

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

Subject: Approve an Ordinance Amending Ordinance 2011-800 to Increase the Maximum Contract Amount for the Contract with Alvarez & Marsal Business Consulting, LLC for Phase II of Consulting for Accounts Receivables and Collections; also authorizing reimbursement of original contract cost with funds generated from the contract

Category #
4

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Agenda Item

FROM (Department or other point of origin):

Kelly Dowe
Finance Director
Finance Department

Origination Date

July 3, 2012

Agenda Date

DIRECTOR'S SIGNATURE



Council District(s) affected

All

For additional information contact:

Kelly Dowe Phone: (713) 221-0935
Bruce Haupt Phone: (713) 837-9880

Date and Identification of prior authorizing

Council Action:
Ordinance 2011-800 on September 14, 2011

RECOMMENDATION: (Summary)

Approve an ordinance allocating funding in an amount of \$1,460,000.00 for the second phase of consulting services for citywide accounts receivables and collections operations for the Finance Department on the contract with Alvarez & Marsal Business Consulting, LLC for a maximum contract amount of \$2,607,183.65; and, also authorizing reimbursement of the capital cost of the original contract, in the amount \$1,147,183.65, with General Fund money generated from the first phase of the project.

AMOUNT & SOURCE OF FUNDING:

Maximum Contract Amount: \$2,607,183.65
Additional Contract Allocation Amount: \$1,460,000.00 – General Fund
Fund Transfer Authorization: \$1,147,183.65 – Authorizing transfer from General Fund to Misc Cap. Projects/Acquisitions CP Ser E (Fund 4039)

SPECIFIC EXPLANATION:

The Finance Department recommends that City Council approve an ordinance allocating funding in an amount \$1,460,000.00 for a second phase of consulting services for citywide accounts receivables and collections operations for the Finance Department on the contract with Alvarez & Marsal Business Consulting, LLC, for a maximum contract amount of \$2,607,183.65. The funding for this allocation is included in the recently approved FY13 budget.

The Finance Department also recommends approval of an ordinance authorizing the transfer, in the amount \$1,147,183.65, from the General Fund to Misc Cap. Projects/Acquisitions CP Ser E, in order to reimburse the capital cost of the first phase of the project with funds generated during the first phase of the project.

ARC Project Phase II: A briefing on Phase II the Citywide Accounts Receivable & Collections (ARC) Project will be delivered to the Council Budget and Fiscal Affairs Committee on July 2, 2012. The briefing covered ARC Phase II plans to maintain current positive momentum and capture additional revenue and process improvement opportunities related to: EMS Billing & Collections; Citywide Permitting Compliance, Processes and Systems; and, Implementation of the AR Data Warehouse including automation of the Vendor Management Scorecards.

The scope of work for Phase II of the Citywide ARC Project requires that the contractor will perform the following activities:

- EMS Billing & Collections: Develop and execute go-forward strategy to manage billing process; Update hospital interfaces and build relationships; and, Manage the implementation of secondary collection vendor(s)
- Citywide Permitting Efforts: Enact citywide processes for non-compliant businesses; Strengthen enforcement via inter-departmental collaboration; Improve online customer contact and experience;

REQUIRED AUTHORIZATION

Finance Department:

Other Authorization:

Other Authorization:

Date: 7/2/2012	Subject: Approve an Ordinance Amending Ordinance 2011-800 to Increase the Maximum Contract Amount for the Contract with Alvarez & Marsal Business Consulting, LLC for Phase II of Consulting for Accounts Receivables and Collections; also authorizing reimbursement of original contract cost with funds generated from the contract	Originator's Initials	Page 2 of 2
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Consolidate HFD permitting and inspection systems; Implement a new ARA permitting system; and, Develop and implement performance measures

- Citywide Data Warehouse: Implement the AR data warehouse; Develop citywide dashboard; and, Automate the vendor scorecards

The total cost for providing Phase II consulting services related to Citywide ARC Project is estimated at \$1,460,000.00. The expected revenue generated from Phase II ARC project activities in FY 2013 is projected at \$6.8 million with a return on investment of over 4 times the cost.

ARC Project Phase I: The contractor achieved all Phase I ARC project requirements and has assisted the City in generating over \$1.9 million dollars to date. Policies, processes and systems have also been put in place that will generate an additional \$6.3 million dollars in FY2013 for a return on investment over 4 times the cost of the project

M/WBE Subcontracting:

The Office of Business Opportunity has reviewed the scope of work and has determined there is capacity of a 10% MWBE goal, and the vendor has agreed to make a good faith effort to achieve such participation. The original contract was awarded with a 10% goal. The contractor has been paid \$1,079,600.00 to date. Of this amount \$126,525.00 has been paid to MWBE sub-contractors.