

EXHIBIT 1



CITY OF PHILADELPHIA

REQUEST FOR INFORMATION

Accounts Receivable Management & Collections

**Issued by:
The Office of the Chief Revenue Collections Officer
August 7, 2013**

**Submission Date / Time:
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Submission Contact Information:

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**REQUEST FOR INFORMATION (RFI):
ACCOUNTS RECEIVABLE MANAGEMENT & COLLECTIONS**

SECTION 1 – INTRODUCTION

1.1 GENERAL INVITATION

The City of Philadelphia (City) acting through the Office of the Chief Revenue Collections Officer (RCO) seeks responses to this RFI regarding the management and collections of tax and non-tax accounts receivable from individuals, firms, and entities involved in the collections marketplace.

The City's immediate goals are to:

- **Maximize collection of revenue due to the City & School District, and**
- **Prevent or minimize future delinquency.**

The purpose of this RFI is to gather information detailing best practices used by experts in the debt collection industry, as well as solicit new ideas as to how the City of Philadelphia can refine its strategies, policies and practices in debt collection and delinquency prevention. It is the intent of the City to gather information on policies and procedures, as well as the best and innovative methods and technologies from companies and experts working in the collections marketplace. To that end, the City is seeking information in the areas outlined in *Section 2 – Subject Matter Areas of Interest*.

1.2 CURRENT ENVIRONMENT

The subject of this inquiry is three main categories of revenue:

- **Taxes** – There are 15+ local taxes, the largest of which are Wage, Business and Real Estate.
- **Non-Tax Fees and Fines** – Fees and fines for a broad array of services and violations, including property code violations, emergency medical services (EMS) fees, and police overtime reimbursement.
- **Water** – The City owns and operates a water and sewer utility.

At present, there are over \$600 million outstanding from these three sources. The Department of Revenue has responsibility for tax administration, billing and collections, as well as billing and collections for water and several fees and fines. Responsibility for billing and collections of most non-tax fees and fines is distributed among various operating departments that create the initial receivable and the Office of Administrative Review, which adjudicates administrative cases. For a listing of major revenue streams and outstanding balances, please see Appendix A. A complete listing of all revenue sources can be found at <http://finance.phila.gov/scr/index.htm>.

While no one likes paying taxes or fees and fines, these funds are essential to support important community services, like public safety, a clean environment and quality public schools. Failure to collect all funds owed to the City jeopardizes much needed services and increases the financial burden on compliant taxpayers and residents.

The City has historically struggled to collect on delinquent bills for a variety of reasons, including:

- Inefficient and inconsistent management, policies, and practices across multiple departments with collection responsibilities;
- Lack of appropriate technology and staff support;
- Inadequate or underutilized legislative authority for enforcement measures; and
- Decades of declining population and relatively high poverty.

Insufficient enforcement has created the inaccurate sense that paying the City is optional in many cases, and fosters distrust and distaste among those that do pay. In the context of declining funding from other levels of government and resistance to increasing local tax rates, the City is seeking new approaches to collect outstanding balances, as well as to reduce expenses. To this end, the City commissioned a study to make broad recommendations about revenue collection improvements and cost reduction. The report can be found here: <http://www.phila.gov/pdfs/2013-PhilaFindingsReport-Findings.pdf>.

1.3 ABOUT THE OFFICE OF THE CHIEF REVENUE COLLECTIONS OFFICER (RCO)

The City aims to create a culture of full compliance and on-time, accurate payments of obligations to the City. Philadelphia needs a rational, fair, and understandable system for billing and collections.

The Office of the Chief Revenue Collections Officer was created in April 2013 by Mayor Michael A. Nutter to ensure that the City of Philadelphia has the necessary policies and procedures in place to maximize tax and non-tax revenue collections. The RCO is charged with identifying and implementing changes to increase on-time and delinquent collections. The RCO is charged with coordinating the current collections activities of City agencies responsible for billing and collecting funds due to the City, as well as transforming Philadelphia into a model for efficient and effective government revenue collection. For an overview of key agencies engaged in billing and collections, see Appendix B.

1.4 OBJECTIVE OF THE RFI

The RFI is **NOT** intended to qualify possible vendors for a Request for Proposals (RFP) process, but to solicit public, private and academic input into how Philadelphia can foster an efficient, effective, and equitable system of billing and collections. The purpose of this RFI is to gather information that may assist the City in assessing opportunities, improving performance and considering/implementing innovative and/or proven methodologies for debtor compliance. The City seeks your best thinking on:

- Collection strategies and procedures.
- Evaluation of the current debt portfolio to determine collectability.
- Needed resources to implement an effective, efficient and equitable billing and collections system (ex. technology, data, staff, and legislation).

The RCO also seeks to understand how practitioners in this field would structure a comprehensive and holistic collection and receivables management framework that is transformative in nature. The current collection and funds management efforts are the result of discrete legislative or executive actions that have taken place over a number of decades and haven't been analyzed or addressed as part of an integrated and more efficient administrative or financial whole. Examples of concerns include: governance and decision-making, consistent policies, deployment and/or use of ever-changing technology, strategic use of third party vendors, accuracy of information from origination to collection or write-off, consolidation and use of taxpayer information from disparate sources, and coordination of special purpose technologies. Also of concern is the cost of change.

The findings from this RFI may inform policy and procurement decisions in the future. It is expected that the City may seek to issue contracts for consulting and technology related to debt collection. By issuing this RFI, the City, however, is not committed to a particular course of action.

1.5 DISCLAIMER

Responses to this RFI become the exclusive property of the City. All documents submitted in response to this RFI may be regarded as public records and may be subject to disclosure. This RFI is issued exclusively for information and planning purposes and does not constitute a solicitation. No material submitted as part of this RFI will be returned, and respondents are solely responsible for all expenses associated with responding to this RFI.

This RFI will not result directly in a contract to provide any specific services to the City. A firm's response – or lack of response – to this RFI will not provide that firm with any advantage or disadvantage if there is a solicitation for services or software related to the this subject matter in the future and will not preclude any firm which does not respond to this RFI from submitting a response to a future solicitation. The City is not obligated to conduct subsequent discussions with any Respondent to this RFI, and reserves the right to conduct discussions regarding its subject matter with firms that do not respond to this RFI.

1.6 STRUCTURE OF RESPONSES

In response to this RFI, you are invited to provide the following for each of the below topic areas. It is not necessary to provide responses for all topic areas in order to submit a response under this RFI. Please note that the City is not asking for a proposal or statement of work. Respondents are welcome to include additional information you believe to be relevant to the subject matter of the RFI.

Please include an Organizational Overview which includes:

- The nature, history, and relevant experience of the Respondent.
- The reasons for responding to this RFI.
- Brief descriptions of current or past client engagements relevant to this RFI.

For each subject matter area of interest, please consider:

- Your current thinking on key elements of and barriers to success;
- How and when the City's any recommended changes to collections and receivables management could reasonably be implemented;
- Your interest in and capacity to support the City's collections processes;
- The requirements on the part of the City to ensure successful implementation of improved collection practices, including technology, data, staffing, business processes, and legislation;
- Examples of how recommended approaches have been utilized in other jurisdictions.
- Estimates of the expenses to implement and maintain operations for the recommended solutions (??), how to maximize the return on the City's investment.

Firms may be asked to provide clarification on the material provided to the City or to present information to representatives of the City. Respondents should provide the following contact information along with any materials submitted.

- Name, street address, mailing address if different, email address, and telephone numbers of the Respondent.
- **A record of success:** Years providing relevant services; number of years and customers specifically engaged in similar projects; a list of government or public sector clients the firm has assisted with similar projects and the type of software or service provided, including whether the firm was in a lead or supporting role. Firms are requested to provide three references that are current customers or were customers within the last 5 years, preferably from owners of projects that are comparable in size, complexity and scope of work that may be contemplated for the City of Philadelphia. Reference information to include: State/local government; point of contact name; point of contact title; phone number; email address; number of years as a customer.

Responses are acceptable in electronic format only (email attachment, CD, flash drive). Responses in electronic format can be emailed to marisa.waxman@phila.gov, or mailed to:

**Marisa Goren Waxman
Deputy Chief Revenue & Collections Officer
1401 John F. Kennedy Boulevard, Room 1310
Philadelphia, PA 19102**

SECTION 2 – SUBJECT MATTER AREAS OF INTEREST

2.1 BILLING & COLLECTION ORGANIZATIONAL STRUCTURE

- 2.1.1 Should billing and bill presentment be done by individual operating departments or be centralized and why? What factors are essential to the success of the preferred approach?
- 2.1.2 Should collections activities be done by individual operating departments or be centralized and why? What factors are essential to the success of the preferred approach?
- 2.1.3 Given that departments currently have distinct information technology systems, how would you propose coordination of billing, payment processing, and collection functions?
- 2.1.4 Specialized technologies present opportunities for departments not only to bill but to capture information that also informs effective and efficient operations. How is this dual capability best handled?

2.2 RECEIVABLES VALUATION

- 2.2.1 How could Philadelphia determine the likely net present value of its unpaid receivables?
- 2.2.2 What methodologies should be employed to determine the collectability of individual debts, tax and non-tax?
- 2.2.3 What skills and resources are needed to maintain up-to-date, timely estimates of collectability?

2.3 PHILOSOPHY ON COLLECTIONS

- 2.3.1 How can the City best balance the need for collections with social or economic development objectives (home ownership, small business activity, etc.)? How does approach differ by type of debtor (home-owner, business owner....)?
- 2.3.2 Should payment plans be offered and how should they be designed?
- 2.3.3 How much flexibility should there be on settling debts for less than the amount due? Should those determinations be set by formula, case-by-case analysis or some other method?

2.4 COLLECTION PRACTICES – PREVENTION

- 2.4.1 What could the City do to encourage or incentivize more on-time payments?
- 2.4.2 What practices on the part of the City discourage on-time payments?

2.5 COLLECTION PRACTICES – DETERMINING ENFORCEMENT PATH

- 2.5.1 How should the City determine what enforcement action to take?
- 2.5.2 What enforcement tools should the City have in place for each debt type listed in Appendix A?

2.6 COLLECTION PRACTICES – INTERNAL COLLECTION ACTIVITIES

- 2.6.1 Provide recommendations and examples of the most effective collection efforts and tools for various types of debt, including communications methods, content and frequency; effective motivators, such as reporting to credit bureaus, penalties and litigation; debtor identification and location; and payment channels and instruments.
- 2.6.2 What practices have been proven ineffective and should be avoided by the City of Philadelphia?
- 2.6.3 What is the appropriate timeline for internal collection activities?

2.7 COLLECTION PRACTICES – OUTSIDE COLLECTION AGENCIES/OUTSIDE COUNSEL

- 2.7.1 What role should collection agencies play in the enforcement process?
- 2.7.2 Describe best practices for the distribution of debt among internal City collection staff and outside agencies/counsel?
- 2.7.3 Provide recommendations on how to evaluate the performance of outside collection agencies/counsel?
- 2.7.4 How can relationships with collection agencies be structured to maximize net revenues (collections – collection fees)?

2.8 COLLECTION PRACTICES – FORECLOSURE

- 2.8.1 How can the City increase the number of delinquent properties foreclosed upon?
- 2.8.2 How can the City increase the number of payments from properties scheduled to go to Sheriff Sale before the date of the sale?

2.9 INFORMATION ENHANCEMENTS

- 2.9.1 What systems or technology does the City need to determine the collectability of debts?
- 2.9.2 What systems or technology does the City need to facilitate enforcement actions?
- 2.9.3 How can the City connect debts originating from different departments to a single debtor when no common unique identifier exists?

2.10 CASH MANAGEMENT

- 2.10.1 What are recommended practices for accurate control and timely processing of remittances?
- 2.10.2 How might the City best reduce the number of bounced checks?
- 2.10.3 What are best practice norms for timely payment processing and exception reporting and resolution?

2.11 ADDITIONAL INFORMATION

- 2.11.1 Please describe any other innovative or effective techniques or technologies used to improve collections.

SECTION 3 - RIGHTS AND OPTIONS RESERVED

In addition to the rights reserved elsewhere in this RFI, the City reserves and may, in its sole discretion, exercise any one or more of the following rights and options with respect to this RFI if the City determines that doing so is in the best interest of the City:

1. to decline to consider any response to this RFI (Response); to cancel the RFI at any time; to elect to proceed or not to proceed with discussions or presentations regarding its subject matter with any Respondent and with firms that do not respond to the RFI; or to reissue the RFI or to issue a new RFI (with the same, similar or different terms);
2. to waive, for any Response, any defect, deficiency or failure to comply with the RFI if, in the City's sole judgment, such defect is not material to the Response;
3. to extend the Submission Date/Time and/or to supplement, amend, substitute or otherwise modify the RFI at any time prior to the Submission Date/Time, by posting notice thereof on the City web page(s) where the RFI is posted;
4. to require, permit or reject amendments (including, without limitation, submitting information omitted), modifications, clarifying information, and/or corrections to Responses by some or all Respondents at any time before or after the Submission Date/Time;
5. to require, request or permit, in discussions with any Respondent, any information relating to the subject matter of this RFI that the City deems appropriate, whether or not it was described in the Response or this RFI;
6. at any time determined by the City, to discontinue discussions with any Respondent or all Respondents regarding the subject matter of this RFI, and/or initiate discussions with any other Respondent or with vendors that did not respond to the RFI;
7. to do any of the foregoing without notice to Respondents or others, except such notice as the City, in its sole discretion, may elect to post on the City web page(s) where this RFI is posted.

This RFI and the process it describes are proprietary to the City and are for the exclusive benefit of the City. No other party, including any Respondent, is intended to be granted any rights hereunder. Upon submission, Responses to this RFI shall become the property of the City, which shall have unrestricted use thereof. Responses may be subject to public disclosure under applicable law. By submitting its Response, the Respondent agrees to the terms and conditions

APPENDIX A

Active Delinquent \$ Amount by Age									
Debt Type	2013	2012	2011	2010	2009	2008	2007	2006 & prior	Total
Wage	65,393	16,392,184	5,348,804	5,961,981	5,271,990	3,832,062	3,692,356		40,564,770
Real Estate (Combined)		68,701,879	47,896,387	32,722,009	23,175,128	16,754,912	14,764,924	38,079,071	242,094,311
BIRT	5,095,050	17,884,439	15,166,252	14,102,349	15,786,122	14,398,659	12,450,065		94,882,936
Sales									N/A
Real Estate Transfer	1,165	164,056	708,679	39,934	97,723	161,787	236,314		1,409,658
U and O	785,571	1,854,549	1,339,768	1,479,784	1,134,588	897,257	933,078		8,424,595
Parking	7,244	257,507	215,627	209,839	186,667	227,349	87,455		1,191,688
Liquor	61,859	1,044,781	1,542,603	1,619,305	2,202,495	2,421,169	2,474,190		11,366,402
School Income		359,953	376,127	349,746	300,922	380,865	383,431		2,151,044
Amusement	5,201	35,700	26,313	232,267	316,151	308,405	70,706		994,743
Net Profit		1,057,806	1,250,341	903,060	1,089,215	874,739	1,192,742		6,367,902
Earnings	246	78,065	539,333	695,472	1,416,728	1,672,358	1,261,451		5,663,653
Vehicle Rental	2	9,182	122	433	1,861	2,356	199		14,155
Outdoor Advertising	11	18	0						29
Valet Parking	122	1,323	335	83,349	168,903	129,910	36,742		420,684
Tobacco		13,557	3,879	3,492					20,928
Coin Operated	315		106						421
Hotel	6,238	63,679	112,112	174,308	117,068	12,460	6,528		492,393
EMS									N/A
Police Overtime	238,672	272,695	301,021	41,233	285,376	84,990	404,575		1,628,560
Commercial Trash		5,646,009	4,915,495	1,812,808					12,374,312
Burglar Alarm Registration	1,386,205	814,106	553,020						2,753,331
Fire False Alarm Fine	1,146,216	918,090	1,040,828						3,105,134
SWEEPS Code Violations	9,411,120	6,615,015	7,076,598						23,102,733
L and I									N/A
Water	40,756,623	49,627,765	33,345,746	18,850,871	16,107,494	10,261,520	10,494,667		179,444,687
TOTAL*	58,967,253	171,812,359	121,759,495	79,282,239	67,658,432	52,420,798	48,489,422	38,079,071	638,469,068

Delinquent # of Accounts by Age									
Debt Type	2013	2012	2011	2010	2009	2008	2007	2006 & prior	Total Unique Accounts
Wage	896	7,727	3,109	2,585	2,391	1,807	1,622		14,264
Real Estate (Combined)		85,868	70,352	61,469	49,798	43,202	38,786	~	96,110
BIRT	4,738	16,715	11,560	10,812	10,358	8,413	7,627		34,888
Sales									N/A
Real Estate Transfer	1	32	56	29	47	63	68		295
U and O	2,200	3,676	2,245	2,400	1,984	1,502	1,388		8,466
Parking	46	54	86	72	16	12	9		146
Liquor	317	635	482	457	436	370	324		1,266
School Income		1,012	630	454	581	426	295		2,848
Amusement	25	18	14	17	21	17	12		63
Net Profit		1,603	2,743	2,701	3,196	3,109	3,174		11,054
Earnings	2	414	841	826	1,310	1,350	1,120		3,613
Vehicle Rental	1	2	1	2	1	1	1		4
Outdoor Advertising	2	1	1						3
Valet Parking	2	3	2	4	5	5	4		9
Tobacco		118	38	34					160
Coin Operated	4		2			1			7
Hotel	13	17	11	14	10	4	4		37
EMS									N/A
Police Overtime	136	305	39	52	131	135	84		882
Commercial Trash		19,718	17,424	12,459					21,299
Burglar Alarm Registration	27,755	16,316	11,112						
Fire False Alarm Fine	9,716	6,530	7,471						
SWEEPS Code Violations	68,940	28,290	41,518						
L and I									N/A
Water	227,138	100,922	75,674	46,474	24,333	18,414	10,560		236,416
TOTAL*	341,932	289,976	245,411	140,861	94,618	78,831	65,078		431,830

Note: The data are as of April 2013 month end, except SWEEP, Burglar Alarm and False Alarm. These are from June 2013, and reflect debts 1, 2 and 3 years old, not the year of origination.

Note: Dollar figures for Taxes and Fees are Principal only.

* Totals are for Taxes and Fees only (Water and Non-Revenue collections not included).

Appendix B – Department Overviews

Office of Administrative Review (OAR)

What We Do

Provide citizens of Philadelphia with a consistent appeal process and high-quality adjudication by review of administrative cases; administration of the adjudication process, and financial management and collection activity for code violations and burglar alarm registration fees..

Core Services

The Office of Administrative Review is made up of the following units:

- Administration - Provides general support and oversees OAR's computerized tracking, hearing, scheduling, and case management system. In cooperation with other City departments, OAR has instituted other appeal and customer service programs: Reserved Residential On-Street Parking for The Disabled, The Ombudsman Program for The Real Estate Tax Lien Sale and Red Light Photo Enforcement appeals
- Code Unit - Registers burglary and robbery alarm systems, and supports enforcement of provisions of the Philadelphia Code regarding false alarm violations, sanitation infractions and assorted other City laws.
- Masters Unit - Individual Masters conduct hearings for Tax Review Board matters under \$50,000, False Alarm and Code Violation Notice administrative review appeals, Real Estate Lien sale appeal (interest and penalty only), Red Light Photo Enforcement appeals, Appeals for applications for Reserved Residential Parking for residents with disabilities, Emergency Medical Services billing appeals and all-terrain vehicle (ATV) Forfeiture appeals.
- Tax Review Board - Adjudicates taxpayer appeals from all City assessments or bills, with the exception of real estate tax assessments and tax principal.

Receivables & Collections

OAR's Code Unit is responsible for the processing of payments for burglary and robbery alarm system registration, billing and collecting on fines for false alarms, and billing and collecting for sanitation and other violations, both pre- and post-adjudication, generating roughly \$10 million per year. OAR currently has a contract with Xerox (formerly ACS) for tracking violations, billing, collections, and payment processing.

Appendix B – Department Overviews

Fire

What We Do

The Philadelphia Fire Department’s mission is to ensure public safety through quick and professional responses to fire and medical emergencies. The Department is dedicated to minimizing the loss of life and property through fire prevention, fire suppression, rescue, fire investigation efforts, and the provision of emergency medical services.

Core Services

The Fire Department is made up of the following units:

- Operations - The Operations Division includes:
 - Field Firefighting/Emergency Forces under Division 1 and Division 2
 - Fire Academy
 - Aviation Operations Division
 - Hazardous Materials Administrative Unit
 - Safety Office
 - Special Operations Command
 - Emergency Medical Services (EMS)
- EMS - The EMS Unit provides emergency, pre-hospital care and transportation to the citizens of Philadelphia, making 230,000 calls annually. Citizens in need of its services can dial 9-1-1 for assistance.
- Technical Services - Provides technical assistance that enables fire suppression and emergency medical personnel to accomplish their diversified missions. Additionally, serves as the Department's representative to the Board of Safety and Fire Prevention.
- Administrative Services - This Division is headed by the Deputy Commissioner of Administrative Services, who reports directly to the Fire Commissioner. The Deputy Commissioner oversees all administrative functions including personnel; budget, finance and accounting; management information services; purchasing and stores; building management; and special projects.
- Education - Reinforces the good lessons of fire prevention, safety, and the responsibility of community for various groups including institutions, youth and high-rises.
- Investigations - responsible for conducting fire, false alarm, code violation, and hazardous materials incident investigations. Investigative data compiled from investigations are constantly reviewed to track trends and develop recommendations for appropriate intervention strategy.

Receivables & Collections

The Fire Department is responsible for the billing and collections from emergency medical transport. The Fire Department currently contracts with Intermedix, which provides technology for data capture and handles billing and collections. Collections are from Medicare, Medicaid, private insurers and individuals without insurance. This program generates approximately \$32-37 million per year with a significant backlog of uncollected debts.

Appendix B – Department Overviews

Police

What We Do

Our mission is to be the model of excellence in policing by working in partnership with the community and others to: fight crime and the fear of crime, including terrorism; enforce laws while safeguarding the constitutional rights of all people; provide quality service to all of our residents and visitors; and create a work environment in which we recruit, train and develop an exceptional team of employees.

Core Services

The Philadelphia Police Department (PPD) is the nation's fourth largest police department, with over 6600 sworn members and 800 civilian personnel. The PPD is the primary law enforcement agency responsible for serving Philadelphia County, extending over 140 square-miles in which approximately 1.5 million people reside. Geographically, the Department is divided into twenty-two police districts (each headed by a captain), which comprise six police divisions (Northwest, Northeast, East, Central, Southwest, South - each headed by a Divisional Inspector), The divisions are divided into two major sections of the city, Regional Operations Command North (ROC North) and Regional Operations Command South (ROC South), each headed by one Chief Inspector under Patrol Operations. Personnel are assigned to work in 55 different locations throughout Philadelphia, with Police Headquarters located in the 6th Police District, in Center City, at 750 Race Street.

Receivables & Collections

The Police Department is responsible for coordinating the Police Overtime Reimbursement Program. The Reimbursable Overtime Program has been established to provide the opportunity for the Police Department to contract out sworn police personnel, not scheduled for district/unit assignment, and equipment at established rates ("cost" plus 10% administrative fee) to serve as an additional deterrent to crime through their presence. This program generates approximately \$17 million per year with a low balance of delinquent accounts.

Appendix B – Department Overviews

Licenses & Inspections

What We Do

The Department of Licenses and Inspections (L & I) strives to be the nation’s leading code enforcement agency by exercising the highest level of integrity in its interpretation and application of the city’s building, maintenance, and safety codes. L & I supports investment, growth, and development through education, enforcement, and the delivery of outstanding customer service.

Core Services

- **Administrative Services & IT** - The Administrative Services & IT division is comprised of Human Resources, Finance, and IT. This unit is responsible for providing centralized finance, purchasing, technology, human resources, and general services to the Department of Licenses and Inspections.
- **Development Services** - The Development Services division encompasses Permit Services, License Services, and Construction Services. This division issues all zoning and building permits, regulates construction, and issues housing, business, and other licenses.
- **Operations** - The Operations division houses Emergency Services, Inspection Services, and L&I’s newest competency, the Vacant Property Strategy. This division inspects properties for code violations, including unsafe and dangerous building violations; issues code violation notices; and identifies, researches, and cites all vacant, blighted properties.

Receivables & Collections

In addition to collecting revenue from licenses, permits, and fees, the Department bills for its abatement of hazardous conditions, including demolitions and clean & seals of property. The Department’s annual billings total approximately \$12 million, approximately 25% of which is collected. All bills are referred to Revenue for liening of the property and collection. The Vacant Property Strategy and the Law Department have recently launched an effort to collect some of these outstanding liens through Sheriff Sale. The Department uses the Hansen database to manage information.

Appendix B – Department Overviews

Revenue – Tax & Water

What We Do

The mission of the Department of Revenue (Revenue) is to collect with integrity and fairness all tax revenue and water fees due to the City and the School District of Philadelphia. The Department provides a consistent revenue stream allowing the City and the School District to support critical services for residents and businesses.

Core Services

- Tax – The Department of Revenue administers 17 taxes on behalf of the City and School District of Philadelphia. Activities include audit, forms processing, payment processing, collections and investigations.
- Water Revenue - The Department of Revenue performs billing and collection services for the provision of water and sewer service in conjunction with the Philadelphia Water Department. The Department bills over 500,000 accounts on a monthly basis.

Receivables & Collections

Monthly bills are sent to each account for their water usage in hundreds of cubic feet (“CCF”), and also include a flat fee for sewers and a storm water charge based on square footage of the impervious area relative to gross area of the property, billing over \$500 million annually. The current receivable is about \$180 million for water bills for outstanding receivables over 15 years. The Department utilizes a system called Basis 2 for billing. Also, the City collects over \$3 billion in tax revenue for the City and School District, and has about \$416 million in active tax receivables, the bulk of which are from Real Estate Tax delinquencies. Tax information is managed in the 20-year old Taxpayer Information Processing System (TIPS).

Appendix B – Department Overviews

Streets

What We Do

The Streets Department's mission is to provide clean and safe streets in a cost-effective and efficient manner. The department delivers a number of City services that are critical to maintaining the public health and safety in our communities. These essential services include, but are not limited to, curbside trash and recycling collection to over 540,000 households, maintaining all traffic control devices and street lighting, the construction and maintenance of 320 bridges and 2,525 miles of streets and highways and snow and ice removal.

Core Services

- **The Sanitation Division** is responsible for conducting an integrated solid waste management system that includes refuse collection, recycling and disposal of the City's waste materials. Annually, the division collects and disposes of approximately 700,000 tons of rubbish and 100,000 tons of recycling, completes over 42,000 miles of mechanical cleaning.
- **The Transportation Engineering Division** has three units.
 - The **Highway Unit** constructs, repairs, and maintains City streets by determining the location, time, method, and manner for openings or excavations of underground street reconstruction.
 - The **Survey and Design Unit** plans and constructs city bridges and designs city streets, highways, drives in Fairmount Park, and roads.
 - The **Traffic and Street Lighting Unit** is responsible for the design, installation, operation and maintenance of the City's street lighting system including 100,000 street lights and 18,000 alley lights.

