIP	HOUSTON, TX
RFPs SOLICITED: 8	LOCAL RFPs SOLICITED: 5 RFPs RECEIVED: 2 LOCAL RFPs RECEIVED: 1 NO BIDS: 0

NOTE: The information contained in this RFP tabulation is for information only and does not constitute actual award/execution of contract.

APPROVED:

DATE: 3.25.2015

LESLIE & LAY PC
2731 A – MONTANA AVE
EL PASO, TX 79903

PUBLIC FINANCE STRATEGIES LLC
STEVE DOUGH
382 GRAHAM DR.
COPPELL, TX 75019

TANZY & BORREGO
2610 MONTANA AVE
EL PASO, TX 79903

GC SERVICES
6330 GULTON STE 400
HOUSTON, TX 77081

JOHNSON & VASQUEZ
4530 MONTANA AVE
EL PASO, TX 79903

HOV SERVICES
BOB RAYNOR
2601 E. YANDELL
EL PASO, TX 79903

DELGADO, ACOSTA, SPENCER, LINEBARGER,
& PERRY LLP
221 NORTH KANSAS STREET SUITE 1400
EL PASO, TX 79901

EQUIFAX GOVERNMENT SERVICES
P.O. BOX 740241
ATLANTA, GA 30340



Municipal Court Traffic Violations & Class C Collection Agency RFP

**Strategic Goal 2: Set the Standard for a Safe
and Secure City**

2.6: Enforce Municipal Court Orders



Enabling Legislation: Code of Criminal Procedure **(CCP) Ch. 103**

Use of an outside collection agency, in addition to an in-house collection division, is a component of compliance cited by the Texas Office of Court Administration.

Art. 103.0031(b). COLLECTION CONTRACTS.

- 30% collection fee to be added to each delinquent citation.
 - Paid by defendants and vehicle owners
 - Fee is passed through to the outside collection agency

It is possible for a Judge to waive collection fees if he/she determines that the defendant is indigent, or has insufficient resources or income, or is otherwise unable to pay all or part of the underlying fine or costs stated by Art. 103.0031(d)



Code of Criminal Procedure (CCP) Ch. 103

Art. 103.0033(d). COLLECTION IMPROVEMENT PROGRAM.

The program must consist of:

- (1) a component that conforms with a model developed by the Office of Court Administration and designed to improve in-house collections for eligible cases through the application of best practices; **and**
- (2) a component designed to improve the collection of balances for eligible cases more than 60 days past due, which may be implemented by entering into a contract with a private attorney or public or private vendor in accordance with Article [103.0031](#).



Penalties for Non-Compliance

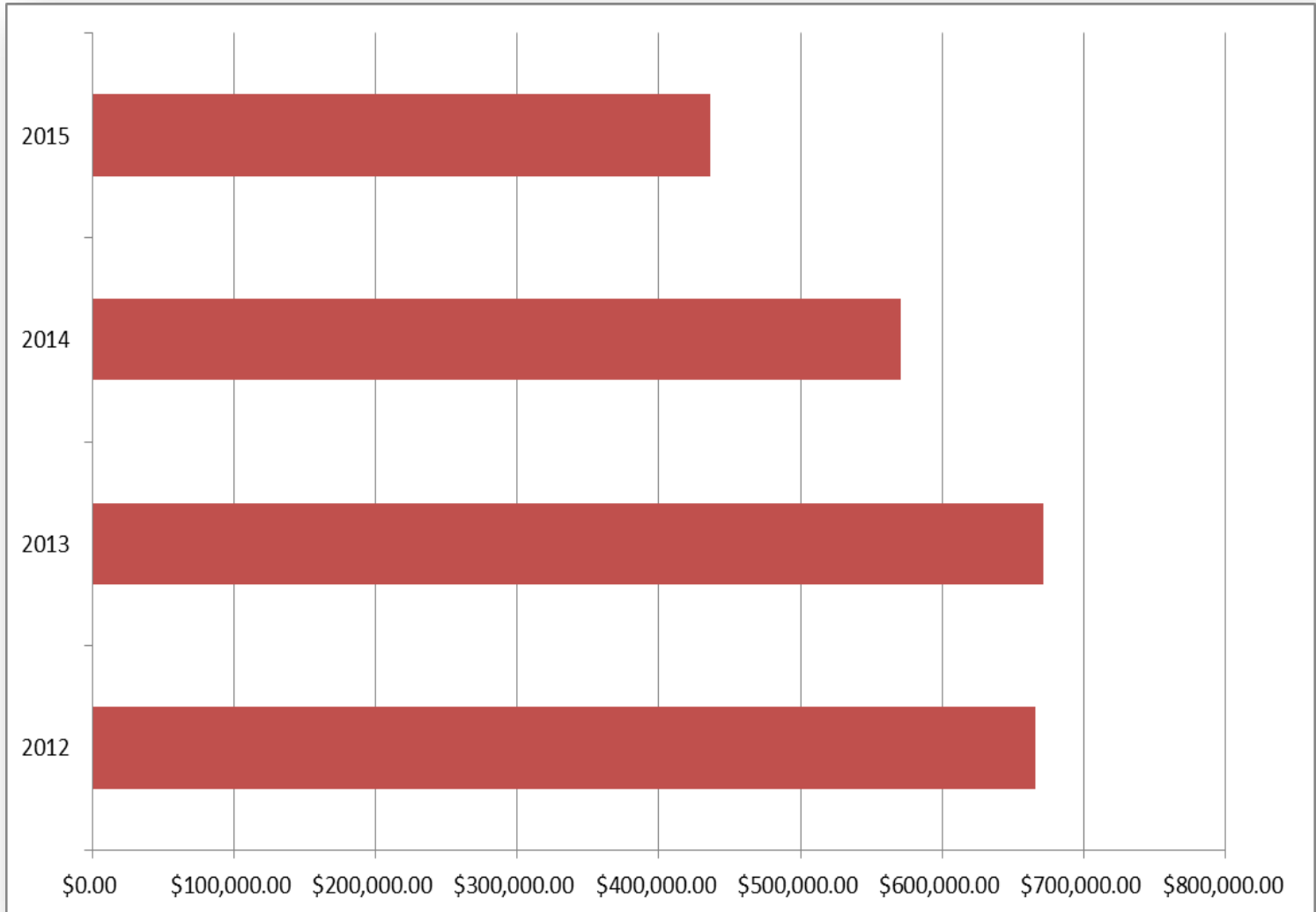
What happens if a city or county fails to comply with Code of Criminal Procedure, Article 103.0033?

