

COUNCIL OF THE COUNTY OF MAUI
BUDGET AND FINANCE COMMITTEE

August 24, 2018

Committee
Report No. _____

Honorable Chair and Members
of the County Council
County of Maui
Wailuku, Maui, Hawaii

Chair and Members:

Your Budget and Finance Committee, having met on July 31, 2018, makes reference to a Miscellaneous Communication dated June 1, 2018, from the County Clerk, referring Contract C5655A, novation only, between the County of Maui and Transworld Systems Inc., dba TSI ("TSI"), relating to assignment of the contract from Progressive Financial Services, Inc. ("Progressive") to TSI.

Your Committee notes the County of Maui and Progressive entered into Contract 5655 on December 23, 2014. Progressive provided collection services on accounts deemed uncollectable by the County. The contract expires on September 30, 2018.

The Director of Finance said the County received notice in mid-March that Progressive will terminate its collection operations as of March 31, 2018.

The County's Treasurer said after receiving notification from Progressive about the closure, TSI approached the County to continue the services of the contract. She noted that TSI worked in partnership with Progressive. Given the short notification from Progressive, the Department consulted with its Purchasing Division and the Department of the Corporation Counsel on how to proceed with transferring the contract using the novation process.

She explained to your Committee that the novation process allows the original contractor to be replaced by another contractor who is willing to accept the obligations set forth in the original contract. All parties involved in the novation must consent to the terms and conditions of the contract.

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The Treasurer said because the current contract will expire on September 30, 2018, the Department has already completed the procurement process for a new contractor. She said TSI was the sole bidder and was awarded the contract effective October 1, 2018.

She noted that TSI is much more proactive in their performance as compared to Progressive. She stated the performance rate on collection efforts for TSI for the first three months of the contract is 0.5 percent as compared to Progressive's overall rate of 0.01 percent.

The County's Central Purchasing Agent said the County has exercised the novation process with other vendors. He confirmed if the terms and conditions from the original contract are the same and the new vendor is in agreement, the County could use the novation process to execute a new contract.

Your Committee voted 6-0 to recommend filing of the communication. Committee Chair Hokama and members Atay, Carroll, Cochran, Crivello, and Sugimura voted "aye." Committee Vice-Chair White and members Guzman and King were excused.

Your Budget and Finance Committee RECOMMENDS that the Miscellaneous Communication be FILED.

This report is submitted in accordance with Rule 8 of the Rules of the Council.



RIKI HOKAMA, Chair