Receivables & Collections

The Refuse Collection Fee is assessed on any commercial establishment or multi-unit property receiving City collection of rubbish and recycling materials, subject to certain exemptions. Owners of these premises may elect to continue receiving the City's services for the annual fee or obtain collection services from a private hauler. This program generates about \$13 million in annual collections. This program relies upon data from the Office of Property Assessment and Department of Revenue's Taxpayer Information Processing System.

EXHIBIT 2



**The City of Lima, Ohio
Attention: Purchasing Department of the City of Lima, Ohio
50 Town Square, 3rd Floor of the Municipal Center
Lima, Ohio 45801-4948**

**On Behalf of: The Lima Municipal Court
Jim Link, CPA, Clerk of Court**

REQUEST FOR PROPOSALS

**Professional Collection Services:
Collection of the Lima Municipal Court's
Outstanding Accounts**

**Closing Date: Wednesday, October 2, 2013
Time 10:00 AM (Local Time)**

Clerk of the Lima Municipal Court
RFP-Collection Services

Sealed proposals are hereby solicited and will be received only at: **The City of Lima, Ohio, Attention Purchasing Department of the City of Lima, Ohio, third floor of the Municipal Center, 50 Town Square, Lima, Ohio 45801-4948.** Proposals received after 10:00 am will be returned unopened. Bids will be read aloud in the Council Chambers on the first floor. Proposals for:

**Professional Collection Services for the
Outstanding Balances of the Lima Municipal Court
109 North Union Street
Lima, Ohio 45801-4929**

General Description

The City of Lima, Ohio on behalf of The Clerk of The Lima Municipal Court is soliciting proposals from professional collection service agencies hereinafter referred to as “contractor”, to provide collection agency services under contract with The Lima Municipal Clerk of Court, hereinafter referred to as “The Clerk” to facilitate payments on delinquent accounts owed to the Lima Municipal Court.

Process

All proposals received will be opened at the time and place stated above, and the name of contractor will be identified. Proposals may not be modified or withdrawn after the time set for opening. Proposal submitted will be public information until after award of successful contractor.

Period

The clerk intends to enter into a one-year contract, with the successful contractor. Any contract made as a result of this RFP will be for one (1) year, anticipated to be effective from November 1, 2013 to October 31, 2014 and may be extended for four additional one-year periods by mutual agreement of the parties.

Selection criteria

The clerk will evaluate all proposals that were received timely, but reserves the right to reject any and all proposals in whole or part and to waive irregularities not affecting a substantial right.

The following criteria will be considered in evaluating a proposal:

1. The proven ability, stability, capacity and skill of the contractor to provide the service required for The Lima Municipal Court.
2. Contractor shall have handled equally sizeable or larger court clerk collection accounts in the State of Ohio and submit supporting success references. Note: (Our annual new case load is approximately 20,000 cases).
3. Contractor must have at least three (3) years of court collection experience, with nationwide collection abilities.
4. Contractor must have a contact representative within 150 miles of The Lima Municipal Court.
5. Contractor must follow all laws that apply in the Ohio Revised Code, especially section 2335.24 and HB 464. (Note: Contractor shall not deduct any fees or expenses that the contractor incurs in the collection of the judgment from the amount collected).
6. Cost of service to the clerk.
7. Simplicity and ease of adaptation with which the proposed collection procedures and practices meet with the specifications of this RFP.
8. Access and use of technology systems to improve collection efforts and communications with the Clerks MIS staffing.
9. An overall impression of the contractor based on intuitive opinions and feelings regarding ability and willingness to work with the Clerks office.

The Clerk may request additional clarifying information from any contractor during proposal evaluation. Interviews for clarifications of proposals may be held with selected contractors. An appointment to visit agency facilities may be requested. Proposals will be rated and ranked.

SERVICE SPECIFICATIONS AND SCOPE OF WORK:

1. Collection efforts and Requirements

- a. The successful contractor will collect on past due fines, court costs fees, bail forfeiture payments and potential civil case receivables.
- b. The contractor shall meet with the clerk at least quarterly.
- c. The contractor shall have the ability to receive and/or send data transmissions electronically, including the internet that shall be compatible with the equipment used by the clerk when transmitting data to the contractor.
- d. Each proposal submitter shall provide a listing of all data bases that will be used by the vendor to trace those persons represented within the lists provided by the clerk if necessary.
- e. Upon receipt of each batch of accounts, the contractor will provide the clerk with a batch listing report that includes their batch number, date of listing, debtor name, amount due, case number, and batch total.
- f. All checks or money orders received by the contractor on behalf of the clerk shall be made payable to The Lima Municipal Court.
- g. The contractor agrees to absorb all costs associated with any check returned for insufficient funds.
- h. The clerk may cancel an account at any time without any cost incurred by e-mailing or faxing a Cancel and Return form identifying specific case names and numbers to the contractor.

2. Confidentiality

The contractor shall maintain confidentiality of all documents and information provided by the clerk, except as to disclosure by the State and Federal laws and regulations.

3. Records

The contractor must maintain a complete, separate and detailed record of each account (using the clerks account, citation, or case number) including all collection actions taken for related transactions and communications, for a period of no less than six (6) years after termination of collection action on each account. The contractor shall grant the clerk access to these records for inspection purposes during reasonable business hours for six (6) years after termination of the collection contract.

4. Legal Requirements

- a. The contractor agrees to comply with all applicable federal, state and local laws and regulations.
- b. The contractor shall also adhere to all applicable U.S. Postal Service regulations.
- c. Specifically, the contractor agrees to comply with the provisions of the Fair Debt Collection Practices Act.
- d. Should there be changes in laws or court policy that allow for a different method for recovering, collection contractor fees, the contractor shall modify its methods accordingly, upon instruction from the clerk.
- e. Non Compliance: If through any cause the contractor shall fail to fulfill in a timely and proper manner the obligation of the contract, or if the contractor violates any of the covenants, agreements or stipulations of the contract and fails to correct any deficiencies within 30 days, the clerk shall thereupon have the right to terminate the contract by giving written notice to the contractor of such termination and specifying the effective date thereof, at least ten (10) days before the effective date of such termination.

5. Reporting to Credit Bureaus

The contractor shall report all uncollected accounts to the major credit bureaus. Such reporting must be in accordance with all applicable Federal and State laws including, but not limited to, Fair Debt Collection Practices Act and The Fair Credit Reporting Act. The contractor shall not report accounts to the credit bureaus until the contractor has worked the account for at least 30 days. At the request of the clerk, the contractor shall remove an account notification from all affected bureaus and provided a copy of the notification to the clerk. In accordance with the Fair Credit Reporting Act the clerk requires that accounts be cancelled from each credit bureau upon request.

6. Remittance

- a. The contractor shall, on the last day of each month, remit to the clerk monies collected for the clerk
- b. If the contractor receives payment from a debtor who owes money to other parties not related to the Lima Municipal Court, the contractor shall pay the clerk first, unless specifically directed otherwise by the debtor.

7. Disputed Accounts

The contractor shall accept and process all written disputes in compliance with all Federal and State laws. The clerk will work with the contractor to validate the debt.

CLERK OF THE LIMA MUNICIPAL COURT
RFP-COLLECTION SERVICES

PROPOSAL CONTENTS: Proposals shall include the following sections. A contractor must meet all portions of the “Selected Criteria”

1. A brief description of the firm, when it was established, type of facility, locations, and size of staff employed.
2. A brief description of collection procedures for court clerks.
3. Sample letters used in the collection process.
4. Sample reports used in reporting information back to the clerk.
5. A brief description of technology and communication capability.

Note: This RFP will be referred to and become part of the contract, with the successful vendor and the Clerk of The Lima Municipal Court, for future references.

EXHIBIT 3

1. Please confirm the due date for this procurement is **10/2/2013. CONFIRMED**
2. What is the date by which you will answer these questions? **09/19/2013**
3. Why is the contract out to bid at this time? **NEW CONTRACT**
4. When is the anticipated contract start date? **11/01/2013**
5. Who are the incumbents, and how long have the incumbents been providing the requested services? **THERE ARE NO INCUMBENTS**
6. Has the current contract gone full term? **THERE IS NO CURRENT CONTRACT**
7. Have all options to extend the current contract been exercised? **THERE IS NO CURRENT OR PRIOR CONTRACT TO EXTEND**
8. What collection attempts are performed or will be performed internally prior to placement? **ANY OR ALL ACTIVITIES BELOW "MAY" BE PERFORMED:**
 - **Internal Payment Plans**
 - **Seizing State Income Tax Refunds**
 - **Registration & License Blocks – cannot renew plates or driver's license**
 - **Performing Community Service**
 - **Executions against funds in confiscated goods (Lima Police Department)**
 - **Warrant Requests (failure to Comply with Judge's Orders) – go to jail (\$50 per day charged against fines only)**
 - **Wage Garnishments**
 - **Attachment of Prisoner Accounts with the Allen County Jail**
9. What is the total dollar value of accounts available for placement now by category, including any backlog? **TOTAL OUTSTANDING IS APPROXIMATELY \$6,000,000**
10. What is the total number of accounts available for placement now by category, including any backlog? **APPROXIMATELY 20,000 PEOPLE = APPROXIMATELY 50,000 CASES (ROUGH ESTIMATE)**
11. What is the average balance of accounts by category? **UNKNOWN**

12. What current contingency fees or other fees are currently being billed by any incumbent(s), by category? **THERE IS NO INCUMBENT**
13. What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category? **ACCOUNTS GO BACK TO 1996 TO PRESENT**
14. What estimated or actual dollars were paid last year, last month, or last quarter to any incumbent(s)? **THERE IS NO INCUMBENT**
15. What is the monthly or quarterly number of accounts expected to be placed with the vendor(s) by category? **AFTER ORIGINAL DATA UPLOAD OF ACCOUNTS, APPROX 100 PER MONTH**
16. What is the monthly or quarterly dollar value of accounts expected to be placed with the vendor(s) by category? **UNKNOWN**
17. 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? **NO INCUMBENTS**
18. What is your current internal process if you determine the debtor may be deceased? **WRITE-OFF BALANCE DUE**
19. What is your current process if any external collection agency vendor informs you the debtor may be deceased? **VERY DEATH RECORD OR OBITUARY**
20. If applicable, will accounts held by any incumbent(s) or any backlog be moved to any new vendor(s) as a one-time placement at contract start up? **NO INCUMBENT**

To what extent will the location of the bidder's call center and/or corporate headquarters have a bearing on any award(s)? **REQUEST FOR PROPOSAL REQUIRES A CONTACT REPRESENTATIVE WITHIN 150 MILES OF THE LIMA MUNICIPAL COURT**

EXHIBIT 4

P: 877-533-1680 x700
F: 866-848-9162

From: Jim Link
Sent: Thursday, October 31, 2013 4:47 PM
To: pcornell@caprecsys.com; Brandon.Haas@pioneer-credit.com; tim@tmslaw.net
Cc: Tammie Hursh; Brenda Benedict; Matt Schmunk; Pam Wright; Terri Hammer
Subject: Lima Municipal Court - Collection Services - Determination

Ladies & Gentlemen:

After reviewing the Requests for Proposals for the Collection Services of the Lima Municipal Court, it has been determined that Capital Recovery Systems, Inc. best meets the needs of our court. Of the nine (9) criteria used to evaluate the bids, it is my opinion that the following four (4) are those where Capital Recovery stands out:

1. The proven ability, stability, capacity and skill of the contractor to provide the service required for The Lima Municipal Court.
2. Contractor shall have handled equally sizeable or larger court clerk collection accounts in the State of Ohio and submit supporting success references. Note: (Our annual new case load is approximately 20,000 cases).
7. Simplicity and ease of adaptation with which the proposed collection procedures and practices meet with the specifications of this RFP.
9. An overall impression of the contractor based on intuitive opinions and feelings regarding ability and willingness to work with the Clerks office.

Thank you for submitting your bids.

Jim Link, CPA
Clerk of Court
Lima Municipal Court
109 N. Union St
Lima, OH 45801-4929
(419) 221-5238 Phone
(419) 998-5526 Fax
jim.link@cityhall.lima.oh.us

EXHIBIT 5



City of Overland Park, Kansas

Request for Qualifications

DEBT COLLECTION SERVICES



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SECTION A GENERAL INFORMATION

The City of Overland Park, Kansas (City) is requesting vendors to submit qualifications for **Collection Services**.

- A1. Terms and Definitions:** The following terms are used in this Request for Qualifications.
- a. **City:** The City of Overland Park, Kansas.
 - b. **Collection Services:** Debt collection services as specified in the RFQ.
 - c. **FDCPA:** Fair Debt Collection Practices Act.
 - d. **RFQ:** This Request for Qualifications for Collection Services.
 - e. **Respondent:** Any company or individual submitting a response to this RFQ.
 - f. **Qualifications Response:** The submittal elements as outlined in this RFQ.
 - g. **Agreement:** Means the Agreement between the City and selected Respondent resulting from this RFQ for the specific purpose of providing Collection Services to the City.

- A2. Inquiries and Clarifications.** Specifications for providing Collection Services to the City are included in this RFQ. All inquiries concerning matters related to this RFQ should be directed to:

Robin Barnard
Court Administrator
City of Overland Park
12400 Foster
Overland Park, Kansas 66213
Robin.barnard@opkansas.org
(913) 327-6853

Any clarifications made by the City in response to questions received which could affect a response to this RFQ, will be posted on the City's website at http://www.opkansas.org/Assets/clerk/bids/Collection_Services.pdf. The intent is that the City's clarification response is available to all Respondents who choose to submit a response to this RFQ. The deadline for submitting a question for clarification is 2 p.m. on March 18, 2013. Any questions about the specifications or other matters related to this RFQ should be addressed through the primary contact prior to submitting an RFQ response.

- A3. Submission of Responses.** Sealed responses to this RFQ will be received by the Overland Park City Clerk at the address listed below until **2:00 p.m. on March 27, 2013**. One printed copy and one electronic copy of the responses on a CD/DVD, in a commonly readable format shall also be provided. Responses must be clearly marked on the outside of the sealed envelope or packaging with the following description: "**Collection Services**". The mailing address for responses is:

City Clerk
Re: Collection Services
Overland Park City Hall
8500 Santa Fe Drive
Overland Park, Kansas 66212

Responses must be delivered in person or mailed to the City Clerk. Any response which is mailed but does not reach the City Clerk by the date and time set forth above will not be accepted, regardless of postmark.

The City reserves the right to accept or reject any and all responses and to waive any technicalities or irregularities therein. No submitted responses may be withdrawn for a period of ninety (90) days from the date set for the opening thereof. The City will not be liable for any expense or cost associated with the preparation and/or submittal of a response to this RFQ.

- A4. Requirements for a Response:** Each response submitted must include the following in order to be accepted by the City:
- a. **Qualifications:** The information outlined below is the minimum submittal requirement. Respondents may supply additional information if desired. The response, at a minimum, shall consist of:
 - i. **Executive Summary.** Each response shall include an introduction to the Respondent's company and an overview of the Respondent's response to the RFQ. The executive summary should include an outline of services offered by the Respondent and other items listed under B2 related to the Respondent's Background and any other information about the Respondent that may help the City better understand the Respondent's ability to provide the services requested.
 - ii. **Description of Support Services.** Each response must include a description of the Collection Services to be provided, including response levels, schedule of debt collections regulatory updates, and service delivery model.
 - iii. **Qualifications and Signature Sheet:** Each response must include a completed Qualifications Sheet as provided in Section E with authorized signature. No fees or pricing should be included in the Qualification Statements. If pricing is included in the Qualification Statement it will be disqualified.
 - iv. **References:** Each response must include three references. Each reference shall include the name of the organization and the name, title and telephone number of a contact person within the organization. The reference information is to be provided on the reference sheet found in Section F.
 - b. **Exceptions:** Exceptions that a Respondent may have to any of the requirements found in this RFQ must be fully explained and outlined in the Respondent's submitted response to the RFQ in a separate section under the heading "Exceptions". It should be noted that exceptions to requirements of this RFQ will be considered in selecting the successful Respondent.
 - c. **Additional Information:** Additional information not specifically required as a part of the RFQ may be provided in a separate section under the heading "Additional Information".
 - d. **Agreement to Specifications:** By submitting a response, Respondent agrees to the specifications and requirements presented in this RFQ except as noted in Respondent's Exceptions. The Agreement between the City and the selected Respondent will include and incorporate this RFQ and the selected Respondent's responses as the City deems applicable.
 - e. **Agreement:** The City will negotiate an Agreement with the selected Respondent and will require that the Agreement include the City's Insurance Requirements (Section C) and the contract language provided in Section D below. If an Agreement cannot be successfully negotiated between the City and the selected Respondent within a reasonable time as determined by the City, the City may terminate the contract negotiations and negotiate an Agreement with an alternate qualified Respondent.
 - f. **Term of Agreement:** The Agreement term will be for one (1) year with the City's option to renew for two (2) additional years. Either party may voluntarily terminate the Agreement upon thirty (30) calendar days' written notice to the other party of the intent to do so.
 - g. **Nationwide Capabilities:** The City past due accounts receivables may include debtors that reside outside the State of Kansas and it is important that the Respondent selected is able to pursue legal collection activities nationwide.
 - h. **Compliance and Ethics:** The Respondent shall not use threats, intimidation or harassment in the collection process or violate any debt collection guidelines and rules established by the Federal Trade Commission, the State of Kansas or any other state or federal laws.
 - i. **Industry Standing:** The Respondent must be a member of the American Collector's Association (ACA). and the National Association of Retail Collection Attorneys (NARCA). The successful bidder must comply with ethics adopted by these associations.



City of Overland Park, Kansas
Request for Qualifications
DEBT COLLECTION SERVICES

- A5. Overview:** The City is soliciting responses from qualified Respondents to provide Collection Services to the City.

The City is seeking Collection Services to enhance its current debt collection efforts and will be placing past due accounts for collection with the successful Respondent. Such past due accounts include those various matters where an individual is legally obligated to pay costs, fees, penalties and other monetary obligation, and has failed to do so. Examples of such accounts include the failure to pay for damages to City property, fees owed to the City for various matters and monies owed to the City's municipal Court. The term "monies owed to the City's municipal Court" as used in this RFQ means any Court assessment of Court costs, fines, fees and also includes the Court's assessment of moneys expended by the City in providing legal counsel and other defense services or other costs and fees which a municipal judge has ordered to be paid to the Court. "Monies owed to the City's municipal Court" also includes the cost of collection when debt collection services are utilized. The statutory authority for collecting such costs is found at K.S.A. 12-4119.

Accounts submitted for collection will vary in age.

There is no guarantee of the actual number or level of cases of debt to be collected, that threshold will be determined by the actual need of the City.

As will be required in the Agreement, the Respondent engaged by the City for Collection Services shall accept all accounts placed for collection by the City and forwarded to the selected Respondent and collect said accounts in accordance with all current State and Federal laws related to the subject of debt collection, provided the City reserves the right to instruct selected Respondent as to limits on collection techniques to be used in any particular situation.

SECTION B
SCOPE OF SERVICES/ GENERAL SPECIFICATIONS

- B1. Minimum Services Required.** The following describes the minimal specifications for Collection Services the City expects to receive from the Respondent that is selected to provide Collection Services to the City.
- a. **Prompt resolution of cases.** Provide prompt collection of all cases assigned by the City regardless of the amount of debt to be collected. The Respondent will not allow cases to stall without collection actions being taken.
 - b. **Effective and timely process.** The Respondent shall use its most effective and timely efforts to resolve and collect each case assigned. Each case assigned to the Respondent shall be processed by the Respondent until such account is collected or a period of time agreed to between the Respondent and the City has expired and the City and Respondent have collectively agreed that reasonable efforts to collect the debt have been unsuccessful.
 - c. **Computer Technical Support.** The Respondent shall demonstrate the capability to provide effective computer technical support for any initial programming required to transfer all necessary collection data to Respondent in a timely and secure manner.
 - d. **Safeguarding rights of Debtors.** The Respondent shall institute methods specified by the City for safeguarding the rights of individuals subject to collection. All practices must comply with state and federal consumer and collection practice laws, including the FDCPA, where applicable.
 - e. **Coordination of Payments.** The Respondent shall in collaboration with the City establish an effective and timely process to address payments of debts received by the City during the time the Respondent is pursuing the debt on behalf of the City.
 - f. **Collection of Debts Owed to Municipal Court.** Respondent shall comply with the procedures set forth in K.S.A. 12-4119 related to the collection of debts owed a municipal court. In addition, the Respondent shall comply with all procedures established by the City and its Municipal Court to insure that notices and interaction with the debtor by Respondent effectively and accurately reflect the City's position regarding the debt, to



City of Overland Park, Kansas
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DEBT COLLECTION SERVICES

- include but not limited to issues related to appearances in the Municipal Court and related judicial actions.
- g. **Payment (Credit and Debit) Card Acceptance.** To the extent the Respondent accepts payment from debtors by payment cards; the Respondent's procedures shall be certified as compliant with the Payment Card Industry Data Security Standard and other applicable regulations and laws.
 - h. **Record Maintenance.** Respondent shall keep records of all debts processed on behalf of the City for a period of five (5) years following contract expiration or termination.
 - i. **Complaints.** Respondent shall keep records of all disputes and complaint processes on behalf of the City as required in subsection h, above. Respondent shall investigate the dispute or complaint and report the results to the City in a timely fashion.
 - j. **Remittance of Debt Payments.** The Respondent shall remit to the City, on a monthly basis, one hundred percent (100%) of all Municipal Court debt owed to the City collected by Respondent.
 - k. **Respondent Responsible for Cost of Collection Activity.** Excluding the services contemplated in l, below, Respondent shall be solely responsible for all costs and expenses associated with performance required by the Agreement, including, but not limited to, all necessary developing, copying, faxing, and postal costs.
 - l. **City Discretion to Pursue Legal Services Related to Accounts.** The City, in the City's sole and complete discretion, may request debts owed to the City to be pursued through legal action provided by the Respondent. If directed to pursue legal action, Respondent shall provide notice of any planned legal action for any collection account and shall obtain prior approval from the City's Law Department before proceeding with any specific legal action on an account.
 - m. **Reevaluation of Accounts.** The City reserves the right to reevaluate any assigned account(s) and will notify the selected Respondent of any adjustments or corrections made to the amount due of any collection account assigned to Respondent.
 - n. **City Internal Efforts to Collect Debt.** When cases are referred to the Respondent, the City will discontinue internal collection activity.
 - o. **City to Control Actions Related to Cases.** The City, as a result of an administrative action, decision, an offset action, and/or a legal decision, may recall any case at any time. In such an event, the Respondent will suspend any and all collection action, either temporarily or permanently.
 - p. **Verification of Debt Issues.** If during the collection of a case, the Respondent is not satisfied that the person owes the debt being pursued or the person disputes the amount owed, the case shall be immediately referred to the City for verification and no further action taken on the case until directed by the City. The City will attempt to promptly verify the liability and notify the Respondent of its finding.
 - q. **Customer Service Number.** The selected Respondent shall provide a customer service number, which is answered by a human representative, employed by the company. This service must be provided during normal working hours, Monday thru Friday.
 - r. **Weekly Remittances.** The Respondent will submit accurate weekly remittances to the City any amounts collected on the case during the period.
 - s. **Balanced Reconciliation.** The Respondent shall provide the City a balanced reconciliation of accounts weekly, matching the City's records, to ensure accuracy of payments.
 - t. **Secure Area.** The Respondent must be able to demonstrate that they have or will maintain a secure area for processing City remittance.
 - u. **Transmission of Electronic Data.** The Respondent must be able to transmit all data electronically. This will include account placements, closer out information, acknowledgements of cases placed, weekly performance reports, and inventory reconciliation reports.

B2. REQUIREMENTS & GENERAL SPECIFICATIONS RELATED TO DATA, DATABASES AND SERVICES.

All Respondents shall submit responses to the following issues.

- a. **Electronic Data.** Can Respondent's collection program provide for close-outs and acknowledgements for debtors by electronic data files or hard copy?
- b. **Skip Tracing.** Which vendors does Respondent's company currently support for "skip-tracing" purposes?
- c. **Export of Payment Files.** Does the Respondent's collection program have the ability to export payment files to submit to bank for electronic payments?
- d. **Client Database.** Please list the top 10 features of your client database.
- e. **City Web Access.**
 - i. Does the program have the ability to allow City to access information via the web?
 - ii. Does this function come with the program (i.e. web server connections, etc)?
 - iii. Any additional hardware/software requirements?
 - iv. Can the City upload/download files securely from this portal?
 - v. Can the City send messages/inquiries on their cases (or in general) through this portal?
- f. **Reporting.** Provide a sample of some of the more general reporting for clients and internal usage (example should include at least the following and any others).
 - i. Acknowledgement report for clients
 - ii. Respondents performance report (listed vs. collected, verification statistics)
 - iii. Respondents benchmark reports
 - iv. Remittance sample format
 - v. Payment processing report
 - vi. Close out report
- g. **Respondent Background:**

Company Information:

 - i. Please provide detailed information on the history of your company.
 - ii. How many years your company has been supporting / maintaining your collection software.
 - iii. How many active clients your company supports.
 - iv. How many municipality clients does your company currently service.
 - v. Do you have users in the state of Kansas?
 - vi. Does your company have any past or pending litigations?
 - vii. Provide documentation of any and all past and pending complaints against the Respondent filed by a debtor with a third party.
 - viii. Describe the members of the team, and each person's responsibilities and experience supporting Collection Services.
 - ix. Do you outsource legal actions?
 - x. Describe any features that distinguish the Respondent and its services from other firms who provide legal services regarding the collection of delinquent accounts.
- h. **Collection Procedures.** Describe Respondent's collection procedures including:
 - i. Explanation of how collection accounts are handled upon referral to the Respondent.
 - ii. Respondent's method(s) relative to how the City will be notified concerning the status of collection accounts.
 - iii. How deposits are handled by Respondent.
 - iv. Describe the Respondent's settlement procedures.
- i. **Collection System Information**
 - i. Describe your collection system.
 - ii. What debt types is your program equipped to handle currently (i.e. returned checks, medical, contract, utility, government, etc.).
- j. **Data Importing/Conversion**
 - i. Can you convert existing data bases?
 - ii. If so, how long does the process usually take?
 - iii. What information / data do you need to convert?
 - iv. What are the additional costs and fees associated with this process?

B3. SELECTION PROCESS AND CRITERIA

Responses will be evaluated by a City staff committee, utilizing the criteria set forth below. The City staff committee will make a recommendation to the City's Finance, Administration & Economic Development Committee, which will in turn make a recommendation to the City's full Governing Body.

The response submitted by Respondents will be the primary document upon which the City's selection committee will evaluate each Respondent. Responses must include the qualifications and relevant experience of those assigned to provide services to the City. All responses will first be screened to determine the extent to which the Respondent has previously performed the type of collection services requested herein and whether the requirements of this RFQ are met. After review of the responses, the selection committee may determine a short list of qualified vendors for interviews/presentations. The City reserves the right to accept or reject any and all responses and all or part of a response and may waive informalities, technical defects, and minor irregularities in the responses received.

