Department of Administration / Division of Purchases
One Capitol Hill, Providence, Rhode Island 02908-5855
Web Site: www.purchasing.ri.gov

27 April 2012

Addendum # 5

RFP # 7449583

Title: Debt Collection Services (MPA # 238)

Submission Deadline: 9 May 2012 @ 11:00 AM (Eastern Time)

- Twenty-One vendor questions / State responses are posted for review. No further questions shall be entertained.
- Interested parties are reminded to peruse this website, on a regular basis, for any additional information that may be posted relating to this procurement initiative.

Jerome D. Moynihan, C.P.M., CPPO
Assistant Director for Special Projects

1. Will there be a backlog of accounts placed?

The State does not anticipate a significant backlog of accounts to be placed.

2. How many accounts per month will be placed?

The State will not make projections on future placements. Please use the historical table provided in the RFP and other information provided as a guide.

3. What is the liquidation success rate of your current agencies for 2010 and 2011?

The average liquidation rate for higher education ranges between 10 and 15%. The other receivable types vary.

4. What dollars were paid to your incumbents in 2010 and 2011?

The 2010 number is not currently available. However, the State had approximately $700k in gross collections from firms in 2011.

5. Have you issued an addendum? I did not locate one on your website.

Yes. There are multiple addendums posted on the website.

6. *Complete all **billing**, necessary research, debtor locating and debtor contract in order to collect current accounts receivable.*

Please define "billing". Is this referring to collection notices?

Yes.

7. The vendor shall provide a toll-free telephone number for debtor return telephone calls.

   Is the vendor required to provide a dedicated toll-free number?

No

8. Vendor shall be responsible for ensuring that the account balances are **updated** so as to

reflect the amounts actually past due. Vendor shall exercise special care to ensure that the

entire delinquent amount is included in any court judgment obtained or has been paid

before informing the borrower that the debt has been paid in full.

Is the vendor provided with regular updates to accounts previously placed for collections? If not, by what method is the vendor to obtain current account balance?

Yes

9. Vendors are permitted to enter into **payment agreements** with the debtor only upon

agreement by the Agency or University / College.

Does the vendor need to obtain approval for every payment arrangement (i.e. monthly payments) when negotiating payment on an account or will there be payment arrangement parameters provided for the vendor?

Or, does this requirement refer to settlement agreements?

This depends on the agency. However, payment agreements are generally up to the vendor and settlement agreements need to be approved.

10. The State of Rhode Island places reliance upon the expertise, experience, ability and capability of a qualified vendor. In response to this RFP, a qualified vendor shall present **evidence** of its professional competence, training, and any other relevant documentation.

What specific evidence is desired to meet this requirement? Is the State looking for specific documentation?

Yes, however the documentation may be a write up or summarization of existing policy. For example, is there training that the firm's collectors have to undergo before contacting debtors. If so, please explain the training and the process in the response.

11. Proprietary operating software utilized by the vendor is to be furnished at no charge to the State.

Please define "furnished". Reliant does provide web access to our collection software for all clients at no charge. Will this provision satisfy the requirement or will the State require collection software to be installed on its system?

Web access will satisfy this requirement.

12. Is an agency able to subcontract to another outside agency to work the accounts not pertaining to higher education?

    Yes. However, the sub contractor will need to be identified in the bid and the agency that placed the debt must be in agreement.

13. Is this contract considered to be over the $750,000 contract requirement? Does that requirement refer to the revenue or just simply the portfolio size?

    This requirement is only applicable on public works projects.

14. What is the State of Rhode Island law citation that authorizes the contingency fee rate to be paid to a private collection agency? Is the contingency fee paid an add-on? Will the State of Rhode Island add-on the contingency fee rate/monies before assigning the account to the contractor? Or will the contractor add on the rate/monies after the account is assigned? Does the contractor retain and deduct the cost of collection for each payment received from the debtor then remit the remaining monies to the State of Rhode Island? Or does the contractor remit all monies collected to the State then invoice the State for payment of contingency fees? Or is the debtor directed to submit all payments directly to the State? Or is the contingency fee paid based on monies collected?

    Please refer to item 20 and 21 in the RFP that addresses this question(s).

15. Please provide the name of the current contractor(s) that provide debt collection services for this current contract? What are the names of the former approved contractors on the State of Rhode Island contract? What are the contingency fee rates charged by the current/former contractor(s)? How many accounts/dollars have been assigned to the current/former contractor(s) program to date? How many dollars have been collected by the current/former contractor(s) program to date? What is the overall liquidation/recovery rate by the current/former contractor(s) program to date? Please provide a copy of the last annual year-to-date performance report provided by the current/former contractor(s)? What was the total contingency fee monies paid to the current/former contractors for year 2011? Year 2010?

    Please see the addendums as most of the questions have been answered including a link to the current MPA.

