

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

June 7, 2017

TO: ALL OFFERORS

FROM: TOSHA MARTIN
COLLECTIONS MANAGER

SUBJECT: **ADDENDUM TO REQUEST FOR PROPOSAL NO. FIN 25-06-01-17-04**
On-Site Professional Collection Services

ADDENDUM # 3 – Questions and Answers

1. Should Vendors provide this separate pricing file on the same CD that contains the rest of the proposal or on a separate CD as well?

Please provide on the same CD.

2. The State requires that all Vendors shall identify the Additional Fee to obtain health coverage from the Vendor and delineate the Additional Fee from all other charges and fees. Where within Vendor proposals should Vendors include this Information?

Please include as an attachment to Page 46.

3. The requirement language here cites a minimum of three and provides three fields for completion. However, under IV. Professional Services RFP Administrative Information, B. RFP Submissions, 23. Business References on page 10 of the RFP and then again under Appendix B Scope of Work and Technical Requirements, Written Proposals, item 3.h on page 45 Vendors are asked to provide five references. Please confirm the number of references to be provided.

A total of 5 references are required.

4. Please clarify what the State of Delaware is seeking from Vendors for “payment procedures.” Should this be a separate narrative (to accompany the Bid Proposal form on page 46) of how Vendors will remit collections to the State?

The narrative should reference fee schedules and payment procedures for the hourly employees.

5. Please clarify what pages of the procurement constitute “the proposed agreement.” Subsequent to your clarification, are Vendors to include these pages in the proposal they submit to the State of Delaware?

The entire RFP is the proposed agreement.

6. Who are your current vendors and has the current contract gone full term, with all extensions exercised?

Pioneer Credit Recovery Inc. The current contract expires July 31, 2017 with all extensions exercised.

7. What are the fee rates being charged by vendors under the current contract(s)?

Manager Rate	\$46.18 per hour
Supervisor Rate	\$39.75 per hour
Collector’s Rate	\$27.38 per hour
Enforcement Rate	\$29.41 per hour
Clerical Rate	\$21.00 per hour
Admin Asst Rate	\$30.18 per hour
Problem Res Rate	\$37.74 per hour

8. What are the actual dollars paid last year and prior years to each of the vendors on the contract(s)?

2016 \$804,640.90 2015 \$733,939.32

9. What liquidation rates have been achieved by the current vendors?

Statistically significant rates are currently not available.

10. To how many vendors do you plan to award this contract?

This contract will be awarded to 1 vendor.

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

Current inventory:

3,898 business accounts with a dollar value of \$47,750,081

22,263 personal accounts with a dollar value of \$53,955,162

12. What is the average age of the accounts for new placements? What is the age of the oldest accounts, by category?

Current inventory:

Business accounts – Avg age 972 days; oldest acct 24 years

Personal accounts - Avg age 808 days; oldest acct 24 years

13. If the contract is awarded to a different vendor than currently contracted, will you recall the accounts previously listed with the current vendor and forward them to the new vendor?

The placement process will be agreed upon by the contracting parties.

14. Does the State/DOR have any plans for amnesty programs during the course of the contract?

No amnesty programs are in effect at this time.

15. RFP Section III. Required Information, B. General Evaluation Requirements. Is this a separate evaluation from Weighted Criteria listed on page 12, Section IV. Professional Services RFP Administrative Information C. RFP Evaluation Process? Please clarify.

All proposals shall be evaluated using the criteria and scoring process listed on Pages 12 and 13 of the RFP.

16. What weight in the evaluation is given to firms with a location based in Delaware?

Location is part of the 1st criteria listed in the RFP; it is only 1 of several items listed within this criteria.

17. RFP Section III. Requirement Information B. General Evaluation Requirements page 2. States as Item. 7. Distribution of work to individuals and firms or economic considerations. Can you clarify what you are seeking to satisfy this requirement?

All proposals shall be evaluated using the criteria and scoring process listed on Pages 12 and 13 of the RFP.

18. RFP Section IV. Professional Services RFP Administrative Information C. RFP Evaluation Process page 12, Criteria Weights lists "Capability of providing an experienced Collection Team and support staff of at least fifteen (15) employees.

- a. What criteria were used to determine the number of 15 FTEs? Will this number remain constant throughout the contract period? If not, please clarify reasons for potential changes in staffing.

Current staffing and case inventory were used to determine the number of FTEs. Staffing requirements may change during the contract period. Potential changes in staffing may include reasons such as changes in case inventory, special projects, etc.

- b. How many collectors and how many support staff (supervisors, management, clerical) are staffed by the current vendor(s)?

1 Manager, 1 Supervisor, 9 collectors, 1 enforcement & 6 clerical

19. RFP Section III. Requirement Information D. Contract terms and Conditions, page 20 Item I. Bid Bond requires a bond in the amount equal to 10% of the bid value. How should bidders arrive at a total value to determine the amount of the bond?