In reviewing responses, the criteria and factors considered by the City shall include, but are not limited to the following:

- a. **Scope of Services** -- The extent to which the Respondent's description of the scope services to be provided is sufficiently detailed, logically presented, consistent in terms of the format and content, and demonstrates a clear understanding of the City's requirements and objectives as outlined herein.
- b. **Approach** -- The extent to which the Respondent presents a clearly defined and well thought-out method(s) to achieve each specification and the general delivery of services and the extent to which the method chosen appears to be an effective, efficient way to provide the requested Collection Services.
- c. **Qualifications** -- Respondent demonstrates the required qualifications, experience, capabilities and minimum requirements.
- d. **Technical Aspects** - The Respondent's technical approach that addresses the operational and logistical requirements of this RFQ. The degree to which the Respondent implements Best Practices throughout the collection process. This includes personnel training, software enhancements to improve efficiency, methods and procedures by which Respondent complies with the FDCPA, and community programs to encourage collections.
- e. **Value of Collection Services proposed.** Anticipated recovery rates, description of the time and resources to be provided in the delivery of services.
- f. **Quality of Collection Services proposed.** Quality level of services to be performed and proposed approach to cost control, service level monitoring, and administration. Quality control, security standards, certification requirements and other relevant information will be considered.
- g. **Responsiveness to requested proposal format** -- The quality of the response and the degree to which it conforms to the required format.
- h. **References Feedback** -- Information from references and others who have had experience with the vendor in the delivery of similar services.
- i. **Presentation** -- The quality of the presentation and interviews if this evaluation method is used.
- j. **Acceptance of Contract Language.** The City will not engage a Respondent that will not agree to the City's contract language as set forth in Section D.
- k. **Overall Perception** --
 - i. The degree to which the response demonstrates the understanding of the complex interactions required to sustain viable and effective operations.
 - ii. The completeness of the Qualifications Response.
 - iii. Qualifications exceptions, if any.
 - iv. References and any responses solicited and received by the City.

The City reserves the right to utilize other appropriate selection and evaluation criteria as it



deems necessary and appropriate.

The City reserves the right to determine, in the City's sole discretion, whether any aspect of any Respondent's Qualification Statement meets the criteria in this RFQ. The City also reserves the right to seek clarification, to request additional information, to negotiate with any Respondent submitting a Qualification Statement, to reject any or all proposals with or without cause, to offer multiple awards, and to modify the RFQ process and schedule.

**SECTION C
INSURANCE REQUIREMENTS**

The Respondent must have the following minimum insurance coverage:

C1. General

- a. The Respondent shall secure and maintain, throughout the duration of the Agreement, insurance (on an occurrence basis unless otherwise agreed to) of such types and in at least such amounts as required herein. The Respondent shall provide certificates of insurance and renewals thereof on forms approved by the City. The City shall be notified by receipt of written notice at least thirty (30) days prior to cancellation of any policy listed on the Certificate.

C2. Notice of Claim Reduction of Policy Limits

- a. The Respondent, upon receipt of notice of any claim in connection with the Agreement, shall promptly notify the City, providing full details thereof, including an estimate of the amount of loss or liability.
- b. The Respondent shall monitor and promptly notify the City of any reduction in limits of protection afforded under any policy listed in the Certificate (or otherwise required by this Agreement) if the Respondent's limits of protection shall have been impaired or reduced to such extent that the limits fall below the minimum amounts required herein. The Respondent shall promptly reinstate the original limits of liability required hereunder and shall furnish evidence thereof to the City.

C3. General Liability

a. MINIMUM INSURANCE REQUIREMENTS

General Aggregate:	\$1,000,000
Products Completed Operations Aggregate:	\$1,000,000
Personal & Advertising Injury:	\$500,000
Each Occurrence:	\$500,000

Name City of Overland Park as "Additional Insured".

b. Automobile Liability.

Policy shall protect the Respondent against claims for bodily injury and/or property damage arising from the ownership or use of all owned, hired and/or non-owned vehicles in an amount of no less than \$500,000 combined single limit.

Name City of Overland Park as "Additional Insured".

c. Workers' Compensation and Employer's Liability.

This insurance shall protect the Respondent against all claims under applicable state workers' compensation laws. The Respondent shall also be protected against claims for injury, disease or death of employees which, for any reason may not fall within the provisions of a workers' compensation law. The policy limits shall not be less than the following:

Workers' Compensation:	Statutory
Employer's Liability:	
Bodily Injury by Accident	\$100,000 each accident
Bodily Injury by Disease	\$500,000 policy limit
Bodily Injury by Disease	\$100,000 each employee



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If the Respondent has no employees, a waiver form provided by the City must be executed (see attached).

- d. Professional Liability Insurance.
The Respondent shall maintain throughout the duration of the Agreement Professional Liability Insurance in an amount not less than One Million Dollars (\$1,000,000) and shall provide the City with certification thereof.
- e. Industry Ratings: The City will only accept coverage from an insurance carrier who offers proof that it:
 - i. Is authorized to do business in the State of Kansas;
 - ii. Carries a Best's policyholder rating of A- or better; and
 - iii. Carries at least a Class VIII financial rating; or
 - iv. Is a company mutually agreed upon by the City and the Respondent.Certification of insurance coverage shall be on the City's standard Certificate of Insurance form or on forms acceptable to the City.
- f. Subcontractor Insurance: If a part of the Agreement is to be sublet, the Respondent shall either:
 - i. Cover all subcontractors under its insurance policies; or
 - ii. Require each subcontractor not so covered to secure insurance which will protect against applicable hazards or risks of loss as and in the minimum amounts designated herein.

**SECTION D
AGREEMENT LANGUAGE**

The following language shall be included in the Agreement between the City and the Selected Respondent:

D1. Non-Discrimination And Other Laws

- a. The Respondent agrees that:
 - 1. The Respondent shall observe the provisions of the Kansas act against discrimination and shall not discriminate against any person in the performance of work under the present Agreement because of race, religion, color, sex, disability, national origin ancestry or age;
 - 2. In all solicitations or advertisements for employees, the Respondent shall include the phrase, "equal opportunity employer," or a similar phrase to be approved by the Kansas Human Rights Commission ("Commission");
 - 3. If the Respondent fails to comply with the manner in which the Respondent reports to the Commission in accordance with the provisions of K.S.A. 44-1031 and amendments thereto, the Respondent shall be deemed to have breached the Agreement and it may be canceled, terminated or suspended, in whole or in part, by the City;
 - 4. If the Respondent is found guilty of a violation of the Kansas Act Against Discrimination under a decision or order of the Commission which has become final, the Respondent shall be deemed to have breached the present Agreement and it may be canceled, terminated or suspended, in whole or in part, by the City; and
 - 5. The Respondent shall include the provisions of subsections (A) (1) through (4) in every subcontract or purchase order so that such provisions will be binding upon such subcontractor.
- b. The provisions of this section shall not apply to a Agreement entered into by a Respondent:
 - 1. Who employs fewer than four employees during the term of such Agreement; or
 - 2. Whose contracts with the City cumulatively total \$5,000 or less during the fiscal year of the City.
- c. The Respondent further agrees that the Respondent shall abide by the Kansas Age Discrimination In Employment Act (K.S.A. 44-1111 et seq.) and the applicable provision



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DEBT COLLECTION SERVICES**

in the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) as well as all federal, state and local laws, ordinances and regulations applicable to this project and to furnish any certification required by any federal, state or local governmental agency in connection therewith.

D2. Hold Harmless/Indemnity:

Respondent agrees to defend, indemnify and hold harmless the City and its agents and/or employees from any and all claims, settlements, and judgments for bodily injury, physical property damage and/or death arising out of Respondent's or any of its agents, servants, employees' or subcontractors negligent acts, and for failure to act in the performance of the Agreement. Neither acceptance of the completed Collection Services nor payment therefore shall release Respondent of its obligation under this paragraph.

D3. Non-Exclusive:

The City retains the right to utilize other entities for Collection Services.

D4. Cash Basis/Budget:

Notwithstanding anything contained in the Agreement to the contrary, it is understood and agreed by the parties hereto that the City is obligated only to pay periodic payments or monthly installments under the Agreement as may lawfully be made from funds budgeted and appropriated for such purpose during the City's then current budget year (i.e., January 1 to December 31) or from funds made available from any lawfully operated, revenue producing source. Should the City fail to budget, appropriate or otherwise make available funds for payments due under the Agreement in any budget year, the Agreement shall be deemed terminated on the last day of the then current budget year for which appropriations were received without penalty or expense to the City of any kind whatsoever, except as to the portions of the recurring charges herein agreed upon for which funds have been appropriated and budgeted or are otherwise made available. City agrees to notify Respondent of such termination, which shall not constitute a default under the Agreement, at least (60) days prior to the end of the City's then current budget year. This paragraph shall not be construed so as to permit the City to terminate the Agreement in order to acquire any other functionally similar services or to allocate funds directly or indirectly to perform essentially the same application for which the services under the Agreement are intended. Notwithstanding the foregoing and to the extent permitted by law, the City agrees that, if the Agreement is terminated in accordance with the provisions of this paragraph, the City shall not acquire or purchase services similar to that described in the Agreement for a period of ninety (90) days from the end of the then current budget year.



E1. Respondent Contact

Respondent Name:	
Contact Name:	
Title:	
Street Address:	
City, State, Zip:	
Phone:	
Email:	

E2. Respondent Signature

I have reviewed all of the general information and specifications in the RFQ, have contacted the City regarding any needed clarifications, and submit this Qualifications with a full understanding of the specifications and Study requirements. Any exceptions to the requirements and terms of the RFQ are clearly identified and outlined in a separate section clearly marked "Qualifications Exceptions" as a part of my submittal.

If selected by the City as the Respondent, I agree to abide by the terms and conditions specified in this RFQ.

Company Officer Name:	
Title:	
Signature:	
Date:	
Phone:	



**SECTION F
 REFERENCES**

1) Reference Company:	
Address:	
City, State, Zip:	
Contact Name:	
Title:	
Phone:	
Service(s) provided:	

2) Reference Company:	
Address:	
City, State, Zip:	
Contact Name:	
Title:	
Phone:	
Service(s) provided:	

3) Reference Company:	
Address:	
City, State, Zip:	
Contact Name:	
Title:	
Phone:	
Service(s) provided:	

EXHIBIT 6

Accounts Receivable Management & Collections RFI

Key Observations

- Virtually everyone recommends a Champion-Challenger model for the use of Outside Collection Agencies, based on the structure used by the US Department of Education.
- Everyone recommends consolidation of collection activity for all debts (tax and non-tax) into a centralized collection unit.
- Responses from our existing vendors have very good insights into things we could change right now to improve collections.
- Some respondents think we need a data warehouse internally to score debt, others recommend using a collection agency's system.
- Several recommend Lexis Nexis for data enrichment (not just the response from Lexis Nexis).
- We need to make it easier for people to pay without having to talk with someone (automated payment a plan, automatic bank withdraws, online payment options and information).

2.1 Centralized Billing & Collections

All respondents recommended centralization of collections activity for delinquent accounts into a central collections unit, rather than having responsibility spread among individual departments. Several thought that centralization of bill presentment and processing would yield benefits but indicated that it was a much more difficult endeavor.

2.2 Debt Valuation

Respondents recommended scoring and modeling, but focused on different attributes. Some recommended focusing on the age and type of debt, others suggested looking at the characteristics of the debtor rather than the debt to determine collectability. There are many options including building scoring capacity in-house and purchasing scores from a 3rd party vendor.

2.3 PHILOSOPHY ON COLLECTIONS

There was not consistency on this question about whether accounts should be handled on a case-by-case basis or if there should be uniform rules for things like payment agreement terms with rare exceptions, although there was universal support for payment agreements. Responses were similarly split on the topic of settlements – some felt that reducing the amount due is an effective way to get people to pay, especially when they cannot afford the entire amount while others suggested this would simply encourage others to expect a break and thus undermine the culture of compliance.

2.4 COLLECTION PRACTICES – PREVENTION

To prevent delinquencies from occurring the respondents suggest offering many different payment options (channels and instruments) and the ability to accept automatic withdraws. One noted that some debtors would like to pay but are too embarrassed to talk to someone, so options to set up payments via IVR, kiosks and online may help. Some existing vendors note that our tax systems are so complex that we are often unable to quickly and accurately tell people what that owe, which deters payment and wastes time and effort, and that we do not have consequences in place for repeat offenders. Several suggested that we offer incentives for good behavior, like reduced interest if X number of installment payments are made on time or discounts for early payment.

2.5 COLLECTION PRACTICES – DETERMINING ENFORCEMENT PATH

Respondents felt that the City should use all available tools, although there are folks both for and against the use of credit reporting. One firm recommended examining the cost/benefit for each tool, while another felt that the tool should be sensitive to the debtors' unique condition. Consistency was a key theme – across debt types and debtors. Analytics were suggested to determine what to work in-house versus send to a collection agency.

2.6 COLLECTION PRACTICES – INTERNAL COLLECTION ACTIVITIES

An overarching theme was to have a strategy and to prioritize collection activities. Respondents recommended being avail to the debtors in the ways that work for the debtor – night hours, automated payments etc. Sending lots of letters may not be particularly effective.

2.7 COLLECTION PRACTICES – OUTSIDE COLLECTION AGENCIES/OUTSIDE COUNSEL

Utilize the Champion-Challenger model for outside collection activity. Only work debts in-house that are either likely to pay without a lot of intervention or those accounts that are so complex that they require internal expertise, the rest should be sent out to an agency.

2.8 COLLECTION PRACTICES – FORECLOSURE

Automating the collection activity in a case management system would speed the sending of cases to foreclosure.

2.9 INFORMATION ENHANCEMENTS

Some respondents recommend building a data warehouse and reference the recent RFP. Others, primarily collection agencies, tout their ability to combine data in their own data warehouses upon placement. Several suggest using Lexis Nexis to tie accounts together. Linebarger believes that name and address alone is enough to tie an account together most of the time. One firm has “Cyberbabies” that use internet resources to skip trace.

2.10 CASH MANAGEMENT

Electronic payment methods and automating paper processes will improve cash management and reduce bounced checks.

Quotes from Responses

2.1 BILLING & COLLECTION ORGANIZATIONAL STRUCTURE

- 2.1.1 *Should billing and bill presentment be done by individual operating departments or be centralized and why? What factors are essential to the success of the preferred approach?*
- 2.1.2 *Should collections activities be done by individual operating departments or be centralized and why? What factors are essential to the success of the preferred approach?*
- 2.1.3 *Given that departments currently have distinct information technology systems, how would you propose coordination of billing, payment processing, and collection functions?*
- 2.1.4 *Specialized technologies present opportunities for departments not only to bill but to capture information that also informs effective and efficient operations. How is this dual capability best handled?*

Ideally there would be greater efficiency if revenue management and collection were to be centralized. However, some Philadelphia revenue sources such as EMS, require a very distinct process, strategy and technology to accomplish the task. Where the process, strategy and technology can be adapted to different revenue streams, the process should be centralized.

RCB

TAG has found it to be very beneficial to have collection activities that are centralized. This philosophy stems from the fact that our proven success in collections is the result of the dynamic nature of what we call our “base offense.” The last thing you need is a blanket approach to collections for your portfolio. In order to create continuity if collection activities are done by individualized departments, the inclination might be to standardize that approach and therefore diminish recoveries.

The Affiliated Group

Many organizations have failed to achieve the full potential financial savings and customer satisfaction levels originally expected from early adoption of Electronic Bill Presentment and Payment (EBPP) solutions. The cost to operations and the loss of savings, year over year, and from billing cycle to billing cycle, can be staggering.

Across several industries, adoption rates for paper-bill opt-out can readily achieve 15-20%, resulting in reduced operational overhead and substantial reductions in billing costs.

The most effective scenarios are where a state or city has created a centralized process for collections. This helps create economies of scale. Typically, the higher the volume of accounts referred to an OCA, the lower the fee charged.

NCO

It is our opinion that the state of applications and technology addressing government’s business requirements will not make it feasible to centralize the billing function. Bill presentment is a potential area for consolidation but it is not clear to us that this has been accomplished in a local government entity. We do believe that the collections effort can be centralized and could offer economies of scale. Successfully doing so will require an effort to create a consolidated master data index of at least 2 critical elements of the local government’s data dictionary.

Experian

Increased tax compliance can be achieved when citizens can easily navigate the Philadelphia tax code and tax systems.

The City’s collection process is perceived as being highly politicized...This process must be divorced from politics. Selling the debt or contracting out collections must be an option on the table.

A.D.A.M. Services

CGI would recommend that billing and bill presentment be done by the individual operating departments since they typically have their own systems of record. However, if they cannot obtain payment within 45-60 days, the account should be automatically and systematically routed to the Centralized Collections Unit (CCU).

CGI highly recommends centralizing the debt collection process into a single agency rather than having each agency responsible for collecting their own accounts. Centralizing debt collection from multiple agencies and debt types has proven repeatedly to produce significant economies of scale to support investments in powerful tools for automating processes, creating comprehensive debtor profiles, and delivering new strategies for increased collections.

A tremendous value in centralizing business functions is the ability to consolidate multiple debts from different agencies into a single case. Creating a single case for a debtor facilitates the collection process by providing a unified view to all receivables owed across multiple agencies - thereby reducing duplication of effort.

Under this model, each agency would remain responsible for the establishment and initial billing of its debts. Once the debt is established, each agency would typically send one or more notices to the debtor in order to collect the money quickly. The City would establish a threshold for a number of days for this collection activity (for example, 45 or 60 days), after which time the debt would be required to be turned over to the CCU. Once the debt is sent to the CCU, all collection activities should be done by the CCU and none by the originating agency.

The CCU should continually review results from its collection campaigns and refine those campaigns on an ongoing basis. The CCU should also be empowered to test new campaigns with a sample of accounts prior to rolling the campaign out to all the available accounts. These new campaigns could include new letters, new workflow strategies, or new data sources.

CGI

Billing and bill presentment should be done by the individual operating departments. Collections should be centralized as the best practices within a collection group can be shared and automated based on the types of debt being collected. For example, workflows and strategies can be developed and shared against specific debt types based on size of balance, type of bill, past behaviors, broken promises, number of delinquent accounts and many other attributes.

There are many tools to enable data sharing via integrations with these disparate systems. Not only do these tools enable the extraction, transformation and loading of account data but also provide a level of workflow and notification as part of their offering. These tools support both real-time and batch processing so data flow between collections, accounting, reporting, web interfaces, IVR/VRU payments, etc., can all be coordinated in a way to update the remaining systems in the collection value chain to ensure synchronization.

The vision should be to use solutions and tools that enable the City of Philadelphia so analyze how soon parties pay their accounts from the time they are billed, what accounts appear to have fraud associated with them (e.g. delinquents that open multiple accounts under different names), what accounts need payment plans and terms and define those terms based on business rules, decide which customers should be litigated against and which should not to ensure the City doesn't accrue high attorney fees for uncollectable accounts.

FICO

In an ideal world, billing and bill presentment would be centralized. One centralized statement saves mailing costs and could provide either a concise itemized statement with all possible City billing entities identified or just areas in which the citizen is owing.

Collection activities should be handled by a separate group, not having direct allegiance to any specific department. The in-house collection staff should be rewarded for preventing accounts from going to outsourced collection and also for maintaining a high quality element to each call.

An ultimate goal of consolidating all departments on one system should be established. This will produce an overall long term cost savings through the efficiencies that will be gained. In the interim, it would be ideal if billing can be moved to one system. Individual departments should be capable of producing a file that can periodically be uploaded to one common billing system. The designated "billing/collection" department should subsequently have the ability to create files on a regular schedule to update the individual disparate systems with payment information. A daily schedule is recommended. The same file creation process would be used to send delinquent accounts to collection (either in-house or outsourced).

IC Systems

Billing and bill presentation should be centralized if at all possible. Cost may be a factor up-front but the benefit of accurate reporting and debt valuation will offset cost. Centralization or – at a minimum – similar billing can also result in fewer billing disputes, which can save the City labor costs to research and respond to such disputes.

Centralization of collection activities would also give the City the structure to maintain relationships and develop agency partners that may be able to collect on a variety of City debt effectively from varying operating departments with the City.

Allied Interstate uses a Data Depot to warehouse our base data points. We would propose that initial research be done within the City to identify the fields within the individual system that would be required. Following that identification, a review and scrub process should be used to clean and standardize all data. Upon completion of these tasks, all data would then be housed in the "data warehouse" and could then be used either to generate specific tasks and results to be uploaded to the various systems or else could just store inbound uploads from the systems.

iQor

Billing and bill presentment should be centralized to maximize operational efficiencies and expertise within government agencies. Through our payment processing capability, we can communicate with consumers and provide them with the ability to pay via Internet (at a City branded Web site that we create), over the telephone (to a 24/7/365 LexisNexis call center), at a kiosk (which is developed and provided by LexisNexis) or Interactive Voice Response unit, which is owned and operated by LexisNexis.

We can also provide the mechanism for City staff to process payments either via telephone or in person. By charging a reasonable service or convenience fee to the consumer to make the payment, we are able to fund all equipment, software, credit & debit card interchange and assessment fees and check processing fees at no cost to the City. This will enable the City to collect the actual revenue due, without the need to invest in expensive and highly regulated technology necessary to process payments.

Consumers can use our shopping cart solution, allowing them to make multiple payments.

Payment information is available to the City in real time, and funds are transmitted no later than the day following the payment. The service fee funds the cost of the services, and as a result, the City would receive the services at no charge.

Lexis Nexis

Billing and bill presentment should be done by individual operating departments. This departmental billing management approach affords a better environment for department managers' own accountability and so they can keep their eyes on costs and hold personnel and outside vendors accountable for expenditures, while recognizing and rewarding efficiency and success in billing.

Collections activities are maximized when performed by the Revenue Department and the Law Department working together rather than when performed by individual departments. Collections of delinquent accounts goes hand-in-hand with legal enforcement, so the City's lawyers and outside counsel should be involved at the earliest

possible time once an account becomes delinquent. A rapid response to delinquency is particularly important when trying to collect unsecured receivables and from companies that are going out of business or filing for bankruptcy protection.

The City would benefit from maximizing the data it already by adding additional data elements/data fields to capture data simultaneously with future account management. Distinct data fields facilitate the ability to segregate the data for stratifications and sorting for more detailed analysis of the accounts' collectability, location of debtors, updating information, and notating accounts with case/collection activity. The data for the different receivables can be kept in their own silos so that the different systems can do their jobs well.

Linebarger

The City would benefit from a centralized billing process and personnel, which would provide a uniform approach to processes as well as increased accuracy, added security and improved timeliness of payment processing.

Given that the City has so many departments with distinct functions, the City's departments could instead individually focus on alerting debtors to the amounts they owe and then send their delinquencies to a processing center after a certain length of time has elapsed. This model is similar to the one used by the U.S. Department of the Treasury, one of Performant's clients, as it acts as the central repository of most federal agency delinquencies.

To streamline collections efforts, the City should use a centralized collections process, which will build efficiencies throughout the organization. Accordingly, the City would maintain its specialized personnel without having to equip all departments for collecting. The approach empowers the City to accept payments in one system; track which debts are paid, outstanding or settled; and disperse the payments to the appropriate departments. It also eases the debtors' burden, enabling them to make payments more easily and better incentivize them to pay on time.

The City can do this by creating a code mapping system, or a layer through which each department can funnel its data to a single collections engine. This effort creates efficiencies, enabling specific personnel from each department to monitor payments and send delinquent debts back to collections if necessary.

This layer can be created by referring debt to a third party, such as Performant, who would manage the debt on its system. This vendor could also process payments and remit the payments back to the City.

Performant

Typically economies of scale are realized when using a centralized approach [to collections]. For example, a dialer campaign is only effective with a minimum of 5-10 agents, and smaller departments are not able to reach this minimum threshold.

Alliance One

We believe that a Centralized Collection Unit (CCU) that controls the collection activity as well as billing and bill presentment is the most effective and successful approach. This allows each department to focus on their core administrative duties.

With this approach, the City will gain efficiencies as best practices are created and shared with individuals whose focus is to collect on outstanding debts owed to the City.

As this approach would be new to the City, both the City and their selected vendors need to be flexible to change as this unit evolves. Contracted vendors need to have the capacity and flexibility to move staff on and off the project as needed as well as a strong understanding of the City's treasury functions including the City's current lockbox process for payments.

Once an account becomes delinquent, the case should transition to the City's newly formed CCU. The City or selected vendor(s) will be responsible for managing the account at this point. Once accounts are loaded into the City's central repository scripted letters will be mailed. Collection activities will then be initiated by the City's

vendor with payments being directed to the City's designated lockbox, as is done on the early age tax collection contract. After 12 months the uncollected accounts should transition to a secondary vendor(s). These vendor(s) will be responsible for proactive collections, mailing statements and sending payments to the City's lockbox.

The City may wish to learn more about the following centralized models.

Federal

- U.S. Department of the Treasury
- U.S. Department of Education

State

- State of Utah

Municipality

- New York City
- City of Los Angeles

Pioneer

Progressive recommends that billing and bill presentment should be performed by a centralized operating department.

By having a centralized operating department, the City would be able to combine all of the debtor's delinquent accounts onto one statement to eliminate any misperception the debtor may have. Progressive highly recommends a centralized approach to collection activities.

Once all delinquent accounts are merged into one convenient location, this will provide the ability to cross reference. Having the capability to cross reference will give the City the ability to:

- Consolidate Billing – With one collection system, the City would have the ability to incorporate multiple branch office debts on a single statement that is owed by the debtor. This would eliminate confusion and save money and time as the City would only need to send out one notice as opposed to several.
- Integrated Collection Efforts – When delinquent accounts are placed in collection, with a singular collection system, the agent would be able to discuss all outstanding debts with the debtor on a single phone call.
- Consistent Processes – With all debts compiled into one system, all enforcement processes and ramifications on delinquent debts would be uniformed which would ensure accuracy and consistency across the board. This would help to eliminate or reduce the number of repeat delinquent offenders as all branch office debts would be linked by one system.

Progressive

Centralized billing would provide many advantages to the City of Philadelphia. Will ensure timeliness of all billing activities, consistency across multiple departments and would allow for the centralization of all costs related to collections. Collection activities should be centralized by the City of Philadelphia to allow for automation of recovery practices. Centralization will provide the greatest level of efficiency and provide timely notification to obligors and consumers.

ConServe

2.2 DEBT VALUATION

2.2.1 How could Philadelphia determine the likely net present value of its unpaid receivables?

2.2.2 What methodologies should be employed to determine the collectability of individual debts, tax and non-tax?

2.2.3 What skills and resources are needed to maintain up-to-date, timely estimates of collectability?

The best methodology to determine collectability is to apply appropriate and consistent strategies that maximize debt collection. Uncollectable accounts are those that debtor died with no ability to go after the estate, the account does not meet legal standards for collection, or the account is outside the statute of limitations. Other accounts may not be cost effective to pursue and should be removed from the receivables portfolio.

RCB

The goal of TAG's initial account screening process, including our deceased and bankruptcy screens, is to separate collectible accounts from those that require additional research.

We also perform a "high risk" scrub to identify any debtors who might have taken legal action against a company or agency. We then flag these accounts and consult with our clients about the next steps. These proactive processes separate accounts that have a lower probability of collection.

