

**SUPPLEMENT B
DEPARTMENT OF BUDGET AND MANAGEMENT
ACTION AGENDA**

SERVICES CONTRACT

ITEM: 1-S **Agency Contact:** Anthony Fugett
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DEPARTMENT/PROGRAM: Budget and Management (DBM)
Central Collection Unit (CCU)

CONTRACT ID: F10B9200003;
Statewide Debt Collection Services
ADPICS NO. F10B9200003

CONTRACT DESCRIPTION: Performance of collection services on primary assignments of delinquent debts owed to the State on behalf of the Maryland Department of Budget and Management, Central Collection Unit.

AWARD: NCO Financial Systems, Inc. ("NCO")
Horsham, PA
(Local Office in Pikesville, MD)

TERM: 5/1/2009 – 4/30/2014

AMOUNT: \$1,500,000

PROCUREMENT METHOD: Competitive Sealed Bidding

BIDS OR PROPOSALS: See Attachment

MBE PARTICIPATION: 20% (See Requesting Agency Remarks below)

PERFORMANCE SECURITY: \$250,000 (Defalcation Bond)

INCUMBENT: OSI Collection Services, Inc.
Pikesville, MD

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ITEM: 1-S (Cont.)

REQUESTING AGENCY REMARKS: The Invitation for Bids (IFB) was advertised on the *eMarylandMarketplace.com* and DBM's web site. A *Notice of Availability* and copy of the solicitation was sent directly to 907 prospective vendors (869 via the website *eMarylandMarketplace.com* and 38 via a direct email distribution), 753 of which were Maryland firms and 239 of which were MBEs. The Governor's Office of Minority Affairs and firms from the MDOT MBE directory were notified of this contract opportunity.

Four bids were received in response to the solicitation; all of which were deemed responsive. NCO submitted the lowest 5-year contract percentage commission rate (i.e. bid price) and was determined to be a responsible bidder; accordingly, NCO is recommended for award.

Upon inquiry to non-responding bidders, the Department learned that organizations determined an inability to comply with the Central Collection Unit (CCU) Office requirement which indicated that the collection agency must operate within the 50 states and have at least one collection office located within the State of Maryland or within 100 miles of the CCU office (located at 300 W. Preston Street in Baltimore, Maryland) to serve as the primary office for work performance purposes. The Department further determined that other prospective bidders had reasonable opportunity to respond.

The purpose of this contract is to provide the collection of all delinquent debt, claims and accounts due to the State other than the majority of taxes owed the State, child support, and certain other debts listed by statute. Typical debts are college tuition and fees, a small number of student loans, public assistance and food stamp overpayments, Parole and Probation restitution/Supervisory Fees/Court Cost accounts, reimbursement for damage to State property, bounced checks, reimbursement for care at a State hospital, unpaid workers' compensation insurance premiums, Home Improvement Commission awards and environmental fines.

This contract retains an independent organization to perform collection services on secondary assignments of delinquent debt accounts. Secondary assignments are accounts that have been actively pursued by the CCU for a minimum of six months with no success in locating or otherwise making contact with the debtor. Prior to CCU's attempts to collect on these accounts, the originating agency will usually have also made some attempt to collect the debt. The accounts are finally turned over to the outside collection contractor for what is actually a third attempt at collecting the debt.

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ITEM: 1-S (Cont.)

Under this contract, NCO will be paid 6.95% of amounts collected, whereas under the current contract the incumbent is paid 7.9%. At the rate of 6.95%, the State is estimated to receive approximately \$20 million net collected over the 5-year term.

An overall MBE goal of 20% percent, with no sub-goals, was established for this procurement. NCO's bid submission commits to meet this goal using one woman-owned business.

FUND SOURCE: 100% Special (Debt Collection Fees)

APPROP. CODE: F10A0103

RESIDENT BUSINESS: Yes

MD TAX CLEARANCE: 09-0158-1111

Board of Public Works Action - The above referenced Item was:

APPROVED	DISAPPROVED	DEFERRED	WITHDRAWN
WITH DISCUSSION		WITHOUT DISCUSSION	

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ATTACHMENT

BIDS OR PROPOSALS (Cont.):

<u>Bidders</u>	<u>Bid % *</u>
NCO Financial Systems, Inc. Horsham, PA (Local office Baltimore, MD)	6.95%
National Recovery Agency Harrisburg, PA	7.2%
Davis Diversified Interest, Inc. Denver, CO	7.75%
Progressive Financial Services, Inc. Tempe, AZ	7.9%

* The Financial Bid is based upon the lowest 5-year contract percentage commission rate on recoveries.