

**STATE OF DELAWARE
DEPARTMENT OF FINANCE
DIVISION OF REVENUE**

September 26, 2016

TO: ALL OFFERORS

FROM: TOSHA MARTIN
COLLECTIONS MANAGER

SUBJECT: **ADDENDUM TO REQUEST FOR PROPOSAL NO. FIN 25-06-01-17-03
FIRST REFERRAL COLLECTION SERVICES**

ADDENDUM # 1

1. What is the anticipated award date for this contract?

The anticipated award date is 11/30/16.

2. When is the anticipated contract start date?

The anticipated contract start date is 1/1/17.

3. Please confirm the due date for this procurement is 10/05/2016.

The deadline for receipt of proposals is 10/5/16 at 1:00 pm.

4. What is the date by which you will answer these questions?

Responses to all questions will be posted by 9/30/16.

5. Please describe your level of satisfaction with your current vendor(s), if applicable.

We are satisfied with our current vendors.

6. If applicable, will accounts held by any incumbent(s) or any backlog be moved to any new vendor(s) as a onetime placement at contract start up?

Accounts that are not under a payment agreement with an incumbent may be moved to the new vendor at start up. The placement process will be agreed upon by the contracting parties.

7. What computer software system do you use to manage your accounts/inventory?

We use a data warehouse to manage our inventory.

8. Do you have any plans of changing that system in the future, and why/why not?

We currently have no plans to change that system.

9. Do you subscribe to any offset programs?

We subscribe to the Treasury Offset program and the State of Maryland Offset program.

10. In 2009 RFP number 25-06-01-10-01 for Third Referral Collection Services was due on December 1, 2009. Will this RFP be released again in the near future? How does this RFP relate to REP 25-06-01-17-03 for First Referral Collection Services?

The RFP for Third Referral Collections will be released in the future. No date has been set at this time.

11. In 2014 RFP number 25-06-01-11-01 for Second Referral Collection Services was due on February 17, 2014. Will this RFP be released again in the near future? How does this RFP relate to RFP 25-06-01-17-03 for First Referral Collection Services?

The contracts for Second Referral Collections are currently under extension until 5/31/17.

12. Our company is nationally licensed, however, we do not have an office in Delaware or have any employees who are certified Delawareans. Is this a requirement of the contract?

No, you are not required to have an office in DE nor have DE employees.

13. How many references are required? There appears to be one mention of 3 and another requirement of 5.

A total of 5 references are required.

14. Do you require an ISO 9000 certification in order to submit a proposal?

In order to receive points for this category, we need some type of information supporting your management standards.

15. What is the age of the oldest accounts in the portfolio?

The age of the oldest account is 8 years.

16. Will accounts referred to your current collection provider be recalled and re-referred to the collection provider chosen pursuant to this procurement process? And if so, can bidders propose a higher fee percentage for these previously worked accounts (i.e. second placements)?

Accounts that are not under a payment agreement with an incumbent may be moved to the new vendor at start up. The placement process and fees will be agreed upon by the contracting parties at that time.

17. **Are litigation services required/desired? If so, can bidders propose a higher fee percentage for accounts requiring litigation services?**

Litigation services are not required. Yes, bidders can propose a higher fee percentage for accounts requiring litigation.

18. **We assume that you do not/will not allow your collection providers to add convenience and/or payment processing fees in addition to their contingency fees? If such fees are allowed, can you clarify that you will require bidders to fully disclose the amounts to be charged so the same can take the same into consideration when evaluating pricing?**

Convenience fees and payment processing fees are not allowed to be added.

19. **What are your in-house collection methods (e.g. number of mailings, calls, etc.) used on the referred accounts prior to referral to your collection provider?**

Collection methods may vary on the accounts, but prior to referral, there will be a minimum of 3 mailings.

20. **How will account/collection information or data be communicated to the successful bidder (i.e. electronic via an FTP site)?**

Account information will be transmitted electronically.

