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**Title:** CONSIDER AMENDMENT NO. 1 TO THE CONTRACT FOR PARKING CITATION PROCESSING WITH TURBO DATA SYSTEMS, INC. FOR FISCAL YEARS 21/22 THROUGH FY 23/24 AND APPROVAL OF RESOLUTION NO. 2022-100, "A RESOLUTION OF THE CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2021-22 BUDGET IN THE GENERAL FUND" (CITY COUNCIL)

**Sponsors:** City Council, Ken McKay

**Indexes:**

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**Attachments:** 1. Amendment No.pdf, 2. Original contract, 3. Resolution No. 22-100

| Date | Ver. | Action By | Action | Result |
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**Report to Mayor and City Council**

Tuesday, June 07, 2022

Consent

**SUBJECT:**

**CONSIDER AMENDMENT NO. 1 TO THE CONTRACT FOR PARKING CITATION PROCESSING WITH TURBO DATA SYSTEMS, INC. FOR FISCAL YEARS 21/22 THROUGH FY 23/24 AND APPROVAL OF RESOLUTION NO. 2022-100, "A RESOLUTION OF THE CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2021-22 BUDGET IN THE GENERAL FUND" (CITY COUNCIL)**

**I. SUMMARY**

The City’s current vendor for parking citation processing is Turbo Data Systems, Inc. (TDS). A three-year contract with two one-year options to extend the term was approved by Council on April 20, 2021, with the three year period commencing July 1, 2021 and expiring June 30, 2024, at a cost to City of \$84,736 per annum for a grand total amount not to exceed \$254,208. Turbo Data Systems has been providing excellent service with all citation processing. The City’s Revenues from citation processing this fiscal year has increased at an all-time high level; however, this revenue increase has come with its corresponding costs. Staff is, therefore, seeking Council approval to increase the contract amount by an additional \$30,000 per year retroactive to the effective date of the original contract (for a total of \$90,000) so that the adjusted contract sum will be \$114,736 per year

for the three year contract term, thereby increasing the total not-to-exceed contract sum from \$254,208 to \$344,208.

## **II. RECOMMENDATION**

TAKE the following actions:

1. APPROVE AMENDMENT NO. 1 to the Agreement between the CITY OF CARSON and TURBO DATA SYSTEMS, INC. dated July 1, 2021 increasing the contract amount to an amount not to exceed \$344,208.00 for the full three year term of the Agreement.
2. ADOPTION OF RESOLUTION NO. 22-100 - "A RESOLUTION OF THE CITY OF CARSON CITY COUNCIL AMENDING THE FY 21/22 GENERAL FUND BUDGET."
3. APPROVE AND AUTHORIZE the increase of the proposed FY 22/23 budget by \$30,000 in account no. 101-55-592-100-6004.
4. AUTHORIZE the Mayor to execute Amendment No. 1, following approval as to form by City Attorney.

## **III. ALTERNATIVES**

1. DO NOT APPROVE STAFF RECOMMENDATIONS.

AND

TAKE any other action the City Council deems appropriate that is consistent with the requirements of law.

## **IV. BACKGROUND**

Turbo Data Systems, Inc. provides the following parking citation services among others: (i) Automated citation issuance; (ii) DMV information retrieval; (iii) Fine escalation and late fee assessment; (iv) Generation and mailing of late notices for unpaid tickets; (v) Placement and release of DMV registration suspensions/holds where applicable; (vi) Online inquiry and update; (vii) Internet payment capability; (viii) Court/Review adjudication management; (ix) Digital imaging; (x)-Collection coordination with the Franchise Tax Board (FTB) and (x) Integrated Collection System (ICS) and Out-Of State (OOS).

The City's citation processing revenues rose this fiscal year from \$975K in FY 20/21 to \$1.284M as of April 2022.

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|                              | TURBO DATA      |           |           |           |          | CONTRACT 21-073 |
|------------------------------|-----------------|-----------|-----------|-----------|----------|-----------------|
|                              | CONTRACT 16-018 |           |           |           |          |                 |
|                              | FY 16/17        | FY 17/18  | FY 18/19  | FY 19/20  | FY 20/21 | FY 21/22        |
|                              | 1st Year        | 2nd Year  | 3rd Year  | 4th Year  | 5th Year | As of 4/30/2022 |
| Citation Processing Revenues | 1,384,703       | 1,292,173 | 1,368,087 | 1,184,847 | 975,206  | 1,284,930       |

The primary increase to the annual billing is due to delinquent collections (Out-of-state [OOS], Innovative Collection Services [ICS] and Franchise Tax Board [FTB]). All three collections were down by over 50% in the two prior years. This year they are running three times the amount to the prior years and over double the average year prior to COVID.

All collections are on a contingency basis as a percentage of the amounts paid and are not tied directly to citation issuance volume. As of May 18, 2022, the parking citation revenues report from Turbo Data of \$1.4M has already exceeded the full fiscal year amounts collected for any year in the last five years. Revenue projection for the end of this fiscal year is expected to go over \$1.5M. Delinquent collections revenue is expected to be approximately \$180,000 for this year, which is more than the previous two years combined.

Franchise Tax Board (FTB) collection revenue is \$78,488 so far in this fiscal year, and last fiscal year it was only \$14,849 total. Last year’s FTB results were impacted by the FTB shutting down their collections process due to covid in March through July. As processing and collection fees are based on total revenues, Turbo’s yearend invoices are projected to also increase by \$30K.

Staff is, therefore, seeking Council approval to increase the contract amount by an additional \$30,000 per year retroactive to the effective date of the original contract (for a total of \$90,000) so that the adjusted contract sum will be \$114,736 per year for the three year contract term, thereby increasing the total not-to-exceed contract sum from \$254,208 to \$344,208. **V. FISCAL IMPACT**

If City Council approves staff recommendations, FY 21/22 budget under account no. 101-55-592-100-6004 will be increased by \$30,000. In addition, proposed budget for FY 2022/23 will also have to be adjusted and increased by \$30,000.

**VI. EXHIBITS**

1. Amendment No. 1
2. Original Contract
3. Resolution No. 22-100

Prepared by: Kenneth Mckay, Public Safety Manager