The Affiliated Group

The City would be able to estimate the value of its unpaid receivables based on information such as age and type of debt. We suggest using predicative modeling and skip tracing technologies. NCO has the ability to predict how likely a customer is to pay through NCO's proprietary scoring model. Using this model, accounts are scored and scrubbed to predict payment probability with a high degree of accuracy. TransUnion provides credit reports identifying customers who are making timely payments to other creditors; the report includes new addresses, telephone numbers, employment information, open trade lines, and available money sources.

NCO

The Net Present Value of the City's unpaid receivables can be accurately determined using a well-established four-step methodology

Step 1: Agency Operational Review

The operational review process is an important part of the analytical review. Through this review, the existing collection approaches and results are analyzed. Knowing what work efforts and tools are currently used to drive the collection results is a key to estimating the unrealized collection performance for the accounts being reviewed. Both the processes and results are compared to best practices to determine potential untapped liquidity as well as to communicate potential best practice opportunities for our clients.

Step 2: Data Collections

Unless a formal data analytics program has been previously completed, the data provided will not typically be in a format that is immediately ready for analysis. Therefore, emphasis on data collection is required to get accurate and meaningful results.

Step 3: Data Validation and Cleansing

The data validation and cleansing activities are focused on ensuring the accuracy of the data provided as well as placing the data into a format that can be used for the analysis. This step of the process cannot be underestimated since often this is the first time the data being extracted will be placed in a centralized format for cross-analysis.

Step 4: Data Analysis

This is the step of the overall project that will provide actionable statistical information. We will identify the likelihood of collections and the expected amount to be recovered at an account and portfolio level.

Once data is derived, strategies can be developed to create optimal collection results.

After the four step process is completed, the results are delivered in a detailed document that contains both a narrative analysis and associated charts and graphs. This summary information can then be used by the management team to make strategy decisions.

CGI

As part of the overall workflow, specialized scoring models can be deployed to provide a level of determination of the probability to collect on a variety of account types including individual debts, tax and non-tax items. The characteristics of the customer and account behaviors will enable the score development which will in turn be used to segment accounts and route them to the appropriate collection strategy and treatments in a fully automated fashion.

FICO

If the City had \$1,000,000 in unpaid receivables and assumed 2% will be collected by an outsourced vendor to which you are paying a 20% fee, then the net value of the \$1,000,000 is \$16,000. On the other hand, if paying that vendor 25% could increase collections to 3%, the return to the City would be \$22,500.

The number one criteria for property tax debt is residency. If the citizen has already abandoned a property, the likelihood of collecting on property taxes is very slim.

The City can purchase recovery score modeling from credit bureaus like TransUnion to assess the likelihood of someone paying. The recovery score can be included in the files that are uploaded into the billing/collection system, so work efforts in-house can be prioritized for maximum effectiveness. Recovery scores can also be provided to your outsourced collection agency or be a requirement you place on the agency you select.

IC Systems

The City should review historical recovery rates and past liquidation trends for each debt type tax and non-tax. Not all municipal debt will perform the same way over time. Factors to consider in this evaluation are (1) the enforcement tools being used; (2) whether the debt was stagnant and warehoused or actively pursued; (3) the volume of disputes; and (4) whether they were individual or represented an issue with the operating department. Allied Interstate's analytics lab can assist the City in determining collectability of their debt portfolio.

Accurate and frequent data updates are the most crucial elements in properly forecasting liquidation rates. Trend reporting should be created to identify outliers and other anomalies as these can often determine revenue opportunities.

iQor

The City needs a vendor like LexisNexis to help you focus on characteristics of the debtor, and not on the type of debt owed. LexisNexis Payment Score is a dual performance score designed to help rank order accounts based on the likelihood that a debtor will repay a debt in the next three months and also rank higher those accounts likely to repay the most dollars. Payment Score accesses over 38 billion public records built from thousands of sources to provide unique alternative behavioral data insight into a debtor's propensity to repay and then delivers an easy-to-use, actionable three-digit score. Payment Score is compliant with Fair Credit Reporting Act and Equal Credit Opportunity Act regulations.

Lexis Nexis

Determination of net present value of delinquent real estate tax liens should involve analysis of the property's assessed value versus the taxes due. This process should be facilitated and more reliable given the recent City-wide reassessment of all the parcels in the City. If the property owes more in taxes than the stated value, the tax amount due that exceeds the value is likely uncollectable and would have to be compromised off the account in order to realize any collections.

The collectability of accounts can be assessed by weighting them based on the presence of identifiers and information that improve the chances of making contact with the debtor. Each factor such as type of receivable, age of receivable, date of last known address, current driver's license information, debtor date of birth, Social Security numbers, etc., gets a weight assigned to its existence in the information amassed for delinquent receivables. The weights are added up to determine score its collectability. Obviously, more information about debtors, secured debts, and newer receivables translate into higher collectability.

Linebarger

The historical recoverability of similar accounts is a key proxy used in this calculation. Account characteristics would be factored in, including the expected time taken to recover different types of debt as well as debtor profiles. The final calculation would be based on an account comparison, appropriate discount rate, and likely City outlays for its social and economic priorities. The value of this effort would be significant once a consolidated view of current receivables and past collection activity is assembled and entered into the Performant Insight analytic environment.

Maintaining up-to-date, timely estimates of collectability requires not just a staff member's statistical skills but a system that can monitor debt type and run analytics, such as Performant Insight.

Performant

AllianceOne typically processes accounts through our collection system and use of scoring models to determine collectability of debt. Several factors contribute to collection success including age and debt type. The demographic information is important along with the sanctions in place such as credit reporting, turning off service, etc. A quality accounts receivable management system with the ability to extract select data provides the best form of tracking and monitoring of collectability.

Alliance One

Develop a regression model that predicts the number of payments over a six month period. The Model will utilize most predictive attributes (internal and external) to develop a propensity to pay model that scores accounts upon placement. Scores will be used in conjunction with segmentation strategy to refine collectible population and focus on high collectability debts on high right party contact days and times.

Once attributes are defined and validated, data will need to be provided monthly in order to re-score existing accounts and score new placements. Segmentation strategies in conjunction with propensity to pay models will strategically allocate resources to focus on the population that needs treatment. Segmentation will maximize collection efforts by queuing accounts at the appropriate times based on risk.

Pioneer

Progressive also recommends hiring an outside vendor specifically for scoring purposes. The utilization of prior history analytics also has the potential to determine present and future value of unpaid receivables.

Progressive

ConServe would recommend implementing a scoring model that incorporates existing commercial services including Collection Advantage through Experian and TransUnion scoring models.

Placing debt with a collection agency within the first 6 months will yield the highest rate of return.

New placements are initially scrubbed for administrative resolution and debtor status (death, bankruptcy, incarceration, entity out of business, SSN mismatches).

ConServe

2.3 PHILOSOPHY ON COLLECTIONS

2.3.1 How can the City best balance the need for collections with social or economic development objectives (home ownership, small business activity, etc.)? How does approach differ by type of debtor (homeowner, business owner....) matter?

2.3.2 Should payment plans be offered and how should they be designed?

2.3.3 How much flexibility should there be on settling debts for less than the amount due? Should those determinations be set by formula, case-by-case analysis or some other method?

A collections approach has to be flexible in a way that debtors can manage payments without creating a financial hardship. However the collection strategy has to be aggressive when necessary.

RCB

To handle the many different situations that come up, TAG has found that it is best to approach accounts on a case-by-case basis rather than with a set formula or a blanket approach. TAG uses many different letters for consumer collections in the first step of the process of debt recovery.

The Affiliated Group

In our experience with state, county, and city entities, we have learned that a more aggressive approach to collecting past due revenue is becoming more prevalent. NCO typically requires at least 30 percent down and the balance in full over 90 days, altering this policy to meet (Client)'s requirements.

NCO allows a maximum payout period of 12 months when no other terms are possible. PPAs longer than 90 days are reassessed every three months to determine whether or not the customer can pay in full, increase payments over a shorter term, or otherwise expedite the repayment period. NCO representatives request payment in full each time contact is made.

NCO's automated system verifies payments posted against arrangements, schedules and triggers reminder letters to be sent 14 days before the next due date, and monitors accounts in anticipation of future payments. The system automatically identifies accounts where a customer has failed to submit a payment within three days after the payment due date. If an arrangement is broken, the customer is automatically assigned to a PPA representative's queue for follow-up.

NCO

Some of the most effective payment plans are those, which are entered into electronically by the debtor. In this scenario, the debtor selects and agrees to a payment and length of term through a website or touch-tone telephone thus committing to make the payment on time. Electronic payment through this same web customer facing application will also ensure late payments are significantly reduced. In order to gain the most success from a self-serve payment plan program, the debtor should also be given only a few options for length of agreement in order to direct them to a simple re-payment plan that achieves both clarity and finality. CGI has studied behavioral sciences in depth, and providing too many choices can in fact confuse the debtor and lead them to a worse choice. In addition, allowing payment dates and amounts to continually fluctuate will result in a lower compliance rate.

Many jurisdictions refer to this as an "Offer in Compromise" and if all possible, this activity should be limited as much as possible. If the word gets out to the debtor community that the City is willing to accept a lower amount, those debtors who are fully capable of making full payment will no longer do so.

CGI

In light of the economic shifts, payment plans can be offered based on the account and customer criteria including broken promises, NSF checks, information accuracy, and other characteristics. Payment plans can be enforced by business rules engines that evaluate the aforementioned characteristics and provide the proper boundaries for establishing payment terms which are good for the City and the consumer.

The danger the City has in establishing settlement authority is the setting of precedents. Once the citizenry is made aware that settlements are available, everybody will expect a settlement. Unless the City is okay with offering blanket settlements to everyday that asks, this could backfire.

IC Systems

Yes, we feel that payment plans based on individual circumstances and offered at the agency's discretion is an effective and proven collections tool. In light of the current Consumer Financial Protection Bureau's focus on providing affordable approaches for debtors to carry out debt repayment plans, such repayment plans have a place in debt recovery and will into the future.

Recoveries can be increased with settlement campaigns (using a pre-determined threshold) but the availability to move under that amount should be left open so that the debtor's financial and other circumstances may be reviewed. The City may also consider changing these amounts based on a particular department's recovery needs, annually, or by season, or based on economic conditions within the City. In this way the City retains flexibility and letter campaigns may be used to promote and increase recoveries as needed. The City should clearly define all settlement procedures so they may be applied across all debt types within the operating departments.

iQor

Payment plans should be offered to balance the difference between the debtor's ability to pay and the City's propensity to accept payment in the shortest amount of time possible. LexisNexis recommends applying a formula as a general guide for settling debts, and applying a case-by-case analysis in certain limited circumstances.

Lexis Nexis

We approach homeowners differently than commercial, industrial, or vacant property owners. Delinquent taxes on homes often result from mortgage escrow problems, paid-off home loans, or the death or disability of the homeowner of record. In these cases, we assist the taxpayers to resolve their delinquencies with their mortgage companies or through payment plan agreements.

Generally, over half of all payment arrangements are broken during the course of their payment terms, usually within 4 months of entering their agreements. Most taxpayers miss a payment within six months of entering into a payment plan agreement.

Linebarger

Collectors should consider social or economic objectives or hardships to determine how best to handle individual delinquencies. As a best practice, if a debtor is a homeowner and reports that he or she cannot make a full payment immediately, collectors should request financial documents and statements to review that person's current status. Or, if a debtor owns a business and is seeing especially slow profits, the collector will see that in those records and be sensitive to those experiences.

Performant believes that debtors are more willing to pay their debt and avoid legal complications if they are given the opportunity to pay in affordable installments based on their financial ability.

Performant

Payment arrangements are typically designed to incorporate a down payment of a minimum of eight percent (8%) of the balance based on the debtor's financial situation and followed by equal monthly installments, not to exceed 12 months unless extenuating circumstances exist.

Where allowed by law, AllianceOne accepts post-dated checks or scheduled EFT's with the understanding that a returned check/payment will result in the requirement of immediate payment of balance in full with a "same as cash" instrument.

Alliance One

If the City does not have the current staffing to make proactive contact to its delinquent base, it is recommended that the City shifts this function to contracted collection agencies with the scope and expertise to meet the high-volume demands of the City.

Pioneer recommends that payment plans be administered, but only to the taxpayers/businesses that do not have the ability to pay the balance in full. The City and vendor(s) should have experience evaluating financial capacity to create payment plans, as each situation is different. Pioneer has been successful using a case by case analysis.

Pioneer suggests that settling debts for less than the amount due should be limited to only extreme cases. Potential barriers to this approach are the philosophy of allowing some constituents to not pay their full obligation which could erode compliance.

The City should consider adding an additional fee to offset collection costs. This fee would act as a self-funding mechanism to support ongoing operations of the CCU creating a cost-neutral solution. It is recommended this fee should be a percentage of the balance owed versus a flat dollar amount. This fee would be added at a predetermined time of delinquency; possibly at day 30, giving the responsible party adequate time to respond to the City's billing cycle and internal delinquent account process.

Pioneer

Progressive recommends having a uniformed, straightforward approach when it comes to collections on delinquent accounts. Strict guidelines should be put into place that cannot be overridden by unjust complaints, such as, from repeat delinquent debtors. Progressive recommends streamlining the payment processes that are offered to debtors. Payment plans should be based on the debtor's ability to pay and be consistent across the board for all debtors.

For residential accounts, a financial statement can be obtained from the debtor to measure the debt to income ratio thereby setting a payment plan based on the debtor's disposable income. For delinquent commercial accounts, Progressive recommends restricting future renewals of licenses, permits, etc. until the delinquent debt has been paid.

Progressive

Payment arrangements should be based on a borrower profile developed during the normal course of collection efforts, in which the borrower's present situation from credit report data is reviewed. Using this data and additional information provided by the borrower, identify and attempt to have the borrower commit to the most beneficial payment terms, with a down payment up front and the balance in full payable within 180 days. ConServe feels that settlements should be considered on a case-by-case basis.

ConServe

2.4 COLLECTION PRACTICES – PREVENTION

2.4.1 What could the City do to encourage or incentivize more on-time payments?

2.4.2 What practices on the part of the jurisdiction discourage on-time payments?

To encourage more on-time payments the City should establish an online portal where consumers can manage their accounts 24 hours a day, 7 days a week. Practices on the part of the City which may discourage on-time payments, is an inability to reach consumers and obligors during a time that is convenient, to discuss resolving the account.

ConServe

Offers of more settlement and payment in full incentives to customers to begin recoupment of outstanding receivables. These offers must be under the provision that the customers provide updated information to ensure easier communication for future collection efforts. The acceptance of checks can cause accounts to slip into further delinquency if returned from the banks. Checks should not be an acceptable method of tender.

FICO

Implement and enforce a strict “late charge” policy. The policy must be fair, consistent, and reasonable. Inconsistency and unevenness in implementing late fees and unreasonably high fees, can cause some to simply give up, let alone pay on time. A reasonable fee is a hardship, but should not be an impediment to paying.

IC Systems

The City could provide an incentive program including some type or amount of debtor forgiveness if a particular number (X) of timely payments are made. Or the City could offer an interest reduction plan that would remove interest accrual if X number of timely payments are made. Allied Interstate believes many debtors need to establish a habit of repayment and once that is established through an incentive, the risk lessens. The City could also provide an incentive program for its collection partners that set liquidation targets from a date range of placement beginning as early as day 3, 7 or 10 from placement and then increasing increments to ensure timely collection efforts.

We would not advise the practice of penalty assessment based on late payments. We feel this discourages repayment and only frustrates the debtor due to the increased balance. Other practices that can discourage on-time payments include: confusing correspondence with multiple due dates or repayment addresses/options, inconsistent enforcement actions and incorrect debt validation.

iQor/Allied Interstate

Regular billings and telephone collection call follow-up are essential to encouraging more on-time payments. The City is also best served in encouraging on-time payments through negative reinforcement, i.e. follow-through with the penalties and increasing interest, and with the swift, regular, and publicized use of legal enforcement such as seizures, garnishment, and Sheriff’s sales.

We recommend that collections be monitored for any possible unintended negative consequences that may occur in the wake of the City’s new legislation for payment plan agreements. There are thousands of accounts already in payment plan agreements. Changing the way in which partial payments to real estate tax claims are presently applied for future payment plan agreements will result in the taxpayers who are currently in payment plan agreements to demand renegotiation of the terms of their payment plan agreements. This renegotiation will result in lower tax collection overall and higher administrative costs to the City and its delinquent tax collection Providers.

Linebarger

Allowing the debtor to choose a due date and then pay in a fast and simple manner takes away some of the frustration debtors may feel about paying their balances. Often, easing the payment process means letting debtors avoid speaking with a collector. As such, Performant recommends that the City have kiosks, a website or an

automated phone number through which debtors can make payments at any time and through multiple common options.

Just as providing a number of payment options and timeframes encourages debtors to pay on time, employing practices that make paying debts difficult discourages debtors from making timely payments. For example, the absence of convenient online payment options may cause debtors to put off making their payments, as many debtors prefer non-confrontational debt settlements to speaking with a collector. Debtors also delay making their payments when they are limited in payment methods or locations, such as when they are forced to only make payments in person or through the mail. To increase debtor cooperation, the City should give debtors multiple avenues for paying their debts. It should also follow up with debtors in a timely manner to facilitate on-time payments.

Performant

To encourage more on-time payments, Pioneer advises that the City provide a discount for early payments and a larger penalty for delinquent cases. Furthermore, if allowed the City could use litigation and credit reporting. The City could use their vendor(s) to gain asset information to aid the City in litigation and placing liens.

If the City intends to partner with a collection vendor as we have recommended, open communication is a necessity to ensure that contract implementation is as seamless as possible. We recommend that the City appoint an internal Project Manager as a single point of contact. This individual will be responsible for managing the City's team of functional leads, which generally consists of Operations, Compliance, Information Technology, Security, Payment Processing, Training, Debtor Services, and any other work functions that are essential to the program's success. In our experience, it is imperative that this cross-functional team meets early in the project so all requirements and restrictions of the City's systems are understood.

Pioneer

Progressive recommends that recurring payments should be set up through an automated payment system, whether the payments are made on a weekly/monthly/quarterly basis. To incentivize more on time payments, the City could implement a discounted payment program for payments made early. To offset the cost of this program, the City can evaluate the collection costs the City sustains when an account goes delinquent and factor the discounted program rate based on the savings from accounts not falling behind.

As an active contractor for the City, Progressive has identified the following areas as potential deterrents for debtors making on-time payments:

- City Wide Billing – Each branch office bills the debtor individually, sending out separate bills for each debt owed from each branch. Centralizing all collection accounts so that one notice with details of all debts can be sent to the debtor could potentially clear up any confusion on the debtor's part.
- Repeat Offenders – The City does not appear to have any deterrents in place for repeat offenders. Utilizing some of the suggestions throughout this document, in terms of ramifications for non-payment, may assist with limiting the number of debtors in default.
- Debt Forgiveness: Historically, Progressive has identified multiple debts that have been forgiven or written off by the City without re-payment of balance due. This practice may encourage repeat offenders which in turn negatively impacts the City's bottom line.

Progressive

Philadelphia revenues require more than just collection experience, it also requires the understanding of Philadelphia taxes and other receivables. Lacking this understanding and experience, collection efforts will result in unnecessary problems, confusion and delays and aging of accounts. Excessive time and resources are spent correcting problems, answering unnecessary telephone calls and visits from debtors that want to comply with their debt obligations to the City.

RCB

Utilizing technology such as electronic payments, automatic payments and accepting all major credit cards and ACH payments will make it easier for debtors to pay on time and make the payment process much more efficient for the City. With the help of an experienced collection agency like NCO, the City could analyze payment patterns of their citizens and determine the geographic areas that struggle most with on-time payments. The data can be used to develop a targeted strategy that can include expanding the available payment locations in those areas, targeted reminder call campaigns.

Some of these processes that the City could utilize to encourage on-time payments could be include:

- A user friendly online payment system
- Accepting multiple forms of payments like check, ACH, credit card, and automatic withdraw
- Accepting all major credit cards
- Accepting phone payments
- Online access to payment information

NCO

Our experience is that incenting prompt payments with a rewards system is more effective than punitive measures for late payments. The single biggest factor we have noted in the research we have read is the lack of significant enforcement which has led to a sense that the City is not serious about collections.

Experian

2.5 COLLECTION PRACTICES – DETERMINING ENFORCEMENT PATH

2.5.1 How should the City determine what enforcement action to take?

2.5.2 What enforcement tools should the City have in place for each debt type listed in Appendix A?

Progressive feels as though it is important that the enforcement actions that are implemented be executed on a consistent basis for all debts within that branch office. Enforcement actions proposed include:

- Credit Reporting
- Possible suspension of drivers license
- Restrict permits/licensing until delinquent debt is paid
- Debtor pays collection fees associated with delinquent debt
- Place delinquent account with outside collection agencies sooner

Progressive

The City should use all enforcement tools that are available. For example:

- Shut off water 30 days after delinquency if the City has not received a minimum payment
- The minimum payment can be determined by the financial status of the individual
- Credit report
- Litigate assets
- Hold/Revoke licenses
- Assess liens

For tax payers in good standing for two or more years, the City could potentially offer a rebate. This will benefit the constituents that pay timely and provide an incentive for compliance.

Pioneer

Credit reporting, legal, shutting off services and extra monetary penalties are effective enforcement tools.

Alliance One

So that the City may be equitable to all debtors, the City should set a standard policy that states what enforcement actions will be taken at what point. When a debtor's situation steps outside of that policy, the City should apply the enforcements dictated by that policy and allowed by city and state law.

Performant

The first step in any successful program is to take a critical look at the City's delinquent tax roll (DTR), determine the appropriate target collection goals, and establish a specific work plan for achieving those goals. Debtors generally perceive the collection notices and phone calls from a law firm as being more serious than other contacts. As such, law firms often get better results than those of a typical collection agency. Lawyers are officers of the court; they understand the judicial process and the rights that both creditors and debtors are assured under the law.

Linebarger

Analytics are being used to determine the best treatment strategies for each account, including what type of contact method to use and at what point in the process that contact should occur. Analytics also are used to determine how long an account should be worked prior to moving to the next level of activities. This allows scarce staff resources to focus on the highest priority accounts with the most appropriate action.

CGI

Whatever criteria is used needs to be consistent across the board. If a policy is established to send late accounts to collection at 60 days, then all accounts must receive the same treatment regardless the age, balance size or other variable. If a \$25 balance for a sewer bill is sent to collections at 60 days, a \$25 tax bill should also be sent at 60 days.

IC Systems

The City needs to do a cost benefit analysis to determine which actions to use for certain debts based on the characteristics of that debt, debt type, debt balance, age, and other factors.

iQor

In order to determine enforcement action, it is important to understand the reasons for non-payment, the available and most appropriate enforcement tools and the most effective process to be applied. A debtor may not be able to pay due to a loss of job, or other personal circumstances, this is different than a debtor that has a job, has a nice house and drives a nice car and chooses not to pay their municipal obligation. Additionally, debtors may not settle accounts if the process is inconvenient. Traveling to the inner City or far location is sometimes difficult and expensive. We have found that a significant number of our settlements can be partially attributed to debtor's ability to visit and speak to our staff in person. There is a higher level of trust and willingness to settle accounts when debtors can visit and speak to someone local.

RCB

TAG reports to three national bureaus: Equifax, Experian and Trans Union. We can access Equifax and TransUnion online. Typically we report accounts with a balance of greater than \$50 to the bureaus 30 days after they are placed in our office.

The Affiliated Group

2.6 COLLECTION PRACTICES – INTERNAL COLLECTION ACTIVITIES

2.6.1 Provide recommendations and examples of the most effective collection efforts and tools for various types of debt, including communications methods, content and frequency; effective motivators, such as reporting to credit bureaus, penalties and litigation; debtor identification and location; and payment channels and instruments.

2.6.2 What practices have been proven ineffective and should be avoided by the City of Philadelphia?

2.6.3 What is the appropriate timeline for internal collection activities?

The following methods have proven unsuccessful because they create an atmosphere which counteracts the sound collection philosophy that ConServe follows:

- Only using pre-collection Letter Service
- Not being available during prime calling hours, from 7p.m. - 9p.m.
- Not using skip tracing methods
- Using unethical practices – not adhering to State or Federal laws and regulations
- Not having auto-availability to the borrower
- Not referring accounts out to collection agencies in a timely manner
- Not selecting the right agency, based on the debt type

Conserve

Answering this question in the broadest terms, it is our experience that there are several critical success factors in improving the collections program of any organization.

- Know your customers and assess them in advance of transactions and with each interaction
- Utilize credit bureaus for reporting debts where permitted by law
- Use 3rd party data to assess, locate, monitor and recover
- Prioritize and strategize your collections efforts
- Be proactive, assess receivable accounts often and work to anticipate delinquency
- Make use of the City's leverage, develop a 360 degree view of your constituents

Experian

Based on our past experiences, TAG recommends the following timeline for internal collection activities:

- Work the account from the point of delinquency to 60 days
- Let the account sit for 15 days
- Send to Third Party collections

The Affiliated Group

Frequent telephone interaction with debtors produces the best results. NCO does recommend utilizing credit bureau reporting, penalties and litigation as effective motivators in the collection process.

NCO

One approach, which is all too common yet seems to not necessarily be successful, is the constant generation of notices to the debtor. Many companies will take the approach of "bill early, bill often" and send every debtor in the system a notice every month, without consideration if sending a notice to that debtor will result in payment.

CGI

During the City's attempts to collect, letters and emails may be the most affective media of communication, however after the second letter they really serve no purpose anymore. Ideally, the City's second communication should indicate that if the account remains unpaid it will be turned over to a collection agency. We are not advocates of the City reporting accounts to credit bureaus.

IC Systems

In debt collection there are many methods and styles in collecting debt. A few that we have found to be ineffective are the “traditional” debt collection approaches such as the aggressive, demanding, and unbending style of collections that have stigmatized our industry.

iQor

Email, SMS/mobile, and web portals are low cost, but impersonal methods, that can allow customers the ability to self cure and make future arrangements to settle past due accounts. These contact channels should be easy to use and prolong the payment collection interactions. Fastpay options would enable customers to refer to securely stored bank account and credit/debit card information to trigger faster transactions via electronic reminders.

FICO

The City should set a standard policy that states what enforcement actions will be taken at what point. When a debtor’s situation steps outside of that policy, the City should apply the enforcements dictated by that policy and allowed by city and state law.

Performant

If the City does not have the staffing or tools to efficiently work accounts after 30 days of delinquency it would be in the City’s best interest to refer its accounts to a contracted collection vendor. The longer that debt remains in the receivable cycle with minimal intervention the more likely this debt will not be recovered.

Pioneer

Collection agencies are able to tailor their wages, compensation, and bonuses based on collection goals and production levels as opposed to union employees who earn a set wage. The employees who work for collection agencies are motivated based on their potential earnings; they have the dedication and drive to effectively exhaust all efforts when working delinquent accounts.

Progressive

2.7 COLLECTION PRACTICES – OUTSIDE COLLECTION AGENCIES/OUTSIDE COUNSEL

2.7.1 What role should collection agencies play in the enforcement process?

2.7.2 Describe best practices for the distribution of debt among internal City collection staff and outside agencies/counsel?

2.7.3 Provide recommendations on how to evaluate the performance of outside collection agencies/counsel?

2.7.4 How can relationships with collection agencies be structured to maximize net revenues (collections – collection fees)?

Collection vendors should have the ability to credit report, litigate, and be able to effectively communicate with debtors and educate them on the process, such as benefits of on time payment and ramifications of non-payment. The City should consider the merits of a Champion Challenger model. Used correctly, this model instills competition and improves overall revenue collections. This model has worked extremely well for the U.S. Department of Education as a means of driving results from their collection agency base.

Pioneer

Progressive recommends that the City consider a tiered placement process with multiple agencies being involved. Placements may be conducted at multiple levels including early-out (shortly after default), second placement, and third placement.

Progressive

AllianceOne does not offer extremely low rates because we know that undercutting price leads to low performance because companies cannot afford to dedicate the resources necessary for excellent service. We take a netback approach to pricing where we weigh the optimum number of staff and resources needed to recover the most money for our clients while providing defendants with excellent customer service.

Alliance One

The concept of value-based pricing sets prices primarily on the value of services to clients. This is increasingly recognized by academics and practitioners as the most effective approach to achieve increased profitability and sustained success for the client through exclusive services that lead to higher levels of collected debt. We respectfully suggest that a lowest fee approach is not in the best interest of the City.

RCB

Establishing Champion-Challenger contests with dollar and call quality goals, maximizes net revenues and maintains good relationships with the City's constituency.

IC Systems

Establishing a champion-challenger program will drive competition and drive overall performance. To enhance this evaluation method, an effective tool is to drive market share adjustments and/or fee rate penalties and bonuses based on performance. Allowing an OCA to organically grow by continually improving creates a win-win for the City and the OCA.

CGI

Relationships with collection agencies can be structured to maximize net revenue by placing more defaulted accounts with proven high performance agencies. ConServe believes that a model similar to the Champion Challenger model allows the Client to best place their accounts. This model allows Clients to place accounts to agencies based on the amount that is returned on a monthly basis.

ConServe

The City wants to avoid paying commissions on account that have a higher propensity to cure and pay. By using analytic tools, the segmentation of the portfolios can help reduce the number of "good" accounts being sent rather than being collected by the internal teams.

FICO

In our experience, it is very difficult for the City and any vendor to manage different rules and rates regarding compensation for payments made directly to the City Revenue Department (“Direct Payments”) rather than making those payments through the City-owned Lockbox. Either way, the monies are still being paid to the City. Thus, the application of the payments and the payment of the statutorily liened attorneys’ fees commissions should be treated the same, regardless of how the City received the monies.

Linebarger

Modify the requirements for payment arrangement letters – Payment arrangement letters that require signature prior to acceptance of a payment plan restrict and slow down the collection process. Most agencies retain call recordings and provide a letter to debtors detailing the agreed upon payment arrangements. Requiring a signature on these is a redundant step and requires agencies to focus energy on chasing a returned signature page instead of focusing on generating new revenue. Payment arrangements that pay the balance in full or that are below \$1,000.00 total could be eliminated from the lettering requirements altogether except where required by state law, federal regulations, or NACHA requirements.

Progressive

The City should make internal collection attempts for no more than 90 to 180 days—depending on the debt type, balance and age—by offering incentives for timely payments. If debts remain uncollected, particularly larger debts, the City should turn those debts over to a collections agency.

Performant

Some potential best practices may include:

- Champion/Challenger – Assign similar mix of accounts to multiple outside collection agencies (OCAs) and compare results. After a set period of time, award greater market share to the higher performers based on collection performance and/or other factors such as number of complaints received. This type of competitive arrangement can also be set up to compare an internal collection staff with an outside collection agency.
- Pre-collections – Typically, the earlier you can engage an outside agency, the more likely you will collect more dollars sooner. NCO’s Early Intervention / Pre-Collection Services impart a sense of urgency upon delinquent debtors during this period, reducing write-offs and the cost of collecting after charge-off.
- First-party Collections – NCO has several long-term government clients who have engaged us to serve as their internal collection department. We can work either at the client’s location or our location, typically on the client’s system, in the client’s name. The benefits include reduced costs, improved performance, and continuous process improvements.

NCO

In our experience, net revenues are best maximized when there is a bonus for top performance and increased market share. To facilitate this, the City should, at the time of placement, provide consistent data to support the debt and provide regular competitive reporting to all partners.

iQor

The City’s staff should focus on debts under a specific age (e.g., younger than 6 months) or amount threshold. The City should also hone in on complex accounts that require resources only available to it. Any debts or amounts beyond the threshold or that do not require specialized resources can be sent to the agency.

Performant

2.8 COLLECTION PRACTICES – FORECLOSURE

2.8.1 How can the City increase the number of delinquent properties foreclosed upon?

2.8.2 How can the City increase the number of payments from properties scheduled to go to Sheriff Sale before the date of the sale?

One of the easiest ways for the City to increase the number of properties that it forecloses upon is to use a collections case management system that automates as much of the process as is allowable. A quality case management tool should be able to track the properties and payments and when it reaches a certain state of delinquency, the system can send a “final notice” to the property owner, issue a foreclosure notice automatically or move the account into an active work list for City staff to manually review and approve.

CGI

Develop a data driven strategy to identify properties for foreclosure which will bring revenue to the City in x months. The City will need to utilize a qualified resource to develop the strategy. There is also a need to evaluate data sources which could assist in the development.

FICO

The City can also increase pre-sale payments for delinquent properties by allocating more financial resources to cover the necessary costs of the program’s expansion for: (1) ordering and payment of the Tax Information Certificates (TICs), which are statutorily required evidence in tax lien foreclosure cases to prove up the owners, lienholders, and judgment creditors being dispossessed of their interests in the property and to prove up the legal description of the property being foreclosed upon and conveyed via Sheriff’s Sale; (2) payment of Service of Process costs of the foreclosure petitions for legal service upon the defendants to the foreclosure petitions and posting of the property, as is statutorily required; (3) court expenses for the judicial administration of the foreclosure petitions at court hearings; (4) additional personnel staffing and installation and maintenance of technology at the Sheriff’s Office to handle increased volume of Sheriff’s Sale properties, especially for the “back-end” process of the sales in processing closings, issuing deeds to the new owners, and remitting the collected Sheriff’s Sale funds to the City Revenue Department.

Linebarger

2.9 INFORMATION ENHANCEMENTS

2.9.1 What systems or technology does the City need to determine the collectability of debts?

2.9.2 What systems or technology does the City need to facilitate enforcement actions?

2.9.3 How can the City connect debts originating from different departments to a single debtor when no common unique identifier exists?

Implementing a common billing system, whereby all City balances are included in one statement, not only creates a streamlined statement for the consumer, it saves mailing cost for the City. Do an analysis of all City system and determine which has the best billing capability and consolidate all billing functions on that system.

IC Systems

Private collection agencies can tie/packet all of a consumer's accounts together and send letters on the total balance owed to each department.

Alliance One

Some vendors may suggest the use of a credit score that they will provide as part of its solution. A credit score is designed to determine whether a financial institution should loan money to an entity, not determine the likelihood that entity will pay already unpaid tax debts. Our experience dictates that the method best suited for determining the likelihood of a debtor paying is to create a customized scoring model.

CGI

There are technologies available that can perform "matching" between data elements within accounts to develop links and relationships systemically from disparate database sources. FICO has an Identity Resolution technology which takes account inputs from various sources and create links between the accounts. This is primarily geared toward preventing fraud but can be used to help the City match and link customers from a variety of host systems.

FICO

We recommend that the city utilizes a highly interactive data base to house new findings in order to connect the dots.

NCO

The successful connection of debts originating from different City departments to a single debtor when no common unique identifier exists should begin with the acceptance of the premise that a debtor's "name" and "address" are unique identifiers. On average, these two identifiers are 90% accurate.

Linebarger

The City should take advantage of Performant's proprietary data-mining system, Performant Insight. Performant Insight, with its associated geographic system capabilities, can take in enormous amounts of data from disparate sources and then quickly run analyses to help characterize current debt across geographic, debtor, and debt type markers to determine which debts are more recoverable.

Performant

It would also be important to create new requirements for each department to capture valuable information to aid in this process. Such items are SSN, license number, current address, DOB, etc.

Pioneer

TAG has a team of internal agents whose sole job is to do manual skip work. This team of highly skilled Internet researchers, whom we call "Cyberbabies," uses a variety of online tools to locate customers. Each team member can typically conduct up to 30 searches in an hour with impressive results.

The Affiliated Group

2.10 CASH MANAGEMENT

2.10.1 What are recommended practices for accurate control and timely processing of remittances?

2.10.2 How might the City best reduce the number of bounced checks?

2.10.3 What are best practice norms for timely payment processing and exception reporting and resolution?

Check acceptance and processing by the City should be similar to the use of debit cards where funds are drawn immediately. Floating checks via slow cash management processes to collect, reconcile, and deposit against DDA accounts will increase the likelihood of returns and lengthen the cash conversion cycle.

FICO

The City should encourage electronic payments at all levels and within all operating departments, including on-line and e-check and pay by phone systems. Vendors that use these functions should be selected for instance our system is designed to send all payments to the bank via electronic ACH or Check 21.

iQor

To cut down on the number of bounced (NSF) checks sent to the City, we recommend a 14 day lag in processing all payments to allow checks to be presented multiple times to a bank before sending payment notification to the City. This process has eliminated the vast majority of NSF checks reported to clients.

IC Systems

The reduced the number of bounced checks, the City can choose to utilize a check verification or check guarantee service that will assist in assessing the risk associated with acceptance of an individual check. Under this system, all checks would undergo a process that checks several databases to help ensure the reliability of the instrument, banking information, and check writing history of the check-writer.

Lexis Nexis

To achieve accurate control and timely processing of remittances, the City should automate payments and track all the debts incurred by a debtor through an online portal.

Performant

Focus on key areas where a fully automated receivables solution further reduces paper processing. These recommendations are based on what has been proven to work in the field, and solidified based on our experience with the City. These recommendations are:

- Outsourcing – continue to identify payment types that can be processed by a third party remittance processor to create a cost savings
- Automation – determining the right system interfaces to reduce manual processing
- Conversion - how paper payments clear – ACH, Image Cash Letter, or other methods
- Alternatives – online payments, biller direct, bank web sites, are just a few of the less costly alternatives to check processing that should be explored

Wells Fargo

EXHIBIT 7



CITY OF TULARE

REQUEST FOR PROPOSAL RFP 14-531

DELINQUENT REVENUE COLLECTION SERVICES

Proposal Issued

July 24, 2013

Proposal Due

August 22, 2013 – 2:00 P.M.

To:

City of Tulare
City Clerk
411 East Kern Avenue
Tulare, California 93274

REQUEST FOR PROPOSALS
RFP 08-468

DELINQUENT REVENUE COLLECTION SERVICES

INTRODUCTION

The City of Tulare is soliciting proposals from qualified agencies for collection of delinquent revenue in accordance with this Request for Proposal (RFP). The purpose of this RFP is to ask companies to submit statements of their qualifications, capabilities, and experience in collecting delinquent accounts and proposals for performing the services described and the fees which would be charged for those services. The RFP is expected to result in a three year firm fixed price contract with two one-year renewal options.

BACKGROUND

The City of Tulare invoices individuals and businesses for returned checks, violations of City code, property damage, DUI, animal control, miscellaneous receivables and unpaid utility bills.

QUALIFYING REQUIREMENTS

Contractor shall provide a description of the capabilities of the agency that pertain to this RFP. The description should include a detailed summary of the Agency's experience describing the agency's organization and staff, the proposed plans to handle the additional business if awarded the Final Agreement with details on additional personnel required, organizational changes and equipment. The agency must have adequate personnel and equipment to process all customer accounts presented. The agency must also abide by the Federal Fair Debt Collection Practices Act and the California Debt Collection Practice Act, along with any other federal and state laws. The City requires that a Contractor performing collection services for the City adhere to the highest legal, ethical and professional standards.

The Contractor should make citizen satisfaction a priority in providing services under this contract. Contractor's employees should be trained to be customer-service oriented and to positively and politely interact with citizens when performing contract services with the highest degree of service to the public. If, in the City's determination, the contractor is not interacting in a positive and polite manner with citizens, the contractor shall take all remedial steps to conform to the standards set by this contract and/or be subject to termination for default of contract.

The intent of this RFP is to identify a stable agency that can offer the highest quality of service at the lowest overall cost to the City of Tulare. The establishment of a three year fixed price contract with two one-year renewal options.

SCOPE OF WORK

The Scope of Work is to be used as a general guide and is not intended to be a complete list of all work necessary to complete the project.

Firms responding to the RFP shall be prepared to deliver services and perform the work necessary to develop and deploy the systems modifications or software products and training support within one month of the issuance of a contract.

The City retains the right to recall from a collection Contractor, without charge or penalty, any accounts assigned to the collection Contractor. Upon recall by the City, no further collection efforts on recalled accounts will be undertaken by the collection Contractor. If the account being recalled has been reported to any credit bureau, the collection contractor is expected to immediately clear the customer's credit report and provide written confirmation upon request.

The City will determine which accounts will be referred to an outside collection Contractor.

Accounts will be assigned by means of electronic transmission, electronic file, hard copy, or in writing. The assignment will include the following information, if available, and any other relevant information in the City's possession at the time of referral as deemed appropriate:

Name(s)
Address
Type of Account
Unpaid balance outstanding

If the collection contractor desires to have a copy of any back-up documentation, (such as it relates to miscellaneous invoices), the collection Contractor will bear the cost of the copying.

The City shall have the right, at any time during regular business hours, to inspect the records relating to the City's account kept by the Contractor at the Contractor's place of business. The contractor must retain said records for four (4) years following the final payment under the proposed contract.

It is preferable that the Contractor possess prior experience in providing similar services to other municipalities.

The following are work tasks assumed necessary to effectively collect on the City's delinquent accounts.

Take over all assigned delinquent accounts and:

Initiate standard accepted collection procedures within 20 days from the date of the assignment.

Report, correct and/or delete credit bureau reporting and provide evidentiary documentation to the Finance Department that reflects the correction.

Provide the Finance Department with monthly detailed reports reflecting collections, legal actions, adjustments, updated addresses and corrections.

Be responsible for:

Federal and State regulations regarding fair debt collection practices. Collection shall be conducted through ethical and lawful means with the highest level of customer service.

Paying all costs involved in the collection of the assigned accounts, including but not limited to litigation and transportation.

Maintaining confidentiality on all accounts assigned by the City.

Maintaining separate files for each account for audit purposes. Audit of any and all assigned records is left to the discretion of the City at any time.

Accepting and processing credit card payments via telephone for Visa and MasterCard as a minimum requirement. The contractor is responsible for all costs associated with credit card payments, including but not limited to payment of the merchants discount fee.

Accepting electronic payments from debtors. The cost of this service is the responsibility of the contractor.

Maintaining a **disaster recovery plan** to protect the City's receivables and the confidentiality of the information contained therein.

Immediately returning all accounts still pending upon termination of contract by any party.

Accepting data via whatever communication technology is being used by the City at the time of contract signing, whether paper-based or electronic. The assignment will include the following information, if available, and any other relevant information in the City's possession at the time of referral as deemed appropriate: Name(s); Address; Type of Account; Unpaid balance outstanding.

Bearing all expenses and costs incurred to effect collection of any account referred to them by the City.

Provide monthly reports detailing the status of each account, including the customer name and number, the beginning balance, collections received during the month, current balance, and collection status by the tenth (10th) of each month.

Remit all monies collected, less collection fees, monthly to the City. Remittance should include a breakdown by collection category.

PROPOSAL PROCESS

Proposals will consist of technical and cost proposals, vendor qualifications/experience, and references. **One original and two copies** of the complete technical and costs proposals are required. The original must be clearly marked and contain original signatures and must be easily reproduced on a standard copying machine. Failure to clearly mark the original and provide original signatures will result in a proposal being found non-responsive and given no consideration. The technical portion of the proposal will be weighted more heavily than the compensation fee portion of the proposals.

TECHNICAL PROPOSALS

Technical proposals must fully address the scope of work and evaluation factors. Proposals will have the following content:

Cover Letter: (One page preferred.) The letter should designate the proposal agency, the address of the agency office where the relationship will be domiciled, the address of the closest local branch, if different, and be signed by an authorized agency officer. No pricing information should be included in the section.

PROPOSAL FORMAT

A proposal agency must follow the instructions for preparing the proposal in the prescribed format. For the original proposal and the two copies, **Section Tabs (A through K)** must be used in a three-ring binder, with the responses following the same order of the RFP. Each question in the RFP should be repeated with the agency's response following. Do not include any extraneous or marketing information.

Tab A – Table of Contents: (One page preferred.) Table of Contents should follow the RFP format.

Tab B – Agency Profile: (Three page maximum preferred.) Please respond to the following sections:

Agency Overview – General overview of agency, customer service philosophy, and identification of the primary office or branch that the City will be assigned to and where the City will send its business. What sets the agency's government collection apart from others?

Experience – Describe the agency's direct experience in servicing public sector clients. Please include: the number of public agency clients and agency's knowledge of and adherence to the California Government Code and other applicable laws.

Relationship Management – Identify the size and scope of your collection agency unit, agency officers responsible for the City's accounts, what each person's role and responsibilities will be, and the relevant credentials and experience of each person on the relationship management team.

Tab C – References: (one page preferred.) Please provide five (5) references that are of similar size and scope of service utilization as the City, preferably cities or counties. Include the following information for each reference:

Contact Name & Title
Name of Customer
Address
Telephone Number
Fax Number
Number of Years as Customer
Services Provided

Tab D – Firm Qualifications: Provide information on your firm's background and qualifications which addresses the following:

1. Name, address, and telephone number of contact person; and,
2. A brief description of your firm
3. Describe any failure or refusal to complete a contract, including details and dates.
4. List any disciplinary or investigative action, including audits, in the past five (5) years conducted by any professional body or local, state or federal branch of government of your firm.
5. List any and all litigation, pending or final, to which you are a party that is related or similar to the services being solicited in the past five (5) years.

Tab E – Agency Compensation: (Two page maximum preferred.) Estimated fees and total cost for the collection service. Fee schedule shall be included which will be valid for the term of the contract.

Tab F- Miscellaneous Questions: (Three page maximum preferred.) Please respond to the following:

1. Does the agency provide a toll-free number for Customer Service?
2. What is the agency's policy regarding installment agreements with debtors?
3. What is the agency's policy and procedure for reporting to credit agencies?
4. What is the agency policy and procedure for obtaining judgments?
5. Are Account Analysis reports available on line?
6. What methodology, approach and resources are used in debt recovery?
7. What is your agency's estimated success rate of collection based upon various types and ages of accounts?
8. Can your agency send monthly reports electronically?
9. Does your agency have staff that is bi-lingual and do you have collection letters that are available in Spanish for bi-lingual customers?
10. Does your agency provide consultation on collection procedures to City staff?

Tab G – Implementation Plan and Costs: (Two page maximum preferred.) The City requires a smooth transition to a new agency or to enhanced services with its existing agency.

1. Please describe in detail, the agency's plan to implement the proposed services and to ensure a smooth, error-free conversion
2. Please detail all costs and the responsible party (agency or City) associated with the conversion of all accounts
3. Will the agency provide on-site training for City personnel, if needed?
4. Describe in detail how the agency handles problem resolution, customer service, day-to-day contact, and ongoing maintenance of government clients.

Tab H – Service Enhancements: Based on the information provided in the RFP, your firm's knowledge of the public sector, please describe any services or technological enhancements, not previously mentioned, that should be considered for further improving the effectiveness of the City's collection services.

Tab I – Disaster Recovery Plan: The agency shall have and maintain a disaster recovery plan to protect the City's receivables and the confidentiality of the information contained therein. The agency shall propose an offsite storage location and plan for backing up data daily.

Tab J – Credit Card Services: The contractor shall be capable of accepting and processing credit card payments via telephone for Visa and MasterCard as a minimum requirement. The cost for this service must be included in the overall price quoted in the bidder's proposal.

Tab K – Management Report Requirements:

1. By the tenth (10th) of each month, the contractor will provide a report of their paid accounts to the Finance Department. The monthly reports shall include the information listed below.

Debtor's name

Account number used by the City.

Original amount owed.

The data submitted.

The amount paid within the prior month.

Uncollectible accounts shall be broken out on the report by reason (i.e. bankrupt, incarcerated, deceased, public assistance recipient, etc.).

If there was a change in name, identify the original name submitted by the City.

A grand total dollar amount submitted, collected and outstanding.

A grand total percentage collected annually and within the prior month.

Note: Samples of reports should be included for review.

ATTACHMENTS A & B

Attachment "A" is a Compensation Fee Schedule to indicate in detail the compensation to be made to Contractor required under the contract.

Attachment "B" is a draft of a City contract as would normally be used in this procurement. Contractors' are not required to sign said contract at time of proposal submittal. A contract in final form will be forwarded to the successful contractor, for signature, prior to contract award. As part of the technical proposal, a contractor must review the terms and conditions and provide any exceptions. ***NOTE: Any exceptions taken to the draft contract must be provided as an attachment to the proposal submittal.***

EVALUATIONS OF PROPOSALS AND NEGOTIATIONS

A panel of City of Tulare officials will review all proposals submitted and select the top proposals. Should the panel deem it necessary, the evaluation panel may elect to schedule a site visit at the contractors' facility. The number of contractors' selected for a site visit will be at the sole discretion of the evaluation panel. The panel may also elect to invite the top scoring vendors to make a presentation and software demonstration to the evaluation panel in City Offices in Tulare, California, at no cost to the City. Upon conclusion of site visits and/or in house demonstration, the City may request Best and Final offers based upon improved understanding of the offers or changed scope of work. Based on the initial proposals, the site visit and/or in-house demonstration and best and final offers if requested, the panel will select the proposal which best fulfills the City's requirements and is deemed to offer the best value to the City. The City will negotiate with the contractor to determine final pricing and contract form. Because this proposal is negotiable, all pricing data will remain confidential until after award is made, and there

will be no public opening and reading of bids. Overall responsiveness to the Request for Proposals is an important factor in the evaluation process.

Evaluation of the proposals is expected to be completed within 30 days after their receipt. The lowest price proposal will not necessarily be selected, and technical proposals will be weighed more heavily than cost to insure that the City is procuring the best value versus lowest price.

The criteria to be used in the evaluation of proposals are as follows: Priorities and Weights will be assigned to the categories listed below:

1. Overall responsiveness to the Request for Proposal. Proposals must be neat, complete, and fully address technical, cost, vendor qualification, reference, evaluation concerns.
2. Contractors' ability and experience in performing the work described under the Request for Proposals specifications. Said ability and experience will include but not be limited to the contractors' level of performance under current contracts similar to the City's, including the percentage rate of collections.
3. Similar contract Performance References. A minimum of five (5) is required.
4. Fee Structure: Proposals will not be evaluated solely on the collection fee structure.

Before a Contract will be awarded for the services described herein, the City may conduct an investigation if necessary to determine the performance record and ability of the apparent successful Contractor to perform all requirements specified under this Contract. Upon request, the Contractor will submit such additional information as deemed necessary by the City to evaluate the Contractors' qualifications.

AWARD

The City of Tulare reserves the right to reject any or all proposals; to waive any informality in the proposals; and to accept the proposal that appears to be in the best interest of the City. The City intends to award to a single contractor.

In determining and evaluating the best proposal, the prices will not necessarily be controlling, but quality, equality, efficiency, utility, general terms, delivery, suitability of the service offered, and the reputation of the service in general use will also be considered with any other relevant factors. Contractors shall be required to provide the information requested under Work Performance History Capability in the Required Data Section. This information will be a critical part of the proposal evaluation and award. Failure to provide this information may be sufficient reason to declare the proposal non-responsive.

Notice of contract award, if contract be awarded, will be made within ninety (90) days of opening of proposals to the contractor, whose proposal complies with all requirements in the Request For Proposals and is found to be the best value to the City.

Contractor shall submit to the City, for approval, within ten (10) days from notice of contract award, all Certificates of Insurance evidencing the required coverage as described under Insurance in the schedule of the Request For Proposals.

ESTIMATED SCHEDULE – This schedule is estimated and subject to change.

Proposal Mailing Date	July 24, 2013
Proposal Due Date	August 22, 2013 – 2:00 P.M.
Proposal Evaluation Meeting	September 3, 2013 thru September 6, 2013
Award by City Council	September 17, 2013

VENDOR INQUIRES

For information concerning RFP procedures and regulations (i.e. submission deadline, forms required, etc.) interested parties may contact:

Dean Leek, Utility Purchasing Revenue Officer
City of Tulare
411 East Kern Avenue
Tulare, California 93274
(559) 684-4232
dleek@ci.tulare.ca.us

GENERAL PROVISIONS

PROPOSALS

Contractors are required to submit a proposal on all bid items. Proposal submittals which do not have all items bid will not be considered.

Discount for prompt payment must be shown on proposal; otherwise prices will be considered net. Unless prices and all information requested are complete, proposal may be disregarded and given no consideration.

This Request for Proposals shall result in a firm, fixed price contract.

In case of default by the contractor, the City of Tulare may procure the articles or services from other sources and may deduct from any monies due, or that may thereafter become due to the contractor, the difference between the price named in the contract or purchase order and the actual cost thereof to the City of Tulare. Prices paid by the City shall be considered the prevailing market price at the time such purchase is made. Periods of performance may be extended if the facts as to the cause of delay justify such extension in the opinion of the Purchasing Agent.

All prices and proposals must be in ink or typewritten. No pencil figures or erasures are permitted. Mistakes may be crossed out and corrections inserted adjacent thereto and must be initialed in ink by person signing the proposal.

All proposals must be signed with the firm's name and by a responsible officer or employee. Obligations assumed by such signature must be fulfilled.

SUBMISSION OF PROPOSALS

Each proposal must be submitted on the prescribed form in a sealed envelope with a proposal number, closing date and time on the outside.

Information must be furnished complete in compliance with the terms, conditions, provisions and specifications of the Request for Proposals. The information requested and the manner of submission is essential to permit prompt evaluation of all proposals on a fair and uniform basis. Accordingly, the City reserves the right to declare as non-responsive and reject any proposal in which material information requested is not furnished or where indirect or incomplete answers or information is provided.

Proposals and modifications or corrections thereof received after the closing time specified will not be considered.

Proposals shall be for the total net price including all applicable taxes and charges.

No telegraphic, telephone or facsimile of proposals will be accepted. If a photocopy is to be submitted, it must be signed in original, in ink.

If you do not bid, return this Request for Proposals and state reason, otherwise your name may be removed from our mailing list.

LOCAL VENDOR PREFERENCE

A five percent (5%) preference shall be granted to local bidders. A local bidder is defined as a business entity with its principal place of business located within the city limits of the City of Tulare. To qualify for the preference, local bidders must submit proof of the address of its principal place of business and a copy of their current City Business Tax Certificate. Proof of address is normally the address to which purchase orders or contracts and payments will be sent. Copies of current City Business Tax Certificate must be submitted with each proposal for which a preference is claimed. Local preference only applies to the procurement of material, supplies, equipment or services, and will not apply to proposals conducted cooperatively with other public agencies nor when prohibited by the terms of a Federal, State or private grant of funds.