16. please provide a breakdown for the **TYPES** of accounts and dollars assigned to the current/former contractors for year 2011? How many accounts/dollars were added for year 2011? Added for year 2010? How many accounts and dollar remain unpaid? What is the breakdown for the number of accounts/dollars for the following:$300 or less?

    - $301 to $1,000?
    - $1,001 to $5,000?
    - $5,001 to $10,000?
    - $10,001 or greater?

    What is the breakdown by age for the number of accounts/dollars for the following:

    1. 1 year or less?
    2. Greater than 1 year to 3 years?
    3. Greater than 3 years to 5 years?
    4. Greater than 5 years?
    5. How many accounts/dollars are within 1 year of the statute of limitations expiring?

    What is the breakdown by address for the number of accounts/dollars for the following:

1. How many accounts/dollars have a State of Rhode Island address?
2. How many accounts/dollars have an address outside the State of Rhode Island but within the United States?
3. How many accounts/dollars have a Canadian address?
4. How many accounts/dollars have an Indian Reservation address?
5. How many accounts/dollars have no address?

What is the breakdown by judgment status for the number of accounts/dollars for the following:

How many of the accounts/dollars for the backlog have a judgment?
The data requested does not exist at an aggregate level. Please use the average balances/number of accounts provided in the RFP and other figures provided in addendums as a guide.

17. On what day of the delinquency will the accounts be assigned to a collection agency for accounts that become delinquent under the new contract?

The average for higher education is two years the other receivable types vary.

18. What are the names of the State departments/agencies that can opt into the contract? Can the Judiciary assign their unpaid court ordered fees and fines? If so how many accounts/dollars remain unpaid? Can the Traffic Tribunal (Violations Bureau) submit their unpaid accounts? If so how many accounts/dollars remain unpaid?

    All State agencies and municipalities are able to utilize the MPA. A directory of all may be found at http://www.info.ri.gov/. The data requested on the courts is not available

19. Will the State allow a collection agency to subcontract with a law-firm to use civil legal remedies to enforce collections via writs of execution for bank levy, liens on real property, debtor examinations or any other legal remedies?

    Yes. However, the sub contractor will need to be identified in the bid and the agency that placed the debt must be in agreement.

20. *"Will the State of Rhode Island allow amending language" because: "Bonds held by agencies in the collection industry are surety bonds in place for trust accounts. These surety bonds are held to satisfy State regulatory requirements. In the State of Rhode Island the statutory requirement is for a bond of $5,000. AIC has had a continuous bond in place since October 30, 2007. AIC has a Commercial General Liability Policy in place. AIC has $11M per occurrence under our umbrella policy. Within this umbrella AIC has crime insurance which includes employee fidelity coverage and client coverage. The limit for this is $10M. This also includes professional liability with a $5M limit? Since AIC has previously met the State of Rhode Island's requirements and posted the surety bonds.....why require additional insurance related costs to the contractor?"*

21. Does the State of Rhode Island Procurement Policy include a provision to limit contractor bidding that would result in what is called a "loss leader?" If so, how does the State of Rhode Island enforce this provision? Does the State have a method/calculation to determine if a contractor has submitted an unrealistic bid rate that would result in a "loss leader" and violate the law? The problem stems from certain collection agencies/law firms that routinely submit low bids that are actually "loss leaders" and create an unfair business practice/expectation. Will the State disqualify a "low bidder" during the bid response/evaluation period and post the disqualification during the evaluation process? As an example California law titled: "**California Public Contract Code Section 10302" requires:**

    " (a) Except in cases of emergency where immediate purchase of goods without bid is necessary for the protection of the public health, welfare, or safety, whenever the department contracts for goods in excess of twenty-five thousand dollars ($25,000), or a higher amount as established by the director, the department shall advertise in the California State Contracts Register the availability of its solicitation, and interested suppliers, upon request, shall be furnished with copies of the solicitation. In addition to advertising in the California State Contracts Register, the department shall post in a public place a copy of the solicitation, which shall remain posted until seven days after an award has been made. Whenever a contract in excess of twenty-five thousand dollars($25,000), or a higher amount as established by the director, is made pursuant to this section or Section 10301 without the taking of bids, the department shall prepare a written document stating the fact of the contract together with the facts requiring the contract of the goods without the taking of bids. This document shall be maintained by the department and shall be available as a public record.

(b) (1) Every solicitation shall contain the following statement: "It is unlawful for any person engaged in business within this state to sell or use any article or product as a "loss leader" as defined in Section 17030 of the Business and Professions Code." (2) On and after March 31, 2010, and until December 31, 2011, if a solicitation does not contain the statement required by paragraph (1), the awarding agency shall report this error to the department within 30 days of the date the awarding agency discovers this error. (3) The department shall post in the State Contracting Manual instructions for including the statement required by paragraph (1) in all affected contracts (4) The statement required by paragraph (1) shall be deemed to be part of a solicitation even if the statement is inadvertently omitted from the solicitation."

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