21. **I have visited the website http://www.bids.delaware.gov/bids_detail.asp?i=4034&DOT=N. Do we need to be registered on this website as a vendor or take any other steps as we get started? Our company is already licensed to do business in the state of Delaware.**

No, you do not need to be registered on this website.

22. **Do you have a current vendor(s)? If so, please answer: We have 3 vendors.**

- a. **Name of vendor(s)**

Performant Recovery Inc, United Collection Bureau Inc, & Transworld Inc

- b. **Fee charged**

The current contingency rate for all agencies is 15.5%. The litigation rate is 25%.

- c. **Commission paid in the last 12 months or calendar year**

Total commissions paid in 2015 were approximately \$79,000.00.

- d. **If applicable, how long has your current collection provider been under contract?**

All 3 agencies have been under contract for 5 years.

- e. **If applicable, how many dollars and what number of accounts were collected by your current collection provider this past calendar year?**

Collections were approximately \$543,000.00. The number of accounts is not available at this time.

- f. **What is the current recovery rate? (amount recovered/amount submitted)**

Gross recovery rates to date are: Performance Recovery, Inc 4.9%, United Collections Bureau 3.0%, Transworld Inc 3.1%

- g. **Are the incumbents remitting net of fees or gross dollars to DE DOR?**

Incumbents are remitting gross dollars to DE DOR.

- h. **Has DE DOR adjusted placement volume to the incumbents based upon performance? If so, what were the performance criteria?**

No, the placement volume has remained the same throughout the contract for all 3 agencies.

- i. **Have the agency fees or commission rates changed from the start of the current contract?**

The commission rates have remained the same throughout the contract for all 3 agencies.

- j. **How many legal actions were taken by the current agency in 2015?**

No legal actions were taken by any of the agencies in 2015.

23. **Please provide the following information regarding the estimated forward flow and backlog of accounts:**

- a. **Number of accounts**

11,085

- b. **Dollar value of accounts**

\$9,898,348.12

- c. **Average age**

Approximately 1 year

- d. **Average dollar size**

Approximately \$1500.00

24. Do you outsource today?

a. If so, what is the rate of return?

Please see 22 f.

b. What is the average number of accounts per month?

Approximately 350 accounts per month

c. What is the average balance of those accounts?

Approximately \$1500.00

25. Reciprocity. Does DOR have reciprocal arrangements with other states for the recovery of delinquent accounts? If yes, please list.

Yes, the State of Maryland.

26. Would the State allow a vendor that is currently contracted to collect 2nd referral placements the opportunity to bid on this RFP also?

Yes, an agency under contract to collect 2nd referrals may bid on this RFP, but if awarded 1st referrals, their contract for 2nd referrals would be terminated.

27. Why is the contract out to bid at this time?

Our current contracts expire 12/31/16.

28. The RFP document that other state agencies may be able to engage with a vendor as a result of this contract. What other state agencies might use this contract? Are there any state agencies other the Division of Revenue / Department of Finance that currently plan to place accounts with any selected vendors as a result of this RFP process and any subsequent contract award?

This RFP is for Division of Revenue accounts. There are no current plans to place accounts from other state agencies.

29. Per Page 29 – “In accordance with Executive Order 44, the State of Delaware is committed to supporting its diverse business industry and population” - Are there any MBE / Diverse Business goals assigned to this contract?

No.

30. To what extent are these accounts owed by private consumers versus commercial businesses?

87% of the accounts are personal income tax and 12% are business tax.

31. What is the total dollar value of accounts available for placement now by category, including any backlog?

\$9,898,348.12 – 87% are personal income tax and 12% are business tax.

32. What is the total number of accounts available for placement now by category, including any backlog?

11,085 – 87% are personal income tax and 12% are business tax.

33. What is the anticipated or expected rate of return / recovery rate for collections placed as a result of this procurement?

We expect the recovery rates to remain consistent with the current recovery rates or increase.

