



MARTIN O'MALLEY
Governor

ANTHONY BROWN
Lieutenant Governor

T. ELOISE FOSTER
Secretary

QUESTIONS AND RESPONSES # 1
PROJECT NO. F10B5400006
Department of Budget & Management
Central Collection Unit
Debt Collection Services
October 21, 2014

Ladies/Gentlemen:

This List of Questions and Responses #1, questions #1 through #42, is being issued to clarify certain information contained in the above named RFP.

In most instances the submitted questions and the Department's responses merely serve to clarify the existing requirements of the RFP. Sometimes, however, in submitting questions potential Offerors may make statements or express interpretations of contract requirements that may be inconsistent with the Department's intent. To the extent that the Department recognizes such an incorrect interpretation, the provided answer will note that the interpretation is erroneous and either state that the question is moot once the correct interpretation is explained or provide the answer based upon the correct interpretation.

No provided answer to a question may in and of itself change any requirement of the RFP. If it is determined that any portion of the RFP should be changed based upon a submitted question, the actual change may only be implemented via a formal amendment to the RFP. In this situation the answer provided will reference the amendment containing the RFP change.

1. *Please confirm the due date for this procurement is 11/20/2014.*

RESPONSE: Proposals are due no later than 2 p.m. local time on November 20, 2014. Late proposals will not be accepted. See Section 1.11 of the RFP for due date details.

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

RESPONSE: Questions submitted in writing will be answered in writing as soon as is feasible. Written responses will be distributed to vendors via email, the DBM website, and eMaryland Marketplace. See Section 1.9 of the RFP for more details.

3. *What estimated or actual dollars were paid last year, last month, or last quarter to any incumbent(s)?*

~Effective Resource Management~

45 Calvert Street, Room 137 • Annapolis, MD 21401-1907

Tel: (410) 260-7681 • Fax: (410) 974-3274 • Toll Free: 1 (800) 705-3493 • TTY Users: call via Maryland Relay
<http://www.dbm.maryland.gov>

RESPONSE: The incumbent vendor's recovery rate is approximately 2% of total debts assigned for the last three years, and total debts assigned average \$8.2 million monthly and \$98.4 million annually. The incumbent vendor is paid 6.95% of what it recovers. See Section 3.1 for more details.

4. *To how many vendors are you seeking to award a contract?*

RESPONSE: CCU intends to make one award as a result of this solicitation.

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

RESPONSE: CCU's satisfaction with the incumbent vendor is irrelevant to the requirements of this solicitation.

6. *What is the total dollar value and number of accounts available for placement now by category, including any backlog and what is the average balance of accounts by category?*

RESPONSE: CCU anticipates having little to no backlog of accounts, although 18,000-20,000 accounts may be ready to place with the Contractor at the time the contract starts. Additionally, the Contractor will eventually receive a backlog of toll violation debt from the Maryland Transportation Authority. See Amendment 2, Item. 1. See below for the dollar value of accounts available for placement by category.

CCU identified 115,834 accounts referred to the incumbent vendor between February 19, 2014, and October 15, 2014 (not including any accounts previously recalled) with a total value of \$147,807,076.50. Of those,

- 38,902 accounts (33.5%) with a total value of \$62,512,489.33 were school tuition and fees accounts;
- 33,738 accounts (29.1%) with a total value of \$35,607,200.89 were Department of Public Safety and Correctional Services accounts;
- 14,394 accounts (12.4%) with a total value of \$3,241,024.36 were Judiciary accounts;
- 13,809 accounts (11.9%) with a total value of \$10,173,551.79 were Department of Health and Mental Hygiene accounts;
- 6,846 accounts with a total value of \$25,344,860.19 were Department of Labor, Licensing, and Regulation accounts;
- 4,054 accounts with a total value of \$4,701,261.03 were Department of Human Resources accounts; and
- The remaining 4,091 accounts were spread among other entities including the Office of the Governor, Comptroller, Department of Budget & Management, State Highway Authority, Maryland Transportation Authority, Department of Natural Resources, Department of Agriculture, and Register of Wills.

7. *What is the average age of accounts by category?*

RESPONSE: Debts are referred to CCU after reaching 90 days of delinquency at the referring agency. CCU refers accounts to the Contractor after 6 months of unsuccessful internal collection efforts.

8. *What has been the historical rate of return or liquidation rate provided by any incumbent(s), and/or what is anticipated or expected as a result of this procurement?*

RESPONSE: The incumbent Contractor recovers approximately 2% of accounts referred and receives 6.95 percent commission on recovered monies. In response to this solicitation, CCU seeks a Contractor who can achieve maximum debt recovery by employing effective debt collection techniques demonstrated to have a high probability of success.

9. *Will accounts held by the incumbent or any backlog be moved to any new vendor as a one-time placement at contract start-up?*

RESPONSE: All active accounts will be transferred from the incumbent to the Contractor by the Go-Live Date of the Contract, which is anticipated to be May 1, 2015.

