

Supplement B
Department Of Budget And Management
ACTION AGENDA
June 3, 2015

SERVICES CONTRACT

ITEM: 2-S **Agency Contact:** Jesse Lawyer
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DEPARTMENT/PROGRAM: Budget and Management
Central Collection Unit CCU

CONTRACT ID: CCU Statewide Debt Collection Services
ADPICS # F10B5400006

CONTRACT DESCRIPTION: Debt 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: Harris Harris, Ltd.
Chicago, IL
Local Office in Baltimore, MD

TERM: 7/1/2015 - 6/30/2018 w/2 one-year renewal options

AMOUNT: \$3,292,158 NTE 3 Years; Base Contract
\$1,097,386 NTE 1 Year; Renewal Option #1
\$1,097,386 NTE 1 Year; Renewal Option #2
\$5,486,930 Total NTE 5 Years

PROCUREMENT METHOD: Competitive Sealed Proposals

PROPOSALS: See page 8B

MBE PARTICIPATION: 20% See Requesting Agency Remarks

PERFORMANCE SECURITY: None

INCUMBENT: Transworld Systems Inc.
Horsham, PA

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ITEM: 2-S Cont.

REQUESTING AGENCY REMARKS: A notice of the availability of the Request for Proposals RFP was advertised on *eMaryland Marketplace* and posted on DBM's website and bid board. Copies of the solicitation notice were sent directly to 16 prospective vendors, five of which are Maryland firms and included five MBEs.

Nine proposals were received in response to the RFP. Three proposals were deemed to be not reasonably susceptible of being selected for award and the financial proposals were returned unopened to the three offerors. Of the six proposals that were deemed to be reasonably susceptible of being selected for award, Harris Harris, Ltd. was ranked overall #1 with the second highest ranked technical offer and the second lowest financial offer. The merits of Harris

Harris's technical proposal to include asset recovery research, legal lettering campaign, and a Baltimore payment office outweighed the 7.6% or \$102,350 difference in the financial proposals between Harris Harris and the lowest priced offeror that was ranked fifth technically. The technical advantages of the #1 ranked technical offeror did not outweigh the price difference between its proposal and Harris Harris's lower-priced proposal. Therefore, award is recommended the Harris Harris, Ltd. as having the most advantageous offer for the State.

This contract will provide for the collection of all delinquent debt, claims and accounts due to the State other than 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. New to this contract is compensation for the collection of a new type of toll violation debt, which CCU will be required to collect. CCU is expected to receive an estimated backlog of 750,000 to 800,000 toll debts and an ongoing monthly volume of 50,000 to 60,000 toll debts, which would be referred to the Contractor after six months of CCU's internal collection efforts.

Based upon CCU's projected recovery rates for the Contract, the State is estimated to receive approximately \$26.8 million in gross collections for non-toll and toll debt over the three-year base contract term. The *Award Amount* is a not-to-exceed amount and reflects what the Contractor could earn based on the projected recovery rates. The pricing model used for the financial proposal reflects the Contractor's weighted price based on historical recovery rates.

A 20% MBE participation goal and a 0.5% VSBE participation goal were established for this contract based upon the determination that subcontracting opportunities were feasible but limited.

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ITEM: 2-S Cont.

Additional funding will be provided if this contract is successful in collecting the delinquent debts at the rate of recovery estimated by the recommended awardee.

FUND SOURCE: 100% Special Debt Collection Fees

APPROP. CODE: F10A0103

RESIDENT BUSINESS: Yes

MD TAX CLEARANCE: 15-0445-0001

Board of Public Works Action - This Item was:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION