



MARYLAND
DEPARTMENT OF
BUDGET & MANAGEMENT

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Deputy Secretary

Q & A #1
to
Invitation for Bids (IFB)
STATEWIDE DEBT COLLECTION SERVICES
PROJECT NO. F10B9200003
December 23, 2008

Ladies and Gentlemen:

The following questions, for the above referenced IFB, were received by e-mail and are answered and posted for all Bidders:

1. **Question:** Is there a deadline for questions?

Answer: There is no specific deadline for questions, however the Procurement Officer will, based on the availability of time to research and communicate an answer, decide whether an answer can be provided before the bid due date. However, the State will revise the Bids Due (Closing) Date in Section 1.8 of the IFB to Thursday, January 22, 2009. See Amendment #1, items #1 and 3.

2. **Question:** Why is the contract out to bid at this time?

Answer: The current contract expires on April 30, 2009 and the contract resulting from the IFB will allow services to continue after that point.

3. **Question:** Are there any renewal options to the contract?

Answer: There are no renewal options for the contract; the intended duration is a single, five-year term. Please see the IFB, Section 1.4.

4. **Question:** When is the anticipated contract start date?

Answer: The anticipated start date of the contract is May 1, 2009. Please see the IFB Section 1.4 and the IFB Attachment A, paragraph 3.

5. **Question:** Who are the incumbents?

Answer: The incumbent's former company name is OSI Collection Services Inc. The company's name changed in June 2008 to NCO Financial Systems.

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6. **Question:** What collection attempts are performed or will be performed internally prior to placement?

Answer: Debts are normally referred to an outside collection agency after six months of unsuccessful collection efforts by CCU. The collection process varies depending on the amount of the account. Notices are sent out at the time the referral is made and entered into CCU system. We also send out a second and third notice on current referrals. The amount of the debt will then decide what steps are taken within the next 6 months.

7. **Question:** Attachment A – Contract, page 29, Section 29. Liquidated Damages: “...the language interpretation services as specified in the RFP Section 2 ...” Question: We do not see any mention of language interpretation services in section 2 of the IFB. Should Section 29 read “the statewide debt collection services as specified in the IFB Section 3, “Scope of Services” ...?”

Answer: The State will remove the Liquidated Damages clause in the Contract, Attachment A, page 29, Section 29. See Amendment #1, item #8.

8. **Question:** Attachment E – Requirements & Qualifications Documentation: several of the numbered items indicate “Acknowledge understanding of the State’s policy/requirements.” In each case, is the State simply seeking a statement something like, “[BIDDER NAME] understands and agrees to the State’s policy/statement for [TOPIC] as set forth in Section X.XX”? Or are you also looking for a written description of the Bidder’s capabilities related to each topic where it says “Acknowledge understanding of the State’s policy/requirements”?

Answer: In each case, the State is seeking a statement of acknowledgement that the Bidder understands and agrees to the State’s policy/requirements for [TOPIC] as set forth in stated sections of the IFB.

9. **Question:** Are bidders required to complete and sign Attachment L – Living Wage Requirements and Affidavit and submit with their bid? (Section 4.2.4 on page 18 does not list Attachment L as one of the forms to be submitted with the bid. However, page 19 says, “This must be submitted with the bid.”) Please clarify.

Answer: Yes, bidders are required to complete, sign and submit Attachment L – Living Wage Affidavit of Agreement with their bid. See Amendment #1, item #7.

10. **Question:** We have found that debt collection contracts awarded based solely on price may actually reduce a client’s net return. Since a collection agency must bid as low as possible to win, it likely will need to reduce its costs in order to operate at a profit. While we fully intend to comply with the State’s specified minimum work standards, a slightly higher price would allow the contractor to apply more resources to collect referred accounts (i.e., sending additional collection notices and make additional calls), thereby achieving higher collection results and resulting in higher net return for the State. Would the State consider including other factors in its evaluation, beyond basing this procurement on price alone? Other evaluation factors to consider might include experience, client references, success rate on similar contracts, quality control, data security, disaster

recovery / business continuity, and value-added service offerings that could help the State increase its recoveries.

