



City of San Antonio

Agenda Memorandum

File Number: 16-3521

Agenda Item Number: 20.

Agenda Date: 8/18/2016

In Control: City Council A Session

DEPARTMENT: Library

DEPARTMENT HEAD: Ramiro S. Salazar

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Contract for Collection Agency and Patron Communication Services for Library

SUMMARY:

This item approves a contract with Unique Management Services to assist the San Antonio Public Library (SAPL) with the recovery of overdue books and materials and with prompting customer payments on delinquent accounts.

To maximize the availability of the San Antonio Public Library's books and materials collection, the Library uses fines and fees as a way to encourage customers to return checked out items before the items become overdue. In addition, when an account is not in good standing due to items not returned and/or fine/fees owed, the library's business process requires customer notification.

Using a third-party entity to pursue these outstanding patron accounts is a more efficient approach to recover overdue items and collect outstanding fines. The firm recommended is not a traditional collection agency, but rather a firm that specializes in assisting libraries to increase the return rate of outstanding materials, in turn increasing the availability of those resources. Additionally, the firm communicates with customers to encourage payment of fines/fees. The goal of the firm is to maintain patron goodwill while maximizing the number of books and materials returned to the Library and fines/fees paid.

BACKGROUND INFORMATION:

The San Antonio Public Library system consists of a Central Library, 25 branches and one public library/school

partnership with the Northeast Independent School District. Two additional branches will be added to the Library system by November 2016. The Library's service population is over 1.8 million. The Library's collection includes over 2 million physical items. Annual circulation is over 7 million items. There are approximately 9,000 patron accounts that become eligible for referral to the collection agency on an annual basis.

The Library utilizes an integrated library system to facilitate the lending of library items. This integrated library system also maintains the Library's online catalog, patron records and overdue records and fines. The collection agency will interface with the integrated library system's Collection Module to facilitate the services of the collection firm. Under the current contract, the Library processes delinquent accounts that are three (3) years of age and newer based primarily on collection industry standards and return on investment. An account is deemed delinquent when more than \$25 is owed in fines or fees and no payment activity has occurred for more than 60 days. Payment plans are available to customers and any payment activity will keep the account from being delinquent.

On July 18, 2008, the Library issued a Request for Proposal (RFP) for the provision of a collection agency and patron communication services. Unique Management Services was the only vendor that responded to the RFP due to the specific requirements of SAPL related to maintaining patron goodwill, customer retention, and protecting patron privacy. Unique Management Services is an industry leader specializing in material recovery and collection agency services for libraries located throughout the United States. Unique Management Services possesses a trademark for the "Gentle Nudge" approach to assisting libraries in recovering materials while maintaining patron goodwill.

Due to the upcoming expiration of the original contract, on February 5, 2016, the Library issued an RFP with a submission deadline of March 22, 2016 to continue to outsource for Collections and Patron Communication services. Unique Management Services was the only respondent. After evaluation committee review and discussion, Unique Management Services was recommended for award by consensus of the evaluation committee. There were no proposals submitted from local businesses or veteran owned small business; therefore, the Local Preference Program and Veteran-Owned Small Business Preference Program were not applied.

Under this contract the Library will refer delinquent accounts exceeding \$25.00 owed and 60 days or more of inactivity. Unique Management Services will pursue these accounts via a series of telephone calls and written letters. The contractor will utilize a script approved by the Library. In all cases, account holders will be referred back to the Library for payment, or to turn in books and materials; therefore, the contractor will not be handling any cash receipts or materials. Additionally the contract stipulates that no accounts will be referred to credit agencies during or after the processing by Unique.

ISSUE:

The use of collection agency services must be handled in a sensitive manner to maintain a positive customer experience. This service is an important component of the library's efforts of making the library's materials readily available to Library users.

This contract is procured by means of Request for Proposal and the Contracts Disclosure Form is attached.

ALTERNATIVES:

As an alternative, the Library could continue to pursue the recovery of materials and outstanding fine balances

utilizing limited internal resources with less return of materials or recovery of revenue.

FISCAL IMPACT:

This contract is guaranteed to be budget neutral. Unique Management Services will be paid 22.5% of total recovery for every library account referred for their action. The referral action is initiated whenever an account reaches a balance of \$25.00 or more and there has been 60 days since the last account payment activity. On each account, the Library will assess a \$10.00 referral fee. The City's general fund will receive recovered revenue as a result of this contract. In FY 2015, the City referred a total of 16,586 accounts totaling \$1,610,533.80. During that timeframe, the City recovered \$86,076.55 in revenue and \$126,491.14 in returned library materials. The payment to Unique Management Services during this period of time was \$75,228.83.

RECOMMENDATION:

Staff recommends approval of this ordinance accepting the contract with Unique Management Services.