10. *Will CCU consider eliminating the Minimum Qualification requirements regarding volume of accounts and allow the Offeror to demonstrate its ability to handle large volumes of accounts in its technical proposal? Will CCU also consider allowing Offerors to provide industry references in place of government references?*

RESPONSE: CCU has reconsidered and revised the Minimum Qualifications to allow for greater competition among Offerors. Please see RFP F10B5400006 Amendment 1, Items 4 and 5.

11. *Once the Contractor recommends an account for litigation, does the Contractor receive any commission on accounts collected as a result of that litigation?*

RESPONSE: Once an account is referred to litigation, the account returns to CCU. The Contractor's involvement with that account stops when the account returns to CCU, and the Contractor receives no commission on any monies recovered as a result of litigation.

12. *Instead of providing the Monthly Report required in Section 3.2.11.2, may the Contractor give the Contract Monitor 24-hour, 7-days-per-week access to the Contractor's system to review collection notes for every account online?*

RESPONSE: The Contractor may provide the Contract Monitor with access to its online system to review the accounts at will. However, the Contractor must still submit the reports required in Section 3.2.11.

13. *In Section 3.2.3.2, the RFP States the Contractor may propose a credit card processing fee not to exceed 2.5 % as a reimbursement for processing fees, but in Section 3.2.15.4, the RFP states the Contractor's base commission rate plus any incentive commissions achieved will be the sole consideration paid to the Contractor. Is a reimbursement of merchant fees excluded from this statement?*

RESPONSE: The Contractor may not propose a credit card processing fee as part of its proposal because of Maryland statutory restrictions. See RFP F10B5400006 Amendment 1, Item 6. The sole payment to the Contractor for services provided as a result of this procurement will be the Contractor's base commission rate as proposed in its Financial Proposal—Attachment F, plus any incentive commissions achieved, per Section 3.2.15.

14. Has the State identified any Maryland VSBE debt collection vendors?

RESPONSE: The State has no need to identify Maryland-based vendors for this solicitation because a VSBE subcontractor does not need to be located in Maryland to participate in this Contract. To achieve the 0.5% VSBE goal, a Contractor may partner with any Veteran-Owned Small Business Enterprise that can provide subcontracting services within the scope of the Contract and that is verified by the U.S. Department of Veterans Affairs Center for Verification and Evaluation, regardless of the VSBE entity's location.

15. How does a company obtain a license as a collection entity, per the Minimum Qualification in Section 2.1.1?

RESPONSE: Contact the Maryland Department of Labor, Licensing, and Regulation (<http://www.dllr.state.md.us/>) for details on obtaining a Collection Agency License.

16. Are subcontractors required to have the full amount of the defalcation bond referenced in Section 3.2.14?

RESPONSE: No, the Prime is required to cover any subcontractors with its defalcation bond. See Amendment 1, Item 8.

17. What percentage of the debt is attributable to student loan debt and is any of the debt from MVA?

RESPONSE: Thirty four percent of accounts are attributable to school tuition and fees, including some student loan debt. No accounts currently come from MVA, although CCU is expecting to receive toll violation accounts soon. See also the response to Question 6 and Amendment 2, Item 1.

18. What is the source and industry of the anticipated increase in accounts?

RESPONSE: An anticipated increase in accounts will come from toll collections debt. See Amendment 2, Item 1.

19. What is the new collections system CCU is expecting to implement?

RESPONSE: CCU plans to implement FICO Debt Manager 9 as its new debt collection system within the next several years.

20. Why are you limiting the Contract award from this procurement to one vendor?

RESPONSE: CCU is seeking only one Contractor because it does not currently have the technological capacity to manage multiple debt collection vendors.

21. Is CCU interested in legal/litigation support for those accounts referred for litigation?

RESPONSE: No, litigation/legal support services are not part of this procurement.

22. Is CCU interested in selling accounts to generate immediate cash flow versus taking small agency payments over time?

RESPONSE: No, selling accounts is outside the scope of this RFP.

23. How much of the debt in the RFP is related to returned checks as opposed to unpaid bills?

RESPONSE: The majority of debts result from unpaid bills, fines, and fees. Less than 0.08%, or approximately 90 out of over 115,000 accounts have account codes related to bad checks; however, there is no way to accurately determine how many accounts without dedicated codes have had insufficient funds activity. Please also see Section 3.1 for a description of debts and the answer to Question 6 for a break-down of debt types.

24. Are there policies in place that would allow the Contractor to keep an account for longer than 6 months?

RESPONSE: No, there are not policies in place; however, an account may be kept longer on a case by case basis if a compelling reason existed for not returning it after 6 months.

25. If a payment plan has been established for an account that exceeds 6 months, will the account be returned to CCU?

RESPONSE: No, accounts in a payment plan that have been with the Contractor for more than 6 months do not need to be returned. Only accounts that have had no activity for six months would be returned to CCU.

26. Can you provide the percentage of accounts referred that are more than \$100 versus less than \$100?

RESPONSE: Currently, only accounts of more than \$100 are referred to the Contractor.