The City runs the risk of failing the Office of Court Administration's audit and losing the 10% processing fee retained annually for collecting the state court costs.

10% Retained Revenue for City of State Court Costs				
	2012	2013	2014	2015
Total	\$665,555.20	\$671,516.47	\$570,858.55	\$436,213.85 year to date



Impact of Non-Compliance



"Delivering Outstanding Services"



Penalties for Non-Compliance Continued

Local Government Code, Section 133.058(e) states:

- "A municipality or county may not retain a service fee if:
 - An audit determines that the municipality or county is not in compliance **and**
 - Is unable to reestablish compliance on or before the 180th day after receiving written notice from the Office of Court Administration.
 - After any period in which the municipality or county becomes unable to retain a service, the municipality or county may begin once more to retain the fee
 - Only on receipt of a written confirmation from the office that the municipality or county is in compliance with **Article 103.0033, Code of Criminal Procedure.**



Texas Municipal Courts Utilizing Collection Agencies

1. Houston
2. San Antonio
3. Dallas
4. Austin
5. Fort Worth
6. El Paso
7. Arlington
8. Corpus Christi
9. Plano
10. Laredo



El Paso Municipal Court's In-house Collection Efforts

Efforts to communicate/collect prior to referral to outside collection agency:

- Court Deputy stationed outside every court session to guide defendants as to their options to facilitate fine payment initiation. **Result of Lean Six Sigma project.**
- Payment Plan - Reminders / Notices: (Note: All defendants have the option to request an extension hearing with the Judge at any time.)
 - 4 reminder phone calls (3 live calls and 1 automated)
 - 3 notices mailed to defendants home address



In-house Collection Efforts Continued

Calls and notices will inform defendant of:

- Amount due and due date
- Missed payments - per payment plan agreement
- State mandated Time Payment Fee (when applicable)
- Warrant issuance
- Collection agency referral and 30% fee
- Possible vehicle registration denial
- Payment plan delinquency notification



El Paso Municipal Court Collection Information

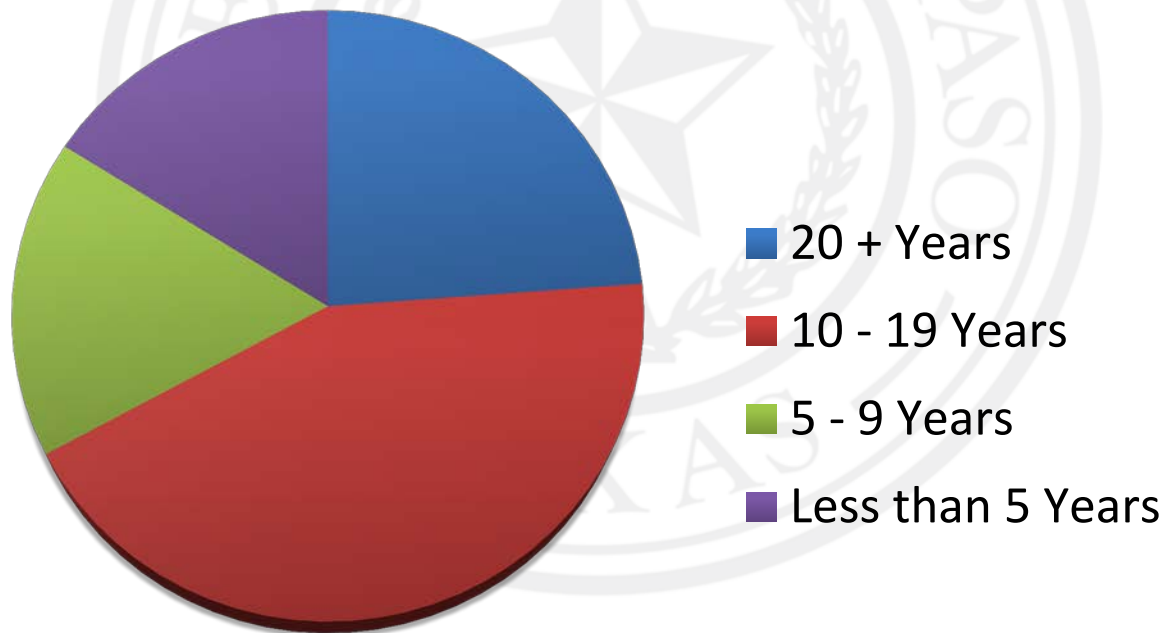
- El Paso Municipal Court has contracted with our current collection agency since 1995, the result of three awarded RFPs.
 - Our first court collection agency was contracted in 1990.
- Outstanding warrants & delinquent parking citations as of Aug 31, 2015:

	<u># of Citations</u>	<u>Dollar Amount Owed</u>
Class C warrants	32,030	\$ 6,223,979
Traffic warrants	285,502	\$ 53,925,250
Parking	608,007	\$ 51,567,050