PROPOSAL POSTPONEMENT AND AMENDMENT

The City of Tulare reserves the right to revise or amend the specifications up to the time set for opening of proposals. Such revisions and amendments, if any shall be announced by amendments to this solicitation. Copies of such amendments shall be furnished to all prospective contractors. Prospective contractors are defined as those contractors listed on the City's Request for Proposals list for this material/service or who have obtained documents subsequent to the advertisement. If revisions and amendments require changes in quantities or prices proposed, or both, the date set for opening of proposals may be postponed by such number of days as in the opinion of the City shall enable contractors to revise their proposals. In any case, the proposal opening shall be at least five working days after the last amendment; and the amendment shall include an announcement of the new date, if applicable, for the opening of proposals.

SINGLE PROPOSAL RESPONSE

If only one proposal is received in response to the Request for Proposals, a detailed cost proposal may be requested of the single contractor. A cost/price analysis and evaluation and/or audit may be performed of the cost proposal in order to determine if the price is fair and reasonable.

PROPOSAL WITHDRAWAL

After the proposals are opened, proposals may not be withdrawn for ninety (90) calendar days. Prior to the date/time set for the proposal opening, however, proposals may be modified or withdrawn by the contractor's authorized representative in person, or by written telegraphic notice. If proposals are modified or withdrawn in person, the authorized representative shall make his identity known and shall sign a receipt for the proposal. Written or telegraphic notices shall be received in the office indicated on the DESIGNATED CONTACT page of this Request for Proposals no later than the exact date/time for the proposal opening. A telegraphic modification or withdrawal received in the designated office by telephone from the receiving telegraph office no later than the date/time set for the proposal opening shall be considered if such message is confirmed by a copy of the telegram.

ESTIMATED QUANTITIES

The quantities shown in the Request for Proposals are an estimate only. Since the exact quantities cannot be predetermined, the City reserves the right to adjust quantities as deemed necessary to meet its requirement.

CONTRACTOR INVESTIGATION

Before submitting a proposal, each contractor shall make all investigations and examinations necessary to ascertain all site conditions and requirements affecting the full performance of the contract and to verify any representations made by the City upon which the contractor will rely. If the contractor receives an award as a result of its proposal submission, failure to have made such investigations and examinations will in no way relieve the contractor from its obligations to comply in every detail with all provisions and requirements of the contract, nor will a plea of ignorance of such conditions and requirements be accepted as a basis for any claim whatsoever by the contractor for additional compensation. *[Note: Refer to Special Provisions Section and/or Minimum Specifications for any additional terms and conditions.]*

COMPETENCY OF CONTRACTORS

No proposal will be accepted from or contract awarded to a contractor who is not licensed in accordance with the law, who does not hold a license qualifying him to perform work under this contract, to whom a proposal form has not been provided and who has not successfully performed on projects of similar character and scope. The contractor may be required, before the award of any contract, to show, to the complete satisfaction of the City, that it has the necessary facilities, ability, experience, and financial resources to provide the services specified herein in a satisfactory manner. Generally, contractor history and references are required at a minimum. The City may make reasonable investigations deemed necessary and proper to determine the ability of a contractor to perform the work, and the contractor shall furnish the City all information requested for this purpose. (See Required Data Section.) **[Note: Refer to Special**

Provisions Section and/or Minimum Specifications for any additional terms and conditions.]

CONTRACT ADMINISTRATION

Except as otherwise specifically provided in this Request For Proposals and the resulting Purchase Contract or Purchase Order, any notice, submittal or communication required or permitted to be served on a party hereto, may be served by personal delivery to the person or the office of the person identified. Service may also be made by mail, by placing a notice, submittal or communication in an envelope with the proper first-class postage affixed thereto and addressed as indicated, and depositing said envelope in the United States mail. (See Required Data Section)

MODIFICATION

This agreement shall not be modified, except in writing, by contract amendment, executed by all parties. Oral change orders are not permitted. No change in this Request for Proposals or resulting contract shall be made unless the City of Tulare gives its prior written approval. The contractor shall be liable for all costs resulting from, and/or for satisfactory correcting, any specification change not properly ordered by written modification to the contract and signed by the City of Tulare. *[NOTE: Refer to Specific Provisions Section and/or Minimum Specifications for any additional terms and conditions.]*

TERMINATION OF CONTRACT

If at any time, in the opinion of the City, upon recommendation of the Purchasing Agent, 1) contractor fails to conform to the requirements of this contract; 2) contractor seeks relief under any law for the benefit of insolvents or is adjudicated bankrupt; 3) any legal proceedings are commenced against contractor which may interfere with the performance of the contract; or 4) contractor has failed to supply an adequate working force, or material of proper quality, or has failed in any other respect to prosecute the work with the diligence and force specified and intended in and by the terms of the contract, notice thereof in writing may be served upon contractor and should contractor neglect or refuse to provide means for a satisfactory compliance with the contract as directed by the Purchasing Agent within the time specified in such notice the City in any such case shall have, to terminate the contract. Any excess of the cost arising there from will be charged against the contractor and their sureties, who will be liable thereof. In the event of such termination, all monies due the contractor or retained under terms of the contract shall be forfeited to the City, but such forfeiture will not release the contractor or his sureties from liability for failure to fulfill the contract.

ASSIGNMENT AND SUBCONTRACTING

The contractor shall not assign or subcontract the work, or any part thereof, without the previous written consent of the City, nor shall contractor assign, by power of attorney or

otherwise, any of the money payable under this contract unless written consent of the City has been obtained. No right under this contract, nor claim for money due or to become due hereunder shall be asserted against the City, or persons acting for the City, by reason of any so-called assignment of this contract or any part thereof, unless such assignment has been authorized by the written consent of the City. In case the contractor is permitted to assign monies due or to become due under this contract, the instrument of assignment shall contain a clause subordinating the claim of the assignee to all prior liens for services rendered or materials supplied for the performance of work.

Should any subcontractor fail to perform in a satisfactory manner the work undertaken by him, his subcontract shall be immediately terminated by the contractor upon notice from the City. The contractor shall be fully responsible and accountable to the City for the acts and omissions of subcontractors, and of persons directly or indirectly employed by them, as he is for the acts and omissions of persons directly employed by him. Nothing contained in this contract shall create any contractual relation between any subcontract and the City.

SUBCONTRACTORS

The "Subletting and Subcontracting Fair Practices Act" (Public Contract Code Section 4100-4113, inclusive) shall be considered to apply to all subcontracts in excess of one-half of one percent (.5%) of the total amount of the proposal, and said act requires subcontractors, if used, to be listed in the prime contractor's proposal: prohibits the substitution of subcontractors, except as therein authorized; and provides for penalties for violations of the Act.

Each contractor shall, with respect to the work of any subcontractor in excess of one-half of one percent (.5%) of the total amount of the proposal, list in the Required Data Section:

- 1) The name and location of the place of business of each subcontractor who will perform work or labor or render services to the prime contractor in or about the construction of the work or improvement, or a subcontractor licensed by the State of California who, under subcontract to the prime contractor, specially fabricates and installs a portion of the work or improvement according to detailed drawings contained in the plans and specifications, in an amount in excess of one-half of one percent (.5%) of the prime contractor's total proposal.
- 2) The portion of the work which will be done by each such subcontractor. Only one subcontractor shall be listed for each such portion.

If the contractor fails to specify a subcontractor for any portion of work to be performed under the contract in excess of one-half of one percent (.5%) of the contractor's total proposal, contractor agrees the contractor is fully qualified to and will perform that portion of the work.

The successful contractor shall not, without the consent of the City, and in compliance with the Public Contracts Code Sections 4100-4114, either:

- 1) Substitute any person as subcontractor in place of the subcontractor designated in the original proposal;
- 2) Permit any subcontract to be voluntarily assigned or transferred or allow the work to be performed by anyone other than the original subcontractor listed in the proposal; or
- 3) Sublet or subcontract any portion of the work in excess of one-half of one percent (.5%) of the total proposal as to which the contractor's original proposal did not designate a subcontractor.

FEDERAL & STATE TAX

Prices quoted shall not include Federal Excise Tax. California Sales Tax will be paid on material discretely priced in accordance with the contract payment schedule. Sales Tax will not be applied to services.

LEGALITY

If any provisions of this agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

CALIFORNIA LAW

This agreement shall be governed according to the laws of the State of California.

IMMIGRATION REFORM CONTROL ACT OF 1986

Contractor shall be responsible for compliance with the Immigration Reform Control Act of 1986.

COMPLIANCE WITH LAWS & REGULATIONS

All materials, parts and equipment furnished pursuant to these specifications shall be in compliance with the laws and regulations of the State of California and OSHA. The contractor shall, if requested by the City, supply certification and evidence of such compliance.

LEGAL REQUIREMENTS AND PERMITS

The contractor agrees to fully comply with all local, City, State and Federal laws, regulations and ordinances governing performance of contractual services required hereunder, and it will be the responsibility of the contractor to obtain any and all necessary licenses, permits and/or clearances (see Required Data Section)

RETENTION OF RECORDS

The contractor shall be required to retain any records necessary to document the charges for goods to be provided or services to be performed and make such records available to the City for inspection at the City's request for a period of four (4) years.

INDEPENDENT CONTRACTOR

The parties contend that contractor in performing the services herein specified, shall act as an independent contractor and shall have control of its work and the manner in which it is performed. It shall be free to contract for similar services to be performed for other employers while it is under contract with the City. Contractor is not to be considered an agent or employee of the City and is not entitled to participate in any pension, medical or dental plan, or any other benefit provided by the City to its employees.

NON-COLLUSION AFFADAVIT

The contractor declares, by signing and submitting a proposal, that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the contractor has not directly or indirectly induced or solicited any other contractor to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any contractor or anyone else to put in a sham proposal, or that anyone shall refrain from bidding; that the contractor has not in any manner, directly, or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the contractor or any other bidder, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other contractor, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and, further, that the contractor has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

NOTE: It is the intent of the provision described below to inform prospective contractors that the City will expect the successful contractor to use, whenever possible, recycled and/or recyclable products during the performance of the contract. [NOTE: Refer to Special Provisions Section and/or Minimum Specifications for any additional terms and conditions.]

ENTIRE AGREEMENT

This agreement is the entire agreement between the parties.

PROPOSAL CONTENTS

This proposal consists of the Request for Proposals, Proposal, Provisions, Specifications, Attachments and other terms and conditions as are attached or incorporated by reference in the schedule of the Request for Proposals.

ATTACHMENT "A"

**CONTRACT COMPENSATION
FEE SCHEDULE**

Contractor shall indicate in detail in the space provided on this form their compensation fee schedule to include the type of structure and collection fees required under the contract.

COMPENSATION FEE SCHEDULE:

If collected within first 30 days of placement _____ %

If collected after 30 days of placement _____ %

Accounts requiring legal/lawsuit filing _____ %

Additional Compensation: Please identify below any additional compensation requirements (if required):

_____ %

_____ %

_____ %

ATTACHMENT "B"
Sample Agreement

CONTRACT AGREEMENT 14-531

DELINQUENT REVENUE COLLECTION SERVICES

This Delinquent Revenue Collection Service Agreement (hereafter the "Agreement") is made this ____ day of _____, 2013 (hereafter the "Effective Date"), between the City of Tulare, a charter city (hereafter the "City"), and _____ "Contractor" (hereafter the 'CONTRACTOR'), _____ (entity location and status: such as, [name of state] corporation, partnership, sole proprietorship, dba, etc). City and Contractor are sometimes hereinafter referred to as the "parties."

RECITALS

- A. CITY desires to retain a qualified firm to provide delinquent revenue collection services in accordance with the Scope of Work contained in the Request for Proposal 14-531.
- B. The CONTRACTOR represents to CITY that it is a firm composed of highly trained professionals and is fully qualified to conduct these services for CITY as described in their Proposal of Services and accepted as final.
- C. The parties have negotiated upon the terms pursuant to which CONTRACTOR will provide such services and have reduced such terms to writing.

AGREEMENT

NOW, THEREFORE, CITY and CONTRACTOR agree:

1. Scope of Service

CONTRACTOR shall provide CITY with the following services: Delinquent Revenue Collection Services.

The above services and activities are described with particularity in the City's Request for Proposal 14-531, dated _____ and the Contractor's proposal dated _____, and attachments, all of which are attached hereto which is incorporated by reference as though fully set forth herein and in accordance with the provisions of this

Agreement. In case of any conflict between the terms of these documents, the terms of this Agreement shall control and prevail.

2. Compensation

As compensation for all services of CONTRACTOR in performance of this Agreement, CITY shall pay CONTRACTOR as described herein.

Collection fees for services rendered shall be deducted from the collection of delinquent revenue, based on the commission fee schedule described in **Attachment "A"**.

No invoices for services are to be submitted to the City for payment processing.

3. Entire Agreement

This Agreement consists of the following documents, in order of precedence, and shall be the entire agreement between parties:

This Agreement

Attachment "A" Contract Compensation Fee Schedule.

- a. City's Request for Proposals 14-531, dated _____, 2013
- b. CONSULTANT'S Proposal dated _____, 2013 and all attachments thereto, by reference, included herein.

4. Term of Agreement

CONTRACTOR shall begin work after receipt of the Notice to Proceed. CONTRACTOR shall there upon work diligently, through _____, 2013 and continuously provide all the required services and activities described herein. The term of the contract shall be for three-years. CITY and CONTRACTOR may, upon mutual agreement of both parties, extend this Agreement for up to two (2) additional one-year terms.

5. Qualifications of Employees

The CITY may require dismissal from the work on this contract, employees whom it deems incompetent, careless or otherwise objectionable to the public interest. All CONTRACTOR'S employees shall carry proper identification on their person at all times.

6. Account Litigation

The CITY, when deemed necessary, may request the CONTRACTOR to proceed with legal action for collection of a delinquent account. Said action will be based upon agreement of the contract parties.

7. Account Assignment

CONTRACTOR will be required to wait a minimum of three days after assignment of account before proceeding with collection.

8. Remittance

CONTRACTOR will remit the net proceeds of collections by the tenth (10th) of every month along with a monthly Debtor Activity Report (DAR). Remittances are to be forwarded to the City of Tulare, Finance Department, 411 East Kern Avenue, Tulare, CA, 93274

9. Notices

Except as otherwise specifically provided in this Agreement, any notice, submittal or communication required or permitted to be served on a party hereto, may be served by personal delivery to the person or the office of the person identified below. Service may also be made by mail, by placing first class postage affixed thereto, and addressed as indicated below, and depositing said envelope in the United States mail to:

City of Tulare

Utility Purchasing Revenue Officer
411 East Kern Avenue
Tulare, California 93274
559-684-4232

Contractor

10. Modifications

The City of Tulare, at any time prior to the delivery date specified on the resulting Purchase Contract, may issue a written order for any modifications. Such modifications shall be the result of negotiation and agreement between both parties.

Oral change orders are not permitted. No change in this Request for Proposals or resulting Purchase Contract shall be made unless the City of Tulare gives its prior written approval from the office of the Purchasing Agent. The seller shall be liable for all costs resulting from any unauthorized changes to the Request for Proposals or Purchase Contract.

11. Termination for Contract Default

If at any time, in the opinion of the City Council, upon recommendation of the Purchasing Agent, 1) seller fails to conform to the requirements of this contract; 2) seller seeks relief under any law for the benefit of insolvents or is adjudicated bankrupt; 3) any legal proceedings are commenced against the seller which may interfere with the performance of the contract; or 4) seller has failed to supply an adequate working force, or material of proper quality, or has failed in any other respect to prosecute the work with the diligence and force specified and intended in and by the terms of the contract, notice thereof in writing may be served upon him; and should he neglect or refuse to provide means for a satisfactory compliance with contract as directed by the Purchasing Agent within fourteen (14) days from the receipt of such notice the City Council in any such case shall have the right and power, at its option and without prejudice to any other right it may have, to terminate the contract. Any excess of the cost arising there from will be charged against the seller and his sureties, who will be liable thereof. In the event of such termination, all monies due the seller or retained under terms of the contract shall be forfeited to the City; but such forfeiture will not release the seller or this sureties from liability for failure to fulfill the contract.

12. Termination for Convenience

This Agreement may be terminated by either party by giving sixty (60) days notice to the other in writing of its intent to terminate the Agreement.

Upon such termination, CONTRACTOR shall submit to CITY an itemized statement of services performed to the date of termination.

13. Assignment and Subcontracting

The seller shall not assign or subcontract the work, or any part thereof, without the previous written consent of the City, nor shall he assign, by power of attorney or otherwise, any of the money payable under this contract unless written consent of the City has been obtained. No right under this contract, not claim for money due or to become due hereunder shall be asserted against the City, or persons acting for the City, by reason of any so-called assignment of this contract or any part thereof, unless such assignment has been authorized by the written consent of the City. In case the seller is permitted to assign monies due or to become due under this contract, the instrument of assignment shall contain a clause subordinating the claim of the assignee to all prior liens for services rendered or materials supplied for the performance of work.

Should any subcontractor fail to perform in a satisfactory manner the work undertaken by him, his subcontract shall be immediately terminated by the seller upon notice from the City. The seller shall be fully responsible and accountable to the City for the acts and omissions of his subcontractors, and of persons directly or indirectly employed by them, as he is for the acts and omissions of persons directly employed by him. Nothing

contained in this contract shall create any contractual relation between any subcontract and the City.

14. Indemnify

CONTRACTOR agrees to accept responsibility for loss or damage to any person or entity, and to defend, indemnify, hold harmless and release the City, its officers, and employees, from actions, claims, damages, disabilities or the cost of litigation that are asserted by any person or entity to the extent arising out of the negligent acts or omissions or willful misconduct in the performance by the CONTRACTOR hereunder, whether or not there is concurrent negligence on the part of the City, but excluding liability due to the active negligence or willful misconduct of the City. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for CONTRACTOR or its agents, under worker's compensation acts, disability benefits acts or other employee's benefits acts.

CONTRACTOR shall be liable to City for any loss of or damage to City property arising from CONTRACTOR'S negligence or willful misconduct.

15. Insurance Requirements

Commercial General Liability Insurance

CONSULTANT shall, during the continuance of this Agreement and at no expense to City, maintain commercial general liability insurance, including products liability and completed operations, and contractual liability coverage, in the amount of \$1,000,000 per occurrence on account of bodily or personal injuries, including death, or on account of property damage, arising from, or caused, directly or indirectly, by the performance of this Agreement. This insurance shall be a per occurrence policy. Under this commercial general liability insurance, CITY, its officers, agents and employees shall be named as additional insured's by endorsement and as to such additional insured's, this insurance shall be primary and the policies shall contain by endorsement a cross liability clause.

Worker's Compensation Insurance

CONSULTANT shall, during the continuance of this Agreement and at no expense to CITY, maintain worker's compensation insurance, as required by law, for all CONSULTANT'S officers, agents and employees.

Professional Liability Insurance

CONSULTANT shall, during the term of this Agreement and at no expense to CITY, maintain professional liability insurance (errors and omissions) in an amount not less than \$1,000,000 for any damages which may arise, directly or indirectly, out of any errors and omissions committed by CONSULTANT in its performance of this Agreement.

Business Automobile Insurance

CONSULTANT represents that it shall, during the continuance of this Agreement and at no expense to CITY, maintain automobile liability insurance as required by law.

Deductible / Self- Insurance Retention

Any deductible or self-insurance retention shall be certified on a certificate of insurance and approved by CITY. CITY may require, at its option, CONSULTANT to either (1) reduce or eliminate such deductible or self-insurance retention as it applies to CITY, its officers, agents and employees, or (2) procure a bond guaranteeing payment of losses and all costs associated with investigation, administration and defense of claims and/or lawsuits. The bond shall be in a form acceptable to the City Attorney and in an amount acceptable to CITY'S Risk Manager.

Certificates

The insurance required by Paragraphs a, b, and c above shall be evidenced by certificate or certificates submitted to CITY which shall be executed by the insurance company or companies involved and which shall state that this insurance may not be terminated without 30 days prior written notice being received by CITY. The certificate(s) shall be submitted to CITY before or at the time CONSULTANT executes this Agreement.

CONSULTANT shall file certificates of insurance, which shall certify the TOTAL LIMITS of coverage in effect. If such limits are higher than the limits required by the CITY, the higher limits shall be certified and shall apply to the coverage afforded the CITY.

16. Independent Contractor

The parties intend that CONTRACTOR, in performing services herein specified, shall act as an independent contractor and shall have control of its work and the manner in which it is performed. It shall be free to contract for similar services to be performed for other employers while it is under contract with CITY. CONTRACTOR is not to be considered an agent or employee of CITY and is not entitled to participate in any pension plan, medical, or dental plans, or any other benefit provided by CITY for its employees.

17. Successor and Assigns

CITY and CONTRACTOR each binds itself, its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all promises and agreements contained herein.

18. Legal Requirements and Permits

The CONTRACTOR agrees to fully comply with all local, City, State and Federal laws, regulations and ordinances governing performance of contractual services required hereunder, and it will be the responsibility of the CONTRACTOR to obtain any and all necessary licenses, permits and/or clearances.

19. Compliance with Laws and Regulations

All materials, parts and equipment furnished pursuant to these specifications shall be in compliance with the laws and regulations of the State of California and OSHA. The seller shall, if requested by the City, supply certification and evidence of such compliance.

20. Retention of Records

The CONTRACTOR shall be required to retain any records necessary to document the charges for goods to be provided or services to be performed and make such records available to the CITY for inspection at the City's request for a period of four (4) years.

21. Legality

If any provisions of this agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

22. California Law

This agreement shall be governed according to the laws of the State of California.

23. Signature required for Corporations

If this agreement is entered into by a corporation, it shall be signed by two corporate officers, one from each of the following groups; a) the chairman of the board, president or any vice-president; b) the secretary, any assistant secretary, chief financial officer, or any assistant treasurer. The title of the corporate officer shall be listed under the signature.

24. Binding Parties

The CITY and CONTRACTOR each binds itself, its partners, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other parties respect of all promises and Agreements contained herein.

A waiver of a breach or default under this Agreement shall not be a waiver of any other or subsequent default.

The City of Tulare and (Contractor) have each caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

CITY OF TULARE

CONTRACTOR'S NAME

Date: _____

Date: _____

By _____
City Manager

By: _____
Name

Attest: _____
Asst. City Clerk

Title

APPROVED AS TO FORM:

By: _____
Name

City Attorney

Title

Taxpayer
ID: _____

Phone Number Fax number

EXHIBIT 8

CONTRACT AGREEMENT 14-531

DELINQUENT REVENUE COLLECTION SERVICES

This Delinquent Revenue Collection Service Agreement (hereafter the "Agreement") is made this 3rd day of December, 2013 (hereafter the "Effective Date"), between the City of Tulare, a charter city (hereafter the "City"), and I.C. System, Inc. (hereafter the "CONTRACTOR"), 444 Highway 96 East, P.O. Box 64137, St. Paul, Minnesota 55164-0137, a Minnesota corporation. City and Contractor are sometimes hereinafter referred to as the "parties."

RECITALS

- A. CITY desires to retain a qualified firm to provide delinquent revenue collection services in accordance with the Scope of Work contained in the Request for Proposal 14-531.
- B. The CONTRACTOR represents to CITY that it is a firm composed of highly trained professionals and is fully qualified to conduct these services for CITY as described in their Proposal of Services and accepted as final.
- C. The parties have negotiated upon the terms pursuant to which CONTRACTOR will provide such services and have reduced such terms to writing.

AGREEMENT

NOW, THEREFORE, CITY and CONTRACTOR agree:

1. Scope of Service

CONTRACTOR shall provide CITY with the following services: Delinquent Revenue Collection Services.

The above services and activities are described with particularity in the City's Request for Proposal 14-531, dated July 24, 2013 and the Contractor's proposal dated August 22, 2013, and attachments, all of which are attached hereto which is incorporated by reference as though fully set forth herein and in accordance with the provisions of this Agreement. In case of any conflict between the terms of these documents, the terms of this Agreement shall control and prevail.

2. Compensation

As compensation for all services of CONTRACTOR in performance of this Agreement, CITY shall pay CONTRACTOR as described herein.

Collection fees for services rendered shall be deducted from the collection of delinquent revenue, based on the commission fee schedule described for the term of the contract:

- 18% If collected within the first 30 days of placement
- 18% If collected after 30 days of placement
- 40% Accounts requiring legal/lawsuit filing (Plus up front court fees)

No invoices for services are to be submitted to the City for payment processing.

3. Entire Agreement

This Agreement consists of the following documents, in order of precedence, and shall be the entire agreement between parties:

This Agreement

Attachment "A" Contract Compensation Fee Schedule.

- a. City's Request for Proposals 14-531, dated July 24, 2013, 2013
- b. CONSULTANT'S Proposal dated August 22, 2013 and all attachments thereto, by reference, included herein.

4. Term of Agreement

CONTRACTOR shall begin work after receipt of the Notice to Proceed. CONTRACTOR shall there upon work diligently, through July 1, 2016 and continuously provide all the required services and activities described herein. The term of the contract shall be for three-years. CITY and CONTRACTOR may, upon mutual agreement of both parties, extend this Agreement for up to two (2) additional one-year terms.

5. Qualifications of Employees

The CITY may require dismissal from the work on this contract, employees whom it deems incompetent, careless or otherwise objectionable to the public interest. All CONTRACTOR'S employees shall carry proper identification on their person at all times.

6. Account Litigation

The CITY, when deemed necessary, may request the CONTRACTOR to proceed with legal action for collection of a delinquent account. Said action will be based upon agreement of the contract parties.

7. Account Assignment

CONTRACTOR will be required to wait a minimum of three days after assignment of account before proceeding with collection.

8. Remittance

CONTRACTOR will remit the net proceeds of collections by the tenth (10th) of every month along with a monthly Debtor Activity Report (DAR). Remittances are to be forwarded to the City of Tulare, Finance Department, 411 East Kern Avenue, Tulare, CA, 93274

9. Notices

Except as otherwise specifically provided in this Agreement, any notice, submittal or communication required or permitted to be served on a party hereto, may be served by personal delivery to the person or the office of the person identified below. Service may also be made by mail, by placing first class postage affixed thereto, and addressed as indicated below, and depositing said envelope in the United States mail to:

City of Tulare

Utility Purchasing Revenue Officer
411 East Kern Avenue
Tulare, California 93274
559-684-4232

Contractor

I.C. Systems, Inc.
P.O. Box 64137
St. Paul, Minnesota 55164-0137
651-481-6505
Attn: Phil Aune

10. Modifications

The City of Tulare, at any time prior to the delivery date specified on the resulting Purchase Contract, may issue a written order for any modifications. Such modifications shall be the result of negotiation and agreement between both parties.

Oral change orders are not permitted. No change in this Request for Proposals or resulting Purchase Contract shall be made unless the City of Tulare gives its prior written approval from the office of the Purchasing Agent. The seller shall be liable for all costs resulting from any unauthorized changes to the Request for Proposals or Purchase Contract.

11. Termination for Contract Default

If at any time, in the opinion of the City Council, upon recommendation of the Purchasing Agent, 1) seller fails to conform to the requirements of this contract; 2) seller seeks relief under any law for the benefit of insolvents or is adjudicated bankrupt; 3) any legal proceedings are commenced against the seller which may interfere with the performance of the contract; or 4) seller has failed to supply an adequate working force, or material of proper quality, or has failed in any other respect to prosecute the work with the diligence and force specified and intended in and by the terms of the contract, notice thereof in writing may be served upon him; and should he neglect or refuse to provide means for a satisfactory compliance with contract as directed by the Purchasing Agent within fourteen (14) days from the receipt of such notice the City Council in any such case shall have the right and power, at its option and without prejudice to any other right it may have, to terminate the contract. Any excess of the cost arising there from will be charged against the seller and his sureties, who will be liable thereof. In the event of such termination, all monies due the seller or retained under terms of the contract shall be forfeited to the City; but such forfeiture will not release the seller or this sureties from liability for failure to fulfill the contract.