27. Who is your current credit card processor?

RESPONSE: Bank of America.

28. Is the incentive payment structure referenced in 3.2.15 new to this contract?

RESPONSE: Yes.

29. Is the incentive commission paid on the full amount collected or only on the portion collected within each incentive bracket?

RESPONSE: The incentive commission is paid only on the amount collected within each incentive bracket not to exceed 25% of all monies collected in a single Contract year. For instance, a Contractor would be paid on its base commission rate as proposed in its Financial Proposal—Attachment F for all monies collected up to \$2 million. For dollars collected over \$2 million to \$2.5 million, the Contractor would receive its base commission plus 1.5 percent. For dollars collected over \$2.5 million through \$3.5 million, the Contractor would receive its base commission plus 3 percent, etc. See Amendment 1, Item 9.

30. How much did the incumbent collect for you this year?

RESPONSE: The incumbent collected approximately \$1.2 million in the past year.

31. If a firm conducts an audit similar to the SOC 2 Type II Audit as referenced in Section 3.9, will it meet the requirements of the RFP?

RESPONSE: Section 3.9 requires the Contractor to have an annual audit performed by an independent audit firm. This audit must be performed in accordance with audit guidance: Reporting on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy (SOC 2) as published by the American Institute of Certified Public Accounts (AICPA) and as updated from time to time, or according to the most current audit guidance promulgated by the AICPA or similarly recognized professional organization, as agreed to by the Department to assess the security of outsourced client functions. So long as the audit is done in accordance with guidance promulgated by the AICPA or a similarly recognized professional organization and agreed to by the Department, a comparable audit may meet the requirements of Section 3.9. See also Section 3.9 vii.

32. When the Evaluation Committee evaluates proposals, will the entire proposal be evaluated by each committee member?

RESPONSE: Yes, each Evaluation Committee member reads each proposal in its entirety.

33. Are UPS and FedEx acceptable for proposal delivery?

RESPONSE: Yes, delivery by commercial carrier is acceptable. See Section 4.3.2.

34. Our firm has a sister company that we work with. We share ownership and work closely together. How do we communicate that relationship in our proposal?

RESPONSE: A contractor may team with another entity to offer a proposal. The legal entity offering the proposal must be identified in the transmittal letter (See 4.4.2.3). Contractors may also use subcontractors, which must be identified along with a description of the work to be subcontracted. See Section 4.4.2.13.

35. A subcontractor is a federally-certified minority business. Must it also be a Maryland-certified Minority Business Enterprise for its participation to count towards the MBE participation goal on this contract?

RESPONSE: Yes, MBEs must be certified by the Maryland Department of Transportation as a Minority Business Enterprise at the time the proposal is submitted to count towards the 20% MBE participation goal on this contract. Visit <http://mbe.md.state.md.us/directory/> for a directory of Maryland Department of Transportation MBE-certified firms.

36. Our firm is in the middle of its annual financial audit. Can we submit audits for the previous two years to comply with Section 4.4.2.11?

RESPONSE: Yes, an Offeror should submit its two most recent, completed annual financial audits. An Offeror may be asked to submit its latest annual financial audit as it becomes available.

37. Will every bidder who meets the minimum qualifications be invited to give an oral presentation?

RESPONSE: Offerors who meet the Minimum Qualifications and whose proposals are deemed reasonably susceptible of being selected for award will most likely be invited to Oral Presentations. However, the State reserves the right to make an award without holding discussions with Offerors. See Section 1.16 of the RFP.

38. How does the Evaluation Committee merge technical and financial rankings of Offerors to achieve overall rankings?

RESPONSE: In arriving at overall rankings, technical and financial factors receive equal weight. See Section 5.5.3.

39. Does the Evaluation Committee employ an internal weighting/point system?

RESPONSE: No point system or weighting system is used. However, the technical criteria are evaluated in the order of importance described in Section 5.2.

40. Do you anticipate placing a backlog of accounts with the Contractor before the contract starts?

RESPONSE: There is no existing backlog of accounts, although there may be 18,000-20,000 accounts ready to place by the time the contract starts. Additionally, the Contractor will eventually receive a backlog of toll violation debt from the Maryland Transportation Authority. See Amendment 2, Item. 1.

41. Would a Contractor receive a more favorable evaluation if it maintained a local office at which debtors could make payments?

RESPONSE: There is no preference in this RFP for an Offeror to have a local office at which debtors can make payments. An Offerors' proposal will be evaluated in its entirety in light of the evaluation criteria listed in Section 5.2 of the RFP. See Amendment 1, Item 10.

42. Does CCU have a sample layout file of how it would prefer to upload and download accounts to the Contractor?

RESPONSE: Yes. See the accompanying attachment called "Sample File Layout."

Remember proposals are due on November 20, 2014, no later than 2:00 p.m. If there are questions concerning this solicitation, please contact me via e-mail at rachel.hershey@maryland.gov or call me at (410) 260-7681 as soon as possible.

Date Issued: 10/21/2014

By:
Rachel Hershey
Procurement Officer