Bid bond amount is \$5,000.00. Certified check amount is \$5,000.00.

20. RFP Section Appendix B Scope of Work, page 44 Work Plan, bullet 3 states "DOR will provide the collection agency staff with training on DOR's computer systems and overall layout of the current collection policies and procedures."

- a. Can you confirm that DOR will not require the use of the vendor's system?

Confirmed

- b. Will any IT support be required from the vendor for this contract?

No

21. Is there any training costs consideration provided to the vendor for training of staff. i.e. can the vendor bill back training costs to the vendor?

The vendor will secure at its own expense, all personnel required to perform the services required under this contract.

22. What are the health care requirements for the contract? Does the vendor have to supply the same insurance as the state or can it be a lesser plan/coverage?

Please refer to Page 17 of the RFP.

23. When is the anticipated contract start date?

30 – 90 days after contract award date.

24. Will the collection agents provided by the chosen vendor be collecting/communication with taxpayers in the name of State of Delaware Division of Revenue, or in the name of the collection agency awarded? Stated another way, will this be collect as 1st Party or 3rd Party debt?

The collection agents will be acting as agents for the State of DE.

25. If yes, who are the incumbents, and how long have the incumbents been providing the requested services?

Pioneer Credit Recovery, Inc. – 5 years

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

15% are business accounts – 85% are personal accounts

27. Are there more than one category of accounts?

Personal tax accounts and business tax accounts

28. What current contingency fees or other fees are currently being billed by any incumbent(s), by category?

None

29. Are the incumbent currently being compensated via an hourly rate for the different function areas, i.e. Manager, Supervisor, Collection Agent(s), etc., or is there some other form of compensation such as a contingency collection fee? Can you please describe what that is?

Current vendor is compensated via an hourly rate for the different function areas.

30. What has been the historical rate of return or liquidation rate provided by any incumbent(s)?

Statistically significant rates are currently not available.

31. What recovery rate are you receiving on you placements for the past 12 months or calendar year?

Statistically significant rates are currently not available.

32. What level of internal efforts and collection attempts is conducted by State of Delaware Division of Revenue before accounts are placed out for collections? Can you please describe what those attempts include? (i.e. how many calls, how many letters or invoices, etc.)

The collection agents will be acting as agents for the State of DE.

33. How long will the winning collection agency (bidder) be able to keep accounts once they are placed?

Accounts will be assigned based on DOR's criteria.

34. Does the State of Delaware Division of Revenue intend for the onsite collection staff to be working on the States billing and accounting software systems, or will the selected agency load accounts into their own collections software/systems and conduct collection efforts from there?

The collections staff will be working on DOR's billing system.

35. If the State of Delaware Division of Revenue intends for the selected vendor to use their own collection systems, will State of Delaware Division of Revenue provide internet/bandwidth and remote connection ability for the collection agents to connect to the vendor's software system and work locally?

N/A

36. Our company conducts full criminal background check for all new hires, and all backgrounds are re-checked on their employment anniversary date. If we also check all staff members through the Delaware Sec Offender Central Registry at: <https://sexoffender.dsp.delaware.gov/> - along with our national criminal background checks, will this meet and exceed your requirements?

In addition, the Division of Revenue will also conduct independent background checks on all new hires.

37. Is the current vendor utilizing processing the collection accounts through various database scrubs for deceased, incarcerations, change of address, NCOA, etc.?

Yes

38. Are the accounts under the current contract being run through any automated dialing technology in order to maximize contact rates? If yes, is the dialer system housed at the Delaware Division of Revenue offices?

No

39. Will a vendor under this contract be able to run accounts through automated dialing platforms in their local office, and then manual accounts sent to collector queues being worked at the French Street office location in Wilmington Delaware?

Not at this time.

40. RFP Section III. Requirement information D. contract Terms and Condition page 17, Item C. ACA Safe Harbor, paragraph 1, "The Common-law Employer Safe Harbor Exception can be attained when the State and/or its agencies are charged and pay for an "Additional Fee" with respect to the employees electing to obtain health coverage from the Vendor":

- a. Does your current vendor charge this fee, and if so, how is the fee structured and how much is it?

This is a new requirement due to change in applicable law.

- b. Does the State Expect this fee to be a per-employee fee or a lump sum for all employees:

Please refer to Page 17 of the RFP.

- c. Can you provide guidance on a model for determining how much to charge?

Please refer to Page 17 of the RFP.

- d. Our company currently makes ACA compliant insurance available to all of our employees, although some elect to forgo coverage for personal reason, among which is the cost of the premiums. Does the state expect this fee to go directly towards the employees' share of the cost of insurance or is it acceptable to apply this fee towards the employer's portion of the health insurance costs?

DOR will consider each bidder's proposal as described in the RFP, but all qualifying proposals must meet the requirements of ACA Safe Harbor.

- e. How will this fee be scored against other bidders?

On the basis of its adequacy in the State's requirement in utilizing the "Common-law Employer Safe Harbor Exception".