12. Termination for Convenience

This Agreement may be terminated by either party by giving sixty (60) days notice to the other in writing of its intent to terminate the Agreement.

Upon such termination, CONTRACTOR shall submit to CITY an itemized statement of services performed to the date of termination.

13. Assignment and Subcontracting

The seller shall not assign or subcontract the work, or any part thereof, without the previous written consent of the City, nor shall he assign, by power of attorney or otherwise, any of the money payable under this contract unless written consent of the City has been obtained. No right under this contract, not claim for money due or to become due hereunder shall be asserted against the City, or persons acting for the City, by reason of any so-called assignment of this contract or any part thereof, unless such assignment has been authorized by the written consent of the City. In case the seller is permitted to assign monies due or to become due under this contract, the instrument of assignment shall contain a clause subordinating the claim of the assignee to all prior liens for services rendered or materials supplied for the performance of work.

Should any subcontractor fail to perform in a satisfactory manner the work undertaken by him, his subcontract shall be immediately terminated by the seller upon notice from the City. The seller shall be fully responsible and accountable to the City for the acts and omissions of his subcontractors, and of persons directly or indirectly employed by them, as he is for the acts and omissions of persons directly employed by him. Nothing

contained in this contract shall create any contractual relation between any subcontract and the City.

14. Indemnify

CONTRACTOR agrees to accept responsibility for loss or damage to any person or entity, and to defend, indemnify, hold harmless and release the City, its officers, and employees, from actions, claims, damages, disabilities or the cost of litigation that are asserted by any person or entity to the extent arising out of the negligent acts or omissions or willful misconduct in the performance by the CONTRACTOR hereunder, whether or not there is concurrent negligence on the part of the City, but excluding liability due to the active negligence or willful misconduct of the City. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for CONTRACTOR or its agents, under worker's compensation acts, disability benefits acts or other employee's benefits acts.

CONTRACTOR shall be liable to City for any loss of or damage to City property arising from CONTRACTOR'S negligence or willful misconduct.

15. Insurance Requirements

Commercial General Liability Insurance

CONSULTANT shall, during the continuance of this Agreement and at no expense to City, maintain commercial general liability insurance, including products liability and completed operations, and contractual liability coverage, in the amount of \$1,000,000 per occurrence on account of bodily or personal injuries, including death, or on account of property damage, arising from, or caused, directly or indirectly, by the performance of this Agreement. This insurance shall be a per occurrence policy. Under this commercial general liability insurance, CITY, its officers, agents and employees shall be named as additional insured's by endorsement and as to such additional insured's, this insurance shall be primary and the policies shall contain by endorsement a cross liability clause.

Worker's Compensation Insurance

CONSULTANT shall, during the continuance of this Agreement and at no expense to CITY, maintain worker's compensation insurance, as required by law, for all CONSULTANT'S officers, agents and employees.

Professional Liability Insurance

CONSULTANT shall, during the term of this Agreement and at no expense to CITY, maintain professional liability insurance (errors and omissions) in an amount not less than \$1,000,000 for any damages which may arise, directly or indirectly, out of any errors and omissions committed by CONSULTANT in its performance of this Agreement.

Business Automobile Insurance

CONSULTANT represents that it shall, during the continuance of this Agreement and at no expense to CITY, maintain automobile liability insurance as required by law.

Deductible / Self- Insurance Retention

Any deductible or self-insurance retention shall be certified on a certificate of insurance and approved by CITY. CITY may require, at its option, CONSULTANT to either (1) reduce or eliminate such deductible or self-insurance retention as it applies to CITY, its officers, agents and employees, or (2) procure a bond guaranteeing payment of losses and all costs associated with investigation, administration and defense of claims and/or lawsuits. The bond shall be in a form acceptable to the City Attorney and in an amount acceptable to CITY'S Risk Manager.

Certificates

The insurance required by Paragraphs a, b, and c above shall be evidenced by certificate or certificates submitted to CITY which shall be executed by the insurance company or companies involved and which shall state that this insurance may not be terminated without 30 days prior written notice being received by CITY. The certificate(s) shall be submitted to CITY before or at the time CONSULTANT executes this Agreement.

CONSULTANT shall file certificates of insurance, which shall certify the TOTAL LIMITS of coverage in effect. If such limits are higher than the limits required by the CITY, the higher limits shall be certified and shall apply to the coverage afforded the CITY.

16. Independent Contractor

The parties intend that CONTRACTOR, in performing services herein specified, shall act as an independent contractor and shall have control of its work and the manner in which it is performed. It shall be free to contract for similar services to be performed for other employers while it is under contract with CITY. CONTRACTOR is not to be considered an agent or employee of CITY and is not entitled to participate in any pension plan, medical, or dental plans, or any other benefit provided by CITY for its employees.

17. Successor and Assigns

CITY and CONTRACTOR each binds itself, its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect of all promises and agreements contained herein.

18. Legal Requirements and Permits

The CONTRACTOR agrees to fully comply with all local, City, State and Federal laws, regulations and ordinances governing performance of contractual services required hereunder, and it will be the responsibility of the CONTRACTOR to obtain any and all necessary licenses, permits and/or clearances.

19. Compliance with Laws and Regulations

All materials, parts and equipment furnished pursuant to these specifications shall be in compliance with the laws and regulations of the State of California and OSHA. The seller shall, if requested by the City, supply certification and evidence of such compliance.

20. Retention of Records

The CONTRACTOR shall be required to retain any records necessary to document the charges for goods to be provided or services to be performed and make such records available to the CITY for inspection at the City's request for a period of four (4) years.

21. Legality

If any provisions of this agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

22. California Law

This agreement shall be governed according to the laws of the State of California.

23. Signature required for Corporations

If this agreement is entered into by a corporation, it shall be signed by two corporate officers, one from each of the following groups; a) the chairman of the board, president or any vice-president; b) the secretary, any assistant secretary, chief financial officer, or any assistant treasurer. The title of the corporate officer shall be listed under the signature.

24. Binding Parties

The CITY and CONTRACTOR each binds itself, its partners, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other parties respect of all promises and Agreements contained herein.

A waiver of a breach or default under this Agreement shall not be a waiver of any other or subsequent default.

The City of Tulare and (Contractor) have each caused this Agreement to be executed by their duly authorized officers as of the day and year first above written.

CITY OF TULARE

CONTRACTOR'S NAME

Date: 12/3/2013

Date: 11/3/14

By: 
City Manager

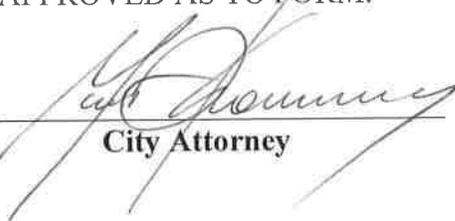
By: 
Name

Attest: 
Deputy Asst. City Clerk

CFO
Title

APPROVED AS TO FORM:

By: _____
Name


City Attorney

Title

Federal
Taxpayer
ID: 41-0739183

800-443-4123 651-204-1218
Phone Number Fax number

EXHIBIT 9

	State of South Carolina Request For Information	Solicitation Number:	5400006833
		Date Issued:	10/17/2013
		Procurement Officer:	KATHERINE KRISSINGER
		Phone:	(803)-737-2402
		E-Mail Address:	KKrissinger@dew.sc.gov

DESCRIPTION: **RFI – Debt Collection Services**

USING GOVERNMENTAL UNIT: **SC Department of Employment and Workforce**

SUBMIT YOUR SEALED OFFER TO EITHER OF THE FOLLOWING ADDRESSES:	
MAILING ADDRESS: SC Dept. of Employment and Workforce Attn: Purchasing - Room 101 PO Box 995 Columbia SC 29202	PHYSICAL ADDRESS: SC Dept. of Employment and Workforce 1550 Gadsden Street, Room 101 Columbia SC 29201

SUBMIT OFFER BY (Opening Date/Time): **10/31/2013 2:30PM EST** (See "Deadline For Submission Of Offer" provision)

QUESTIONS MUST BE RECEIVED BY: **10/24/2013 10:00A.M.. EST** (See "Questions From Offerors" provision)

NUMBER OF COPIES TO BE SUBMITTED: **See Page 3**

CONFERENCE TYPE: Not Applicable DATE & TIME: <small>(As appropriate, see "Conferences - Pre-Bid/Proposal" & "Site Visit" provisions)</small>	LOCATION: Not Applicable
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AWARD & AMENDMENTS	Not Applicable
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Unless submitted on-line, you must submit a signed copy of this form with Your Offer. By submitting a bid or proposal, You agree to be bound by the terms of the Solicitation. You agree to hold Your Offer open for a minimum of thirty (30) calendar days after the Opening Date. (See "Signing Your Offer" and "Electronic Signature" provisions.)

NAME OF OFFEROR <small>(full legal name of business submitting the offer)</small>	<small>Any award issued will be issued to, and the contract will be formed with, the entity identified as the Offeror. The entity named as the offeror must be a single and distinct legal entity. Do not use the name of a branch office or a division of a larger entity if the branch or division is not a separate legal entity, i.e., a separate corporation, partnership, sole proprietorship, etc.</small>	
AUTHORIZED SIGNATURE <small>(Person must be authorized to submit binding offer to contract on behalf of Offeror.)</small>	TAXPAYER IDENTIFICATION NO. <small>(See "Taxpayer Identification Number" provision)</small>	
TITLE <small>(business title of person signing above)</small>	STATE VENDOR NO. <small>(Register to Obtain S.C. Vendor No. at www.procurement.sc.gov)</small>	
PRINTED NAME <small>(printed name of person signing above)</small>	DATE SIGNED	STATE OF INCORPORATION <small>(If you are a corporation, identify the state of incorporation.)</small>

OFFEROR'S TYPE OF ENTITY: (Check one) <small>(See "Signing Your Offer" provision.)</small>
<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Partnership <input type="checkbox"/> Other _____
<input type="checkbox"/> Corporate entity (not tax-exempt) <input type="checkbox"/> Corporation (tax-exempt) <input type="checkbox"/> Government entity (federal, state, or local)

PAGE TWO

(Return Page Two with Your Offer)

HOME OFFICE ADDRESS (Address for offeror's home office / principal place of business)	NOTICE ADDRESS (Address to which all procurement and contract related notices should be sent.) (See "Notice" clause)
	_____ Area Code - Number - Extension Facsimile _____ E- mail Address

PAYMENT ADDRESS (Address to which payments will be sent.) (See "Payment" clause)	ORDER ADDRESS (Address to which purchase orders will be sent) (See "Purchase Orders and "Contract Documents" clauses)
_____ Payment Address same as Home Office Address _____ Payment Address same as Notice Address (check only one)	_____ Order Address same as Home Office Address _____ Order Address same as Notice Address (check only one)

ACKNOWLEDGMENT OF AMENDMENTS
 Offerors acknowledges receipt of amendments by indicating amendment number and its date of issue. (See "Amendments to Solicitation" Provision)

Amendment No.	Amendment Issue Date						

DISCOUNT FOR PROMPT PAYMENT (See "Discount for Prompt Payment" clause)	10 Calendar Days (%)	20 Calendar Days (%)	30 Calendar Days (%)	_____ Calendar Days (%)
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PREFERENCES - A NOTICE TO VENDORS (SEP. 2009): On June 16, 2009, the South Carolina General Assembly rewrote the law governing preferences available to in-state vendors, vendors using in-state subcontractors, and vendors selling in-state or US end products. This law appears in Section 11-35-1524 of the South Carolina Code of Laws. A summary of the new preferences is available at www.procurement.sc.gov/preferences . ***ALL THE PREFERENCES MUST BE CLAIMED AND ARE APPLIED BY LINE ITEM, REGARDLESS OF WHETHER AWARD IS MADE BY ITEM OR LOT. VENDORS ARE CAUTIONED TO CAREFULLY REVIEW THE STATUTE BEFORE CLAIMING ANY PREFERENCES. THE REQUIREMENTS TO QUALIFY HAVE CHANGED. IF YOU REQUEST A PREFERENCE, YOU ARE CERTIFYING THAT YOUR OFFER QUALIFIES FOR THE PREFERENCE YOU'VE CLAIMED. IMPROPERLY REQUESTING A PREFERENCE CAN HAVE SERIOUS CONSEQUENCES.*** [11-35-1524(E)(4)&(6)]

PREFERENCES - ADDRESS AND PHONE OF IN-STATE OFFICE: Please provide the address and phone number for your in-state office in the space provided below. An in-state office is necessary to claim either the Resident Vendor Preference (11-35-1524(C)(1)(i)&(ii)) or the Resident Contractor Preference (11-35-1524(C)(1)(iii)). Accordingly, you must provide this information to qualify for the preference. An in-state office is not required, but can be beneficial, if you are claiming the Resident Subcontractor Preference (11-35-1524(D)).

N/A....This is a Request for Information only.

_____ In-State Office Address same as Home Office Address
 _____ In-State Office Address same as Notice Address **(check only one)**

PAGE 3
IMPORTANT INFORMATION FOR ALL OFFERORS

All Offerors desiring to respond to this request should register and submit your response online. To respond online, you must follow the new South Carolina Enterprise Information System (SCEIS) vendor registration instructions found at the South Carolina Procurement Information Center website address of: <http://www.procurement.sc.gov>. Even if you are registered in the old procurement system, you must still register or update your information in the new SCEIS system. Once the registration process is complete, **the system will generate a new SCEIS vendor userid and password**. The Offeror must keep this information current or you will not be able to submit future bids.

OFFERORS ENCOUNTERING REGISTRATION PROBLEMS SHOULD CONTACT:

DSIT Help Desk (803) 896-0001 Select Option 1 then Option 1

Monday – Friday 8:00 AM – 4:30 PM

Other vendor instructions found at <http://www.procurement.sc.gov/> include:

- [Vendor Registration Guide](#)
- [SCEIS Help Desk](#)
- [How do I Respond to A Solicitation](#) - Word Document
- [How do I Respond to A Solicitation](#) - Interactive Document
- [How do I Respond to A Bid with Complex Pricing Line Items](#)
- [How do I Respond to A Bid with Complex Pricing – Price Scale](#)

NUMBER OF COPIES

Offerors will need to follow these instructions carefully when responding to the solicitation online.

1. The original response should be submitted on-line and is the official response.
2. All offerors must attach all additional requested documents to their response in the online system. These documents can be attached under the “**My Notes**” tab of the online solicitation either on the main page or under the necessary line item.

In addition to the response you submit on-line, please submit the following:

1. One (1) redacted copy of their response **submitted online** and submitted on CD
2. Three (3) copies of your entire response on CD

All copies requested must be delivered no later than the date and time specified on the cover page of the solicitation to the following address:

SC Department of Employment and Workforce
Attention: Kathi Krissinger
Solicitation #: 540000 6833
1550 Gadsden Street, Room 101
Columbia, SC 29201



SC Department of Employment and Workforce Request for Information

Description: The South Carolina Department of Employment and Workforce (SCDEW) seeks to provide and receive information from interested parties regarding options for a vendor to effectuate prompt collection of employer liabilities owed to SCDEW. These liabilities include delinquent payments of contributions, interest, penalties, departmental administrative contingency assessments, and other reasonable costs incurred in collection. S.C. Code Ann. §§ 41-31-380 thru 420 & 41-31-630.

Introduction: Under South Carolina Employment and Workforce law, SCDEW may contract with a collection agency for the purpose of collecting employer debts owed to the agency. S.C. Code Ann. §§ 41-31-390 & 41-31-630. In addition, SCDEW possesses the same collection powers conferred upon the Department of Revenue by Title 12 for the collection of unpaid income taxes, and in turn, may confer these powers upon SCDEW's authorized representative for the collection of unpaid contributions, interest, penalties, departmental administrative assessments, and costs. S.C. Code Ann. §§ 41-31-400.

SCDEW seeks information from vendors on defined processes that will facilitate, expedite, and accomplish successful collection from delinquent employers' accounts (which are generally delinquent unemployment tax accounts).

SCDEW is soliciting information regarding the ability of potential vendors to collect all delinquent employer debt to include collection fee percentages associated with such collection activities.

Details: This Request for Information is to provide you with information about our current needs, while seeking information for exploratory purposes. Should a solicitation follow, SCDEW will determine what items will be solicited. Information gathered will be used to determine the availability of vendors capable of providing the services pending subsequent Requests for Proposal. Note that the information provided may be used in developing a complete solicitation. **Vendors are not guaranteed any contract award by providing information. There will also be no reimbursement for preparation of proposal or travel associated with this RFI. This RFI is being issued for exploratory purposes only.**

NOTE: Responses received may be subject to disclosure under the SC Freedom of Information Act (FOIA). Therefore, parties responding to this Request for Information must specifically indicate whether information is proprietary and therefore, not subject to disclosure under the FOIA. Please also submit a redacted copy of your response. Should we receive a FOIA request, the redacted copy will be released. Both the original and the redacted copy must be clearly labeled when submitted either on-line or on CD.

SUBMITTING REDACTED RESPONSES

You are required to mark the original copy of your response to identify any information that is exempt from public disclosure. In addition, you must also submit one complete copy of your response from which you have removed any information that you marked as exempt, i.e., a redacted copy. The information redacted should mirror in every detail the information marked as exempt from public disclosure. The redacted copy should (i) reflect the same pagination as the original, (ii) show the empty space from which information was redacted, and (iii) be submitted as a separate document.

SUBMITTING CONFIDENTIAL INFORMATION

Do not mark your entire response as confidential, trade secret, or protected! In determining whether to release documents, the State will detrimentally rely on Offeror's marking of their redacted documents, as required by these bidding. By submitting a response, Offeror agrees to defend, indemnify and hold harmless the State of South Carolina, its officers and employees, from every claim, demand, loss, expense, cost, damage or injury, including attorney's fees, arising out of or resulting from the State withholding information that Offeror marked as "confidential" or "trade secret" or "PROTECTED". (All references to S.C. Code of Laws.)

MAGNETIC MEDIA – REQUIRED FORMAT

As noted on page 3, an original hard copy of your offer must be accompanied by the specified number of copies in the following electronic format: compact disk (CD) in one of the following formats: **CD-R; DVD ROM; DVD-R; or DVD+R**. Formats such as CD-RW, DVD-RAM, DVD-RW, DVD+RW, or DVIX **are not acceptable**. Every CD must be labeled with offeror's name, solicitation number, and specify whether the contents is the original or a redacted copy. File format shall be MS Word 97 or later.

SUBMIT ONLINE RESPONSES THROUGH THE SCEIS SYSTEM AT: <http://www.procurement.sc.gov>

SEALED RESPONSES MAY ALSO BE DELIVERED TO THE FOLLOWING ADDRESS:

**SC Department of Employment and Workforce
Attention: Kathi Krissinger
RFI #: 540000 6833
1550 Gadsden Street, Room 101
Columbia, SC 29201**

EXHIBIT 10

	State of South Carolina <i>Request For Information Amendment #1</i>	Solicitation Number:	5400006833
		Date Issued:	10/30/2013
		Procurement Officer:	KATHERINE KRISSINGER
		Phone:	(803)-737-2402
		E-Mail Address:	KKrissinger@dew.sc.gov

DESCRIPTION: **RFI – Debt Collection Services**

USING GOVERNMENTAL UNIT: **SC Department of Employment and Workforce**

SUBMIT YOUR SEALED OFFER TO EITHER OF THE FOLLOWING ADDRESSES:	
MAILING ADDRESS: SC Dept. of Employment and Workforce Attn: Purchasing - Room 101 PO Box 995 Columbia SC 29202	PHYSICAL ADDRESS: SC Dept. of Employment and Workforce 1550 Gadsden Street, Room 101 Columbia SC 29201

SUBMIT OFFER BY (Opening Date/Time): **11/07/2013 2:30PM EST** (See "Deadline For Submission Of Offer" provision)

QUESTIONS MUST BE RECEIVED BY: **10/24/2013 10:00A.M. EST(Deadline has past)**(See "Questions From Offerors" provision)

NUMBER OF COPIES TO BE SUBMITTED: **See Page 3**

CONFERENCE TYPE: Not Applicable DATE & TIME: <small>(As appropriate, see "Conferences - Pre-Bid/Proposal" & "Site Visit" provisions)</small>	LOCATION: Not Applicable
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AWARD & AMENDMENTS	Not Applicable
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Unless submitted on-line, you must submit a signed copy of this form with Your Offer. By submitting a bid or proposal, You agree to be bound by the terms of the Solicitation. You agree to hold Your Offer open for a minimum of thirty (30) calendar days after the Opening Date. (See "Signing Your Offer" and "Electronic Signature" provisions.)

NAME OF OFFEROR <small>(full legal name of business submitting the offer)</small>	Any award issued will be issued to, and the contract will be formed with, the entity identified as the Offeror. The entity named as the offeror must be a single and distinct legal entity. Do not use the name of a branch office or a division of a larger entity if the branch or division is not a separate legal entity, i.e., a separate corporation, partnership, sole proprietorship, etc.	
AUTHORIZED SIGNATURE <small>(Person must be authorized to submit binding offer to contract on behalf of Offeror.)</small>	TAXPAYER IDENTIFICATION NO. <small>(See "Taxpayer Identification Number" provision)</small>	
TITLE <small>(business title of person signing above)</small>	STATE VENDOR NO. <small>(Register to Obtain S.C. Vendor No. at www.procurement.sc.gov)</small>	
PRINTED NAME <small>(printed name of person signing above)</small>	DATE SIGNED	STATE OF INCORPORATION <small>(If you are a corporation, identify the state of incorporation.)</small>

OFFEROR'S TYPE OF ENTITY: (Check one) <small>(See "Signing Your Offer" provision.)</small>		
<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Partnership	<input type="checkbox"/> Other _____
<input type="checkbox"/> Corporate entity (not tax-exempt)	<input type="checkbox"/> Corporation (tax-exempt)	<input type="checkbox"/> Government entity (federal, state, or local)

Debt Collection Services

***RFI #: 5400006833**

AMENDMENT NO. 1

AMENDMENTS TO SOLICITATION (JAN 2004) (a) The Solicitation may be amended at any time prior to opening. All actual and prospective Offerors should monitor the following web site for the issuance of Amendments: www.procurement.sc.gov. (b) Offerors shall acknowledge receipt of any amendment to this solicitation (1) by signing and returning the amendment, (2) by identifying the amendment number and date in the space provided for this purpose on Page Two, (3) by letter, or (4) by submitting a bid that indicates in some way that the bidder received the amendment. (c) If this solicitation is amended, then all terms and conditions which are not modified remain unchanged.

The following is hereby amended to change the opening date from: **10/31/2013** to **11/07/2013**. The new date appears here and on the cover letter.

The following is hereby amended to answer the following questions that were submitted in writing. The answers to each question follow each question and appear in **bold**

The following questions were submitted in writing. Answers follow each question in **bold**:

1. Please confirm the due date for this procurement is 10/31/2013.
Will this result in an RFP or contract? If so, when?

Answer: This is a Request for Information (RFI) and not a Request for Proposal (RFP). The due date for the RFI is being amended to reflect a new submission date of 11/07/2013 (See above).

2. What is the term of the contract, and are there any renewal options?

Answer: This is an RFI. There may be no resulting contract. See answer to # 1 above.

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

Answer: See answers to # 1 and 2 above.

4. Who are the incumbents, and how long have the incumbents been providing the requested services?

Answer: These services are currently performed by Agency staff. There is no current outside contract for these services, and therefore, there are no incumbents.

5. Has the current contract gone full term?

Answer: See answer to # 4 above.

6. Have all options to extend the current contract been exercised?

Answer: See answer to # 4 above.

7. To what extent are these accounts owed by private consumers versus commercial businesses?

Answer: The accounts are all unemployment accounts for employers. A significant portion of these accounts are sole proprietorships, partnerships, and LLCs.

8. Will accounts be primary placements, not having been serviced by any other outside collection agency, and/or will you also be referring secondary placements? If so, should bidders provide proposed fees for secondary placements also?

Answer: Accounts will be primary placements with no secondary placements.

9. What collection attempts are performed or will be performed internally prior to placement?

Answer: This will depend, in part, on responses received from the RFI and external business process review recommendations that are currently ongoing.

10. Will the selected vendor be allowed to litigate balances exceeding a certain dollar amount on your behalf, with your explicit approval?

Answer: No. Litigation to establish a debt is not required because the debts owed by employers to the Department are created by operation of law. Pursuant to statute, SCDEW possesses the same collection powers conferred upon the Department of Revenue by Title 12 for the collection of unpaid income taxes, and in turn, may confer these powers upon SCDEW's authorized representative for the collection of unpaid contributions, interest, penalties, departmental administrative assessments, and costs.

11. What is the total dollar value of accounts available for placement now by category, including any backlog?

Answer: The current dollar value as of 9/30/13 is \$66.6 million. While some category data is potentially accessible, SCDEW does not currently collect based on categories.

12. What is the total number of accounts available for placement now by category, including any backlog?

Answer: The total number of individual business accounts is 18,320 as of 9/30/13. While some category data is potentially accessible, SCDEW does not currently collect based on categories.

13. What is the average balance of accounts by category?

Answer: The average account balance for all debt would be approximately \$3,635. While some category data is potentially accessible, SCDEW does not currently collect based on categories.

14. What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category?

Answer: Accounts range in age from current to 13 years. More than 65 percent of the debt is from between 2010 and 2013. While some category data is potentially accessible, SCDEW does not currently collect based on categories.

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

Answer: See answer to # 4 above.

16. What is the monthly or quarterly number of accounts expected to be placed with the vendor(s) by category?

Answer: This is somewhat difficult to predict. The structure of unemployment taxes make most payments due after the first quarter of the year (due by April 30th). The highest dollar volume of debt would be referred as a result of these failures to pay. There could be several hundred new accounts added and several hundred existing accounts that would have additional new debt for the quarter.

17. What is the monthly or quarterly dollar value of accounts expected to be placed with the vendor(s) by category?

Answer: See answer to # 16 above.

18. 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?

Answer: See answer to # 4 above.

19. This is an RFI now, correct? Will you be issuing an RFP down the road?

Answer: See Answers to # 1 and 2 above.

20 Can SCDEW clarify whether this RFI is for Collections services or to obtain a new collection system, or a combination of both?

Answer: This is for Collections services.

20. Will the South Carolina Department of Employment and Workforce (SCDEW) be extending the due date of the RFI as there is no indication when Q&A will be issued?

Answer: See Answer to #1 above

21. Does a potential vendor have to submit a response to the current RFI to be considered for any future collection contract with SCDEW?

Answer: No.

22. Does SCDEW anticipate issuing an RFI for capture of Unemployment overpayments to individuals? If yes, when?

Answer: not applicable to this RFI

23. Does SCDEW anticipate payment to successful vendor(s) through add on fees to debt owed by employers?

Answer: Yes. Pursuant to statute, SCDEW is permitted to collect reasonable costs for collection activities.