Answer: The State declines to include other factors in its evaluation. The fundamental basis of selecting a contractor in an Invitation for Bids (IFB) is always price. Other factors may be considered in a Competitive Sealed Proposal (CSP) only and this procurement is not a CSP. The qualifications, prerequisites and standards for a responsive and responsible bid are intended to ensure a minimum and mandatory quality level for the contractor to achieve and maintain.

11. **Question:** Form D-2 – MBE Participation Schedule – Is it permissible for a bidder to list a “back up” MBE subcontractor, in addition to a MBE to which we plan to commit 20% of the contract dollar amount?

Answer: No. A bidder must predetermine the MBE participation and so reflect on the Form D-2. Once submitted, the D-2 participation level is a commitment for the duration of the contract. The only means to change the participation plan after award is reflected in COMAR 21.11.03.12, Amendment for Unforeseen Circumstances. The COMAR cite provides in part, “Desired changes occurring after the date of contract execution may occur only upon written approval by the agency head and subsequently by contract amendment.”

12. **Question:** If we list multiple MBEs on the form, are we required to use all of them for the full length of the contract?

Answer: Yes. If multiple MBEs are listed on the form, you are required to use them for the full length of the contract.

13. **Question:** Form D-2 – MBE Participation Schedule – Can bidders propose a range for the “Percentage of Total Contract” for each MBE that we list? Example: Our primary MBE commitment (subcontractor name) will be for 10 – 20% of contract value and our secondary MBE commitment (subcontractor name) will be for 0 – 10% of contract value. Our total MBE commitment will be a minimum 20% of contract value.

Answer: No. It is not permissible for Bidders to propose a range for the percentage of total contract. Bidders must identify a concrete percent for each MBE proposed to fulfill the goal. Submission of a range on the D-2 represents potential grounds for bid disqualification as not responsive.

14. **Question:** Attachment A – Contract – Section 7.2 on page 23 – Would the State consider adding the word “reasonable” in front of “attorney fees” so that the sentence reads: “If a third party claims that a product infringes that party’s patent, trademark, service mark, trade secret, or copyright, the Contractor will defend that State against that claim at Contractor’s expense and will pay all damages, costs and reasonable attorney fees ...”

Answer: No.

15. **Question:** Attachment A – Contract – Section 29. Liquidated Damages – what amount are the liquidated damages?

Answer: See the response to Question #7.

16. **Question:** Attachment M – Non-Disclosure Agreement – Would the State consider adding an exception in the event that disclosure is required by court order, subpoena, or other regulatory authority?

Answer: The State agrees to include an exception in the event that the Disclosure is required by court order or subpoena. See Amendment #1, item #10.

17. **Question:** Attachment M – Non-Disclosure Agreement – Section 2 says: “Each individual whose name appears on Exhibit A shall execute a copy of the Agreement ...” However, Section 9 says: “Contractor and each of the Contractor’s Personnel who receive or have access to any Confidential Information shall execute a copy of an agreement *substantially similar* to this Agreement ...” Which is allowable?

Answer: The State will remove Section 10 (formerly Section 9) of the Non-Disclosure Agreement. See Amendment #1, item #10.

18. **Question:** Attachment M – Non-Disclosure Agreement – Would the State consider adding the following language to #6: “It is understood that information in an intangible or electronic format can not be removed, erased or otherwise deleted from archival systems (also known as "computer or system back-ups") but that such information will continue to be protected under the confidentiality requirements contained in this Agreement. Notwithstanding anything to the contrary contained herein, Contractor may retain an archival copy of any document for its permanent records to the extent required by applicable law or regulation or the Contractor's document retention policy. The rights and obligations of the parties under this Agreement will survive any return, destruction or retention of Confidential Information.”

Answer: The State will remove Section 7 (formerly Section 6) of the Non-Disclosure Agreement, however the clause will be modified and added to Section 24 of the Contract (Attachment A). See Amendment #1, items #9 and 10.

19. **Question:** Is an office required to be in place before the award or can it be after the award and before the contract begins?

Answer: The successful Bidder’s collection office must be in place after approval of the award by the Board of Public Works and available immediately upon receipt of a Notice to Proceed. See Amendment #1, item #2.