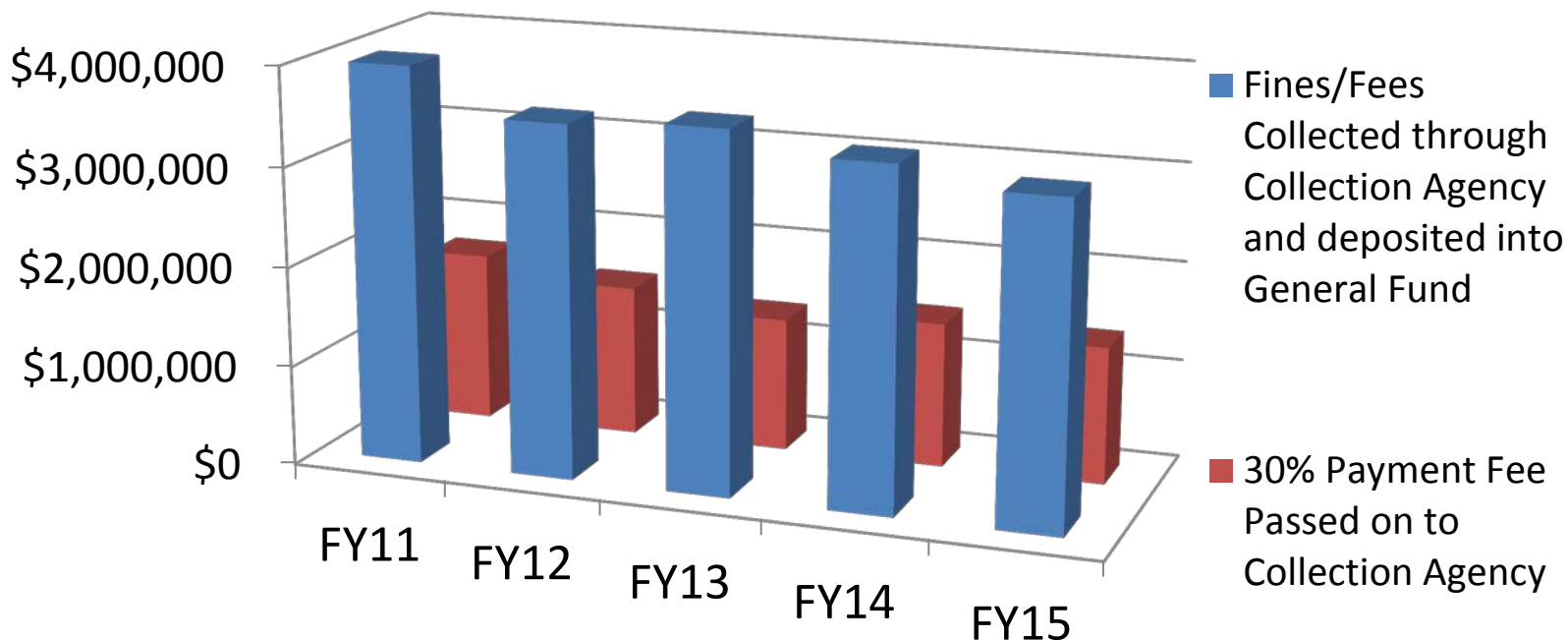
Outstanding Parking Citations Breakdown

	<u># of Citations</u>	<u>Dollar Amount Owed</u>
20 + Years	144,827	\$10,635,831.00
10 - 19 Years	263,003	\$21,199,186.00
5 - 9 Years	102,503	\$9,877,618.00
Less than 5 Years	97,674	\$9,854,415.00





Collections Overview FY11 – FY15



	FY11	FY12	FY13	FY14	FY15
Fines/Fees Collected through Collection Agency	\$3,986,482	\$3,533,234	\$3,602,801	\$3,396,195	\$3,213,471
30% Payment Fee Passed on to Collection Agency	\$1,708,492	\$1,514,243	\$1,342,046	\$1,455,511	\$1,377,201



Collection Agency Information

- ✓ Collection phone calls are made in English and in Spanish.
- ✓ Collection notices are mailed in English and in Spanish.
- ✓ Complaints about collection agency: How are they handled?
 - Complaints are received and channeled through the Business Finance Manager.
 - The issue is reported to the outside collection agency.
 - The vendor investigates the recorded collection call for quality assurance.
 - The collection agency reports back to the Court's Business Finance Manager to resolve the issue.

Complaints over the years have been infrequent, averaging under ten annually.



Request for Proposal - Evaluation Criteria

<u>Evaluation Factors</u>	<u>Evaluation Factor Description</u>
A. Minimum Recovery Rates	<p><u>Proposed highest "recovery rate" submitted.</u></p> <p>Rate refers to the minimum percent the agency is proposing to collect for each category (Rates were recommended by the City Comptroller & Treasurer Denise Grizzle and Luis Ortiz, in May 2015)</p>
B. Penalty Fee Proposal	<p><u>Proposed highest "penalty fee" submitted.</u></p> <p>Fee refers to proposed flat dollar amount for each category if the minimum recovery percentage that was submitted by the vendor is not met. The fee is assessed for each point under the minimum recovery rate that was submitted. (Criteria was added to ensure realistic minimum recovery rates were submitted by the vendor. Previously, a flat \$ 100,000 annual penalty was assessed for not meeting recovery rates.)</p>



RFP - Evaluation Criteria - Continued

<u>Evaluation Factors</u>	<u>Evaluation Factor Description</u>
C. Performance and Client History	<u>Client history</u> : Specifically involving the collection of delinquent court fines & fees. A minimum of two years continuous experience was required for high volume courts.
D. Experience & Qualifications	Staffing and Management structure; IT hardware utilized with guaranteed “up-time”; Current software and reporting capabilities; Innovative approaches to the collection of older cases
E. Response of References	<u>At least three court references were required with the following criteria:</u> Collection services for cities/counties with populations in excess of 300,000
F. Employee Medical Benefits & Incentives	<u>Identify/Indicate the following:</u> Employee benefits; Identify if benefits are paid in full or in part by the agency



RFP Information

- Request for Proposals (RFP) was opened on March 25, 2015
 - Court case management software conversion issues and clarification of RFP penalties required additional time for evaluation of proposals.
- 38 vendors viewed the RFP on Purchasing's website.
- 7 Vendors participated in the pre-proposal meeting



RFP Information Continued

- 8 vendors were on the bidders list and were sent notices of the RFP.

Local Vendor

- Leslie & Lay PC
- GC Services, LP
- Johnson & Vasquez
- Tanzy & Borrego
- HOV Services
- Delgado, Acosta, Spencer, Linebarger, & Perry LLP

Non-Local Vendor

- Public Finance Strategies, LLC
- Equifax Government Services



RFP Information Continued

- 2 local vendors submitted proposals
 - Delgado, Acosta, Spencer, Linebarger, Heard & Perez, LLP (local office in El Paso)
 - GC Services, LP (local office in El Paso)

An evaluation committee of 5 financial staff members from OMB, ESD, Fire and the Court evaluated the proposals.

- ✓ Delgado, Acosta, Spencer, Linebarger & Perez LLP received the highest overall rating.



Any Questions?