24. Does SCDEW anticipate collection of employer debt from employers who no longer reside in the State of South Carolina?

Answer: Yes.

25. Who are your current collection vendors, if any?

Answer: See answer to # 4 above.

26. If SCDEW has current collection vendor(s), what are the fees utilized by them?

Answer: See answer to # 4 above.

27. If SCDEW has current collection vendors, what are the vendor's historical recovery percentages (liquidity) on accounts over the last three years?

Answer: See answer to # 4 above.

28. What is the total number of delinquent accounts (including dollar amount) that the SC Department of Employment and Workforce has?

Answer: See answer to # 12 above.

29. What is the average age of accounts by account type?

Answer: See answer to # 14 above.

30. What areas, processes and/or results are you looking to improve or enhance?

Answer: SCDEW seeks to improve the overall collection rate on delinquent unemployment tax accounts prior to expiration of the statute of limitations for collections.

31. On average, how much does SCDEW collect on a monthly basis?

Answer: SCDEW does not currently track collections on a monthly basis.

32. What are your target or anticipated fee rates for a future collection contract?

Answer: SCDEW encourages all interested parties to submit their fee rates in their response.

***Note: Please be mindful that this Request For Information (RFI) is being published for exploratory purposes only. No awards will be issued as a result of this RFI, and there will be no reimbursement made for purposes of preparation of materials, presentation, or travel that may be involved on the vendor's end.**

EXHIBIT 11

REQUEST FOR PROPOSAL (RFP)

Bid Event Number:	EVT0002665
Requisition ID:	0000005394
Document Number:	RFX0000427
Replaces Contract:	10689
Date Posted:	September 24, 2013
Closing Date:	October 18, 2013, 2:00 PM
Procurement Officer:	Linda Gronquist Telephone: 785-296-2375 E-Mail Address: linda.gronquist@da.ks.gov Web Address: http://da.ks.gov/purch
Item:	Collections Services
Agency:	56500 Kansas Department of Revenue
Period of Contract:	January 1, 2014, through December 31, 2015 (with five (5) additional one-year optional renewal periods)
Scope:	This Contract shall cover the procurement of collections services for the Kansas Department of Revenue during the contract period referenced above.

Event Number EVT0002665 was recently posted Procurement and Contracts Internet website. The document can be downloaded by going to the following website: <http://www.da.ks.gov/purch/>

It shall be the bidder's responsibility to monitor this website on a regular basis for any changes/amendments.

Questions/Addenda: No pre-bid conference is scheduled for this Bid Event. Questions requesting clarification of the RFP must be submitted in writing to the Procurement Officer indicated above

before the end of the day, on Wednesday, October 2, 2013.

SIGNATURE SHEET

Item: Collections Services
Agency: Kansas Department of Revenue
Closing Date: October 18, 2013

By submission of a bid and the signatures affixed thereto, the bidder certifies all products and services proposed in the bid meet or exceed all requirements of this specification as set forth in the request and that all exceptions are clearly identified.

Legal Name of Person, Firm or Corporation _____

Mailing Address _____ City & State _____ Zip _____

Toll Free Telephone _____ Local _____ Cell: _____ Fax _____

Tax Number _____

CAUTION: If your tax number is the same as your Social Security Number (SSN), you must leave this line blank. DO NOT enter your SSN on this signature sheet. If your SSN is required to process a contract award, including any tax clearance requirements, you will be contacted by an authorized representative of the Division of Purchases at a later date.

E-Mail _____

Signature _____ Date _____

Typed Name _____ Title _____

In the event the **contact for the bidding process** is different from above, indicate contact information below.

Bidding Process Contact Name _____

Mailing Address _____ City & State _____ Zip _____

Toll Free Telephone _____ Local _____ Cell: _____ Fax _____

E-Mail _____

If **awarded a contract and purchase orders** are to be directed to an address other than above, indicate mailing address and telephone number below.

Award Contact Name _____

Mailing Address _____ City & State _____ Zip _____

Toll Free Telephone _____ Local _____ Cell: _____ Fax _____

E-Mail _____

VENDOR RESPONSE CHECK-LIST

The following check-list is provided to assist bidders in ensuring all requirements are met and all required submissions are included with the bid. Bidders are instructed to utilize this list for their own convenience to ensure compliance.

- _____ Completed Bidder Registration and W-9 submitted prior to bid submission
- _____ Invitation to participate received from Procurement Officer prior to bid submission
- _____ Completed and signed Event Details document
- _____ Tax Clearance Certificate
- _____ Immigration Reform and Control Certification
- _____ Transmittal Letter
- _____ Experience
- _____ Qualifications
- _____ References
- _____ Subcontractor information, if applicable
- _____ Exceptions to RFP noted, if applicable
- _____ Proper number of copies submitted
- _____ Proprietary/Confidential info in separate packet, if applicable
- _____ Cost Sheet

NOTE: In order to properly and completely respond to this Request for Proposal, bidders must carefully review all sections and respond as required.

1. INSTRUCTIONS

1.1. Bid Event ID / Reference Number:

The Bid Event ID / RFP number, indicated in the header of this page, as well as on the first page of this proposal, has been assigned to this RFP and MUST be shown on all correspondence or other documents associated with this RFP and MUST be referred to in all verbal communications. All inquiries, written or verbal, shall be directed only to the procurement officer reflected on Page 1 of this proposal. There shall be no communication with any other State employee regarding this RFP except with designated state participants in attendance ONLY DURING:

- Negotiations
- Contract Signing
- as otherwise specified in this RFP.

Violations of this provision by bidder or state agency personnel may result in the rejection of the proposal.

1.2. Negotiated Procurement:

This is a negotiated procurement pursuant to K.S.A. 75-37,102. Final evaluation and award will be made by the Procurement Negotiation Committee (PNC) consisting of the following entities (or their designees):

- Secretary of Department of Administration;
- Director of Purchases, Department of Administration; and
- Head of Using Agency

1.3. Appearance Before Committee:

Any, all or no bidders may be required to appear before the PNC to explain the bidder's understanding and approach to the project and/or respond to questions from the PNC concerning the proposal; or, the PNC may award without conducting negotiations, based on the initial proposal. The PNC reserves the right to request information from bidders as needed. If information is requested, the PNC is not required to request the information of all bidders.

Bidders selected to participate in negotiations may be given an opportunity to submit a revised technical and/or cost proposal/offer to the PNC, subject to a specified cut off time for submittal of revisions. Meetings before the PNC are not subject to the Open Meetings Act. Bidders are prohibited from electronically recording these meetings. All information received prior to the cut off time will be considered part of the bidder's revised offer.

No additional revisions shall be made after the specified cut off time unless requested by the PNC.

1.4. Cost of Preparing Proposal:

The cost of developing and submitting the proposal is entirely the responsibility of the bidder. This includes costs to determine the nature of the engagement, preparation of the proposal, submitting the proposal, negotiating for the contract and other costs associated with this RFP.

1.5. Preparation of Proposal:

Prices are to be entered in spaces provided on the cost proposal form if provided herein. Computations and totals shall be indicated where required. In case of error in computations or totals, the unit price shall govern. The PNC has the right to rely on any prices provided by bidders. The bidder shall be responsible for any mathematical errors. The PNC reserves the right to reject proposals which contain errors.

All copies of cost proposals shall be submitted in a separate sealed envelope or container separate from the technical proposal. The outside shall be identified clearly as "Cost Proposal" or "Technical Proposal" with the Bid Event ID / RFP number and closing date.

A proposal shall not be considered for award if the price in the proposal was not arrived at independently and without collusion, consultation, communication or agreement as to any matter related to price with any other bidder, competitor or public officer/employee.

Technical proposals shall contain a concise description of bidder's capabilities to satisfy the requirements of this RFP with emphasis on completeness and clarity of content. Repetition of terms and conditions of the RFP without additional clarification shall not be considered responsive.

1.6. Signature of Proposals:

Each proposal shall give the complete legal name and mailing address of the bidder and be signed by an authorized representative by original signature with his or her name and legal title typed below the signature line. If the contract's contact will be a different entity, indicate that individual's contact information for communication purposes. Each proposal shall include the bidder's tax number.

1.7. Acknowledgment of Amendments:

All bidders shall acknowledge receipt of any amendments to this RFP by returning a signed hard copy with the bid. Failure to acknowledge receipt of any amendments may render the proposal to be non-responsive. Changes to this RFP shall be issued only by Procurement and Contracts in writing.

1.8. Modification of Proposals:

A bidder may modify a proposal by letter or by FAX transmission at any time prior to the closing date and time for receipt of proposals.

1.9. Withdrawal of Proposals:

A proposal may be withdrawn on written request from the bidder to the Procurement Officer at Procurement and Contracts prior to the closing date.

1.10. Competition:

The purpose of this RFP is to seek competition. The bidder shall advise Procurement and Contracts if any specification, language or other requirement inadvertently restricts or limits bidding to a single source. Notification shall be in writing and must be received by Procurement and Contracts no later than five (5) business days prior to the bid closing date. The Director of Purchases reserves the right to waive minor deviations in the specifications which do not hinder the intent of this RFP.

1.11. Evaluation of Proposals:

Award shall be made in the best interest of the State as determined by the PNC or their designees. Although no weighted value is assigned, consideration may focus toward but is not limited to:

- Cost. Bidders are not to inflate prices in the initial proposal as cost is a factor in determining who may receive an award or be invited to formal negotiations. The State reserves the right to award to the lowest responsive bid without conducting formal negotiations, if authorized by the PNC.
- Adequacy and completeness of proposal
- Bidder's understanding of the project
- Compliance with the terms and conditions of the RFP
- Experience in providing like services
- Qualified staff
- Methodology to accomplish tasks
- Response format as required by this RFP

1.12. Acceptance or Rejection:

The Committee reserves the right to accept or reject any or all proposals or part of a proposal; to waive any informalities or technicalities; clarify any ambiguities in proposals; modify any criteria in this RFP; and unless otherwise specified, to accept any item in a proposal.

1.13. Proposal Disclosures:

At the time of closing, only the names of those who submitted proposals shall be made public information. No price information will be released. A List of Bidders may be obtained in the following manner:

- Attending the public bid opening at the time and date noted on the Bid Event, or
- Requesting a List of Bidders via e-mail to tabsheets@da.ks.gov or in writing to the following address. Include the Bid Event number in all requests.

Kansas Department of Administration

Procurement and Contracts

Attention: Bid Results

800 SW Jackson, Suite 600

Topeka, KS 66612-1216

- Once a contract has been executed, the Bid Tabsheet is available upon request following the same instructions noted above.

Bid results will not be given to individuals over the telephone.

Copies of individual proposals may be obtained under the Kansas Open Records Act by sending an email to tabsheets@da.ks.gov or calling 785-296-0002 to request an estimate of the cost to reproduce the documents and remitting that amount with a written request to the above address or a vendor may make an appointment by calling the above number to view the proposal file. Upon receipt of the funds, the documents will be mailed. Information in proposal files shall not be released until a contract has been executed or all proposals have been rejected.

1.14. Disclosure of Proposal Content and Proprietary Information:

All proposals become the property of the State of Kansas. The Open Records Act (K.S.A. 45-215 et seq) of the State of Kansas requires public information be placed in the public domain at the conclusion of the selection process, and be available for examination by all interested parties. (<http://da.ks.gov/purch/KSOpenRecAct.doc>) No proposals shall be disclosed until after a contract award has been issued. The State reserves the right to destroy all proposals if the RFP is withdrawn, a contract award is withdrawn, or in accordance with Kansas law. Late Technical and/or Cost proposals will be retained unopened in the file and not receive consideration or may be returned to the bidder.

Trade secrets or proprietary information legally recognized as such and protected by law may be requested to be withheld if clearly labeled "Proprietary" on each individual page and provided as separate from the main proposal. Pricing information is not considered proprietary and the bidder's entire proposal response package will not be considered proprietary.

All information requested to be handled as "Proprietary" shall be submitted separately from the main proposal and clearly labeled, in a separate envelope or clipped apart from all other documentation. The bidder shall provide detailed written documentation justifying why this material should be considered "Proprietary". Procurement and Contracts reserves the right to accept, amend or deny such requests for maintaining information as proprietary in accordance with Kansas law.

If any part or all of the proposal is marked as being copyrighted, by submission of the proposal itself, the proposer provides the State of Kansas full authority to provide copies of such material, either in paper format or electronically, to interested parties in order for the State to meet its obligations under the Kansas Open Records Act.

The State of Kansas does not guarantee protection of any information which is not submitted as required.

1.15. Exceptions:

By submission of a response, the bidder acknowledges and accepts all terms and conditions of the RFP unless clearly avowed and wholly documented in a separate section of the Technical Proposal to be entitled: "Exceptions".

1.16. Notice of Award:

An award is made on execution of the written contract by all parties.

2. PROPOSAL RESPONSE

2.1. Submission of Proposals:

Bidder's proposal shall consist of:

- Ten (10) copies of the Technical Proposal, including the signed Event Details document, applicable literature and other supporting documents;
- Ten (10) copies of the cost proposal including the signed Event Details document,
- One (1) electronic / software version of the Technical and Cost proposal is required. This shall be provided on CD or flash drive, in Microsoft® Word or Excel. Technical and Cost responses shall be submitted on separate media.

All copies of cost proposals shall be submitted in a separate sealed envelope or container separate from the technical proposal. The outside shall be identified clearly as "Cost Proposal" or "Technical Proposal" with the Bid Event ID number and closing date.

Bidder's proposal, sealed securely in an envelope or other container, shall be received no later than 2:00 p.m., Central Time, on the closing date, addressed as follows:

Kansas Department of Administration

Procurement and Contracts

Proposal # (Indicated on Page 1)

Closing Date: (Indicated on Page 1)

800 SW Jackson Street, Suite 600

Topeka, KS 66612 1216

It is the bidder's responsibility to ensure bids are received by the closing date and time. Delays in mail delivery or any other means of transmittal, including couriers or agents of the issuing entity shall not excuse late bid submissions.

Faxed, e-mailed or telephoned proposals are not acceptable unless otherwise specified.

Proposals received prior to the closing date shall be kept secured and sealed until closing. The State shall not be responsible for the premature opening of a proposal or for the rejection of a proposal that was not received prior to the closing date because it was not properly identified on the outside of the envelope or container. Late Technical and/or Cost proposals will be retained unopened in the file and not receive consideration or may be returned to the bidder.

2.2. Proposal Format:

Bidders are instructed to prepare their Technical Proposal following the same sequence as this RFP.

2.3. Transmittal Letter:

All bidders shall respond to the following statements:

- (a) the bidder is the prime contractor and identifying all subcontractors;
- (b) the bidder is a corporation or other legal entity;
- (c) the bidder does not discriminate in employment practices with regard to race, color, religion, age (except as provided by law), sex, marital status, political affiliation, national origin or disability;
- (d) no cost or pricing information has been included in the transmittal letter or the Technical Proposal;
- (e) the person signing the proposal is authorized to make decisions as to pricing quoted and has not participated, and will not participate, in any action contrary to the above statements.

2.4. Bidder Information:

The bidder must include a narrative of the bidder's corporation and each subcontractor if any. The narrative shall include the following:

- (a) date established;
- (b) ownership (public, partnership, subsidiary, etc.);
- (c) number of personnel, full and part time, assigned to this project by function and job title.

2.5. Qualifications:

A description of the bidder's qualifications and experience providing the requested or similar service, including resumes of personnel assigned to the project stating their education and work experience, shall be submitted with the Technical Proposal. The bidder must be an established firm recognized for its capacity to perform and must have sufficient personnel to meet the deadlines specified in the RFP.

2.6. Methodology:

Bidders shall submit with the bid, a detailed explanation of the methodology for implementing services.

2.7. References:

Provide three (3) references who have purchased similar items or services from the bidder in the last three (3) years. References shall show firm name, contact person, address, e-mail address and phone number. Bidder's employees and the buying agency shall not be shown as references.

2.8. Procurement Card (P-Card):

Many State Agencies use a State of Kansas Procurement Card (currently Visa) in lieu of a state warrant to pay for certain purchases. No additional charges will be allowed for using the P-Card. Bidders shall indicate on the Event Details document if they will accept the Procurement Card for payment.

2.9. Political Subdivisions:

Political subdivisions (City, County, School Districts, etc.) are permitted to utilize contracts administered by Procurement and Contracts. Please state in the area provided on the Event Details document whether or not you will allow this usage. Conditions included in this contract shall be the same for political subdivisions. The State has no responsibility for payments owed by political subdivisions. The Contractor must deal directly with the political subdivision.

3. TERMS AND CONDITIONS

Contract Documents:

This RFP, any amendments, the response and any response amendments of the Contractor, and the State of Kansas DA-146a (Contractual Provision Attachment) shall be incorporated into the written contract, which shall compose the complete understanding of the parties.

In the event of a conflict in terms of language among the documents, the following order of precedence shall govern:

- Form DA 146a;
- written modifications to the executed contract;
- written contract signed by the parties;
- the RFP, including any and all amendments;
- and Contractor's written proposal submitted in response to the RFP as finalized.

Contract:

The successful bidder will be required to enter into a written contract with the State. The contractor agrees to accept the provisions of Form DA 146a (Contractual Provisions Attachment), which is incorporated into all contracts with the State and is incorporated into this RFP.

Contract Formation:

No contract shall be considered to have been entered into by the State until all statutorily required signatures and certifications have been rendered and a written contract has been signed by the successful bidder.

Notices:

All notices, demands, requests, approvals, reports, instructions, consents or other communications (collectively "notices") that may be required or desired to be given by either party to the other shall be IN WRITING and addressed as follows:

Kansas Department of Administration
Procurement and Contracts
800 SW Jackson St, Suite 600
Topeka, Kansas 66612-1216
RE: Bid Event ID Number _____

or to any other persons or addresses as may be designated by notice from one party to the other.

Termination for Cause:

The Director of Purchases may terminate this contract, or any part of this contract, for cause under any one of the following circumstances:

- the Contractor fails to make delivery of goods or services as specified in this contract;
- the Contractor provides substandard quality or workmanship;
- the Contractor fails to perform any of the provisions of this contract, or
- the Contractor fails to make progress as to endanger performance of this contract in accordance with its terms.

The Director of Purchases shall provide Contractor with written notice of the conditions endangering performance. If the Contractor fails to remedy the conditions within ten (10) days from the receipt of the notice (or such longer period as State may authorize in writing), the Director of Purchases shall issue the Contractor an order to stop work immediately. Receipt of the notice shall be presumed to have occurred within three (3) days of the date of the notice.

Termination for Convenience:

The Director of Purchases may terminate performance of work under this contract in whole or in part whenever, for any reason, the Director of Purchases shall determine that the termination is in the best interest of the State of Kansas. In the event that the Director of Purchases elects to terminate this contract pursuant to this provision, it shall provide the Contractor written notice at least 30 days prior to the termination date. The termination shall be effective as of the date specified in the notice. The Contractor shall continue to perform any part of the work that may have not been terminated by the notice.

Debarment of State Contractors:

Any Contractor who defaults on delivery or does not perform in a satisfactory manner as defined in this Contract may be barred for a period up to three (3) years, pursuant to KSA 75-37,103, or have their work evaluated for pre-qualification purposes pursuant to K.S.A. 75-37,104.

Rights and Remedies:

If this contract is terminated, the State, in addition to any other rights provided for in this contract, may require the Contractor to transfer title and deliver to the State in the manner and to the extent directed, any completed materials. The State shall be obligated only for those services and materials rendered and accepted prior to the date of termination.

In the event of termination, the Contractor shall receive payment prorated for that portion of the contract period services were provided to or goods were accepted by State subject to any offset by State for actual damages including loss of federal matching funds.

The rights and remedies of the State provided for in this contract shall not be exclusive and are in addition to any other rights and remedies provided by law.

Force Majeure:

The Contractor shall not be held liable if the failure to perform under this contract arises out of causes beyond the control of the Contractor. Causes may include, but are not limited to, acts of nature, fires, tornadoes, quarantine, strikes other than by Contractor's employees, and freight embargoes.

Waiver:

Waiver of any breach of any provision in this contract shall not be a waiver of any prior or subsequent breach. Any waiver shall be in writing and any forbearance or indulgence in any other form or manner by State shall not constitute a waiver.

Independent Contractor:

Both parties, in the performance of this contract, shall be acting in their individual capacity and not as agents, employees, partners, joint ventures or associates of one another. The employees or agents of one party shall not be construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor accepts full responsibility for payment of unemployment insurance, workers compensation, social security, income tax deductions and any other taxes or payroll deductions required by law for its employees engaged in work authorized by this contract.

Staff Qualifications:

The Contractor shall warrant that all persons assigned by it to the performance of this contract shall be employees of the Contractor (or specified Subcontractor) and shall be fully qualified to perform the work required. The Contractor shall include a similar provision in any contract with any Subcontractor selected to perform work under this contract.

Failure of the Contractor to provide qualified staffing at the level required by the contract specifications may result in termination of this contract or damages.

Subcontractors:

The Contractor shall be the sole source of contact for the contract. The State will not subcontract any work under the contract to any other firm and will not deal with any subcontractors. The Contractor is totally responsible for all actions and work performed by its subcontractors. All terms, conditions and requirements of the contract shall apply without qualification to any services performed or goods provided by any subcontractor.

The State of Kansas requires tax clearance certificates for all subcontractors be submitted with the technical proposal, and that the bidder additionally provide subcontractor(s) legal company name, contact information and tax ID number (FEIN/TIN) as well.

Proof of Insurance:

Upon request, the Contractor shall present an affidavit of Worker's Compensation, Public Liability, and Property Damage Insurance to Procurement and Contracts.

Conflict of Interest:

The Contractor shall not knowingly employ, during the period of this contract or any extensions to it, any professional personnel who are also in the employ of the State and providing services involving this contract or services similar in nature to the scope of this contract to the State. Furthermore, the Contractor shall not knowingly employ, during the period of this contract or any extensions to it, any state employee who has participated in the making of this contract until at least two years after his/her termination of employment with the State.

Confidentiality:

The Contractor may have access to private or confidential data maintained by State to the extent necessary to carry out its responsibilities under this contract. Contractor must comply with all the requirements of the Kansas Open Records Act (K.S.A. 42-215 *et seq.*) in providing services under this contract. Contractor shall accept full responsibility for providing adequate supervision and training to its agents and employees to ensure compliance with the Act. No private or confidential data collected, maintained or used in the course of performance of this contract shall be disseminated by either party except as authorized by statute, either during the period of the contract or thereafter. Contractor must agree to return any or all data furnished by the State promptly at the request of State in whatever form it is maintained by Contractor. On the termination or expiration of this contract, Contractor will not use any of such data or any material derived from the data for any purpose and, where so instructed by State, will destroy or render it unreadable.

Nondiscrimination and Workplace Safety:

The Contractor agrees to abide by all federal, state and local laws, and rules and regulations prohibiting discrimination in employment and controlling workplace safety. Any violations of applicable laws or rules or regulations may result in termination of this contract.

Environmental Protection:

The Contractor shall abide by all federal, state and local laws, and rules and regulations regarding the protection of the environment. The Contractor shall report any violations to the applicable governmental agency. A violation of applicable laws or rule or regulations may result in termination of this contract for cause.

Hold Harmless:

The Contractor shall indemnify the State against any and all loss or damage to the extent arising out of the Contractor's negligence in the performance of services under this contract and for infringement of any copyright or patent occurring in connection with or in any way incidental to or arising out of the occupancy, use, service, operations or performance of work under this contract.

The State shall not be precluded from receiving the benefits of any insurance the Contractor may carry which provides for indemnification for any loss or damage to property in the Contractor's custody and control, where such loss or destruction is to state property. The Contractor shall do nothing to prejudice the State's right to recover against third parties for any loss, destruction or damage to State property.

Care of State Property:

The Contractor shall be responsible for the proper care and custody of any state owned personal tangible property and real property furnished for Contractor's use in connection with the performance of this contract. The Contractor shall reimburse State for such property's loss or damage caused by Contractor, normal wear and tear excepted.

Prohibition of Gratuities:

Neither the Contractor nor any person, firm or corporation employed by the Contractor in the performance of this contract shall offer or give any gift, money or anything of value or any promise for future reward or compensation to any State employee at any time.

Retention of Records:

Unless the State specifies in writing a different period of time, the Contractor agrees to preserve and make available at reasonable times all of its books, documents, papers, records and other evidence involving transactions related to this contract for a period of five (5) years from the date of the expiration or termination of this contract.

Matters involving litigation shall be kept for one (1) year following the termination of litigation, including all appeals, if the litigation exceeds five (5) years.

The Contractor agrees that authorized federal and state representatives, including but not limited to, personnel of the using agency; independent auditors acting on behalf of state and/or federal agencies shall have access to and the right to examine records during the contract period and during the five (5) year post contract period. Delivery of and access to the records shall be within five (5) business days at no cost to the state.

Antitrust:

If the Contractor elects not to proceed with performance under any such contract with the State, the Contractor assigns to the State all rights to and interests in any cause of action it has or may acquire under the anti-trust laws of the United States and the State of Kansas relating to the particular products or services purchased or acquired by the State pursuant to this contract.

Modification:

This contract shall be modified only by the written agreement and approval of the parties. No alteration or variation of the terms and conditions of the contract shall be valid unless made in writing and signed by the parties. Every amendment shall specify the date on which its provisions shall be effective.

Assignment:

The Contractor shall not assign, convey, encumber, or otherwise transfer its rights or duties under this contract without the prior written consent of the State. State may reasonably withhold consent for any reason.

This contract may terminate for cause in the event of its assignment, conveyance, encumbrance or other transfer by the Contractor without the prior written consent of the State.

Third Party Beneficiaries:

This contract shall not be construed as providing an enforceable right to any third party.

Captions:

The captions or headings in this contract are for reference only and do not define, describe, extend, or limit the scope or intent of this contract.

Severability:

If any provision of this contract is determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this contract shall not be affected and each provision of this contract shall be enforced to the fullest extent permitted by law.

Governing Law:

This contract shall be governed by the laws of the State of Kansas and shall be deemed executed in Topeka, Shawnee County, Kansas.

Jurisdiction:

The parties shall bring any and all legal proceedings arising hereunder in the State of Kansas District Court of Shawnee County, unless otherwise specified and agreed upon by the State of Kansas. Contractor waives personal service of process, all defenses of lack of personal jurisdiction and forum non conveniens. The Eleventh Amendment of the United States Constitution is an inherent and incumbent protection with the State of Kansas and need not be reserved, but prudence requires the State to reiterate that nothing related to this Agreement shall be deemed a waiver of the Eleventh Amendment.

Mandatory Provisions:

The provisions found in Contractual Provisions Attachment (DA 146a) are incorporated by reference and made a part of this contract.

Integration:

This contract, in its final composite form, shall represent the entire agreement between the parties and shall supersede all prior negotiations, representations or agreements, either written or oral, between the parties relating to the subject matter hereof. This Agreement between the parties shall be independent of and have no effect on any other contracts of either party.

Debarment of State Contractors:

Any Contractor who defaults on delivery or does not perform in a satisfactory manner as defined in this Agreement may be barred for up to a period of three (3) years, pursuant to K.S.A. 75-37,103, or have its work evaluated for pre-qualification purposes. Contractor shall disclose any conviction or judgment for a criminal or civil offense of any employee, individual or entity which controls a company or organization or will