20. **Question:** Who is the current vendor?

Answer: See the response to Question #5.

21. **Question:** How long has the current contract been in place?

Answer: The current contract was approved for three years (commencing on May 1, 2004 through April 30, 2007) with 2 one-year renewal options (Year 1 commencing

May 1, 2007 through April 30, 2008 and Year 2 commencing May 1, 2008 through April 30, 2009).

22. **Question:** Is the MBE required amount included in the 7.9% paid the current vendor for amounts collected?

Answer: Yes.

23. **Question:** Are the debts from the colleges and the community colleges considered in the retail/individual debt category?

Answer: Yes, if the debtor was an individual, however certain debts may also be from business entities.

24. **Question:** The bid reads to calculate 5 year contract percentage rate. We offer a fixed fee concept. However we can also calculate percentage. Can we propose it both ways?

Answer: No. Submitting a bid using a fixed fee concept is interpreted as the submission of an alternate bid. Submission of a five-year contract percentage rate on the Bid Form (Attachment F) is required. Please see the IFB, Section 1.16.

25. **Question:** How many employees does the current contractor employ for this engagement?

Answer: The current contractor employs approximately 11 collectors, 1 clerical and 1 payment processor.

26. **Question:** Does the State of Maryland provide office space for certain collection points, for use by the contractor, throughout the State?

Answer: The State of Maryland does not provide office space for use by the contractor.

27. **Question:** (1.7 Questions, Page 3&4); Will the State also post answers to all vendor questions online?

Answer: Yes. Answers to all questions received will be distributed to all vendors known to have received a copy of the IFB. Distribution will occur via eMaryland Marketplace, the DBM website and direct email distribution from the Procurement Officer. This includes the receipt of contact information from individuals via email to the Procurement Officer and the Pre-Bid Conference attendees.

28. **Question:** (1.8 Bids Due, Page 4); Considering the number of holidays between the issue date of the IFB and the due date of vendors' proposals would the state consider an extension of 30 days for proposal submission?

Answer: The State will revise the Bids Due (Closing) Date in Section 1.8 of the IFB to Thursday, January 22, 2009. See Amendment #1, items #1 and 3.

29. **Question:** (3.1 Background Information, Page 14); Will the CCU refer “backlog” debt that the previous vendor was unsuccessful in collecting as well as ongoing new referrals to the winning vendor? If yes, would you please provide the total number of these cases, average dollar value and average age?

Answer: Initially, the State would begin issuing those accounts over 6 months with no collections. During the contract duration the State will decide if prior accounts that were not collected (by CCU or the previous contractors) will be sent to the new contractor.

30. **Question:** (3.1 Background Information, Page 14); Who is the current/incumbent vendor, and for how long has the CCU been under contract with this vendor?

Answer: See the responses to Questions #2, 5 and 21.

31. **Question:** Would the state be agreeable to amending the solicitation so that a vendor that is having its financial statements audited for the first time in 2008 (with the audit available early in 2009) can be considered responsible?

Answer: No.

32. **Question:** Regarding item 2.2 in the RFP, please confirm that a bidder can use the personal experience of its principals to make up part of the requirement for a bidder to have 3 years of experience. For example, if a bidder has been in business 2 years but the owner has been in the industry for much longer, can this bidder be deemed responsible?

Answer: Yes.

33. **Question:** We don't have audited financial statements for the last two years. Is this required up front (i.e., will not having these automatically disqualify us)?

Answer: Yes, audited financial statements are required at the time of bid submission. As the State will award the contract to the responsive and responsible bidder submitting the most favorable bid price, which is the lowest percentage commission rate on the Bid Form (Attachment F), the fundamental basis of selecting a contractor in an Invitation for Bids (IFB) is always price. Thus, the qualifications, prerequisites and standards for a responsive and responsible bid set forth in the IFB are intended to ensure a minimum and mandatory quality level for the contractor to achieve and maintain.

Should you require clarification of the information provided, please contact me at (410) 260-7374 as soon as possible.

Date Issued: **December 23, 2008**

By: Andrea R. Lockett
<signed>
Procurement Officer