34. To what extent will the location of the bidder's call center and/or corporate headquarters have a bearing on any award(s)?

Location is not one of the criteria used in the scoring process.

35. Does the State of Delaware add any late fees or other penalties to a principle balance at any stage of delinquency prior to placement for collection?

Yes, penalty may be added to the liability.

36. Does the State of Delaware intend to charge interest to account balances that are delinquent and placed for collections?

Interest will accrue monthly on the liabilities.

37. Does State of Delaware report these accounts to the credit bureaus internally?

Yes, the DE-DOR reports accounts to the credit bureaus internally.

38. Does State of Delaware intend for the collection agency(s) to have third party collection activity reported to the credit bureaus?

No, DE-DOR does not allow the collections agencies to report these debts to the credit bureaus.

39. **In the event an agency has been actively working an account and a debtor who has been contacted by a collection agency pays State of Delaware directly for any reason (what we call a direct pay); how does State of Delaware intend to report those payments to the agency and pay the agreed upon fee?**

DE-DOR will submit weekly updates to the collection agency reporting any direct payments. These direct payments and the associated fees will then be reported on the weekly billings from the agency.

40. **How many collection agencies will you be awarding this contract?**

We are seeking to award this contract to 2 to 3 agencies.

41. **“Vendor(s) may submit portions of a proposal considered to be confidential business information in a separate, sealed envelope labeled “Confidential Business Information” and include the specific RFP number. The envelope must contain a letter from the Vendor’s legal counsel describing the documents in the envelope, representing in good faith that the information in each document is not “public record” as defined by 29 Del. C. § 10002, and briefly stating the reasons that each document meets the said definitions.” QUESTIONS: 1) How many paper copies of the Confidential Business Information are required to be submitted? 2) Is Confidential Business Information required to be submitted on CD-ROM / DVD or USB memory drive?**

1 paper copy is required. This information is not required to be submitted on CDROM/DVD/USB.

42. **ISO 9001: 2000 quality management standards aren’t typically applicable to collection agency processes. Will vendors who use other codified quality management processes still receive full points for this requirement?**

The number of points received will be determined by the evaluation team.

43. **What information will be provided on the debtor? SSN, telephone, address?**

Name, SSN, address, and debt amount will be provided.

44. **After the initial placement, will vendors receive further placements based on their competitive performance on the contract?**

Vendors will receive updates and new accounts on a weekly basis.

45. **Does the contract require any special handling of correspondence?**

Delaware requests that examples of correspondence be provided for review.

46. How are balances updated on the vendor's system? Do you provide a daily update of the entire inventory?

Delaware provides a weekly update to the vendor of the entire inventory.

47. Is there a testing plan in place for the collection process?

Yes, there is a testing plan in place.

48. Is there a testing plan in place for account transmission?

Yes, there is a testing plan for account transmission.

49. Do you have a data processing file schedule?

Yes, there is a weekly schedule.

50. In Appendix B, Paragraph 3, Page Number 45 "These accounts will include various tax categories for prior years including personal income tax, withholding tax, license and gross receipts tax and corporate income tax and other State of Delaware accounts receivables." Will the winning proposer have access to the State's system?

No, the proposer will not have access to the State's system.

51. In Appendix B, Paragraph 3, Page Number 45 "These accounts will include various tax categories for prior years including personal income tax, withholding tax, license and gross receipts tax and corporate income tax and other State of Delaware accounts receivables." Will settlements be allowed?

If there is a request for settlement, the account would have to reviewed and approved for settlement by the Division of Revenue. The agency would not have the authority to negotiate a settlement.

52. In Appendix B, Paragraph 3, Page Number 45 "These accounts will include various tax categories for prior years including personal income tax, withholding tax, license and gross receipts tax and corporate income tax and other State of Delaware accounts receivables." Are there any payment arrangement guidelines?

There are no payment arrangement guidelines.

All other terms and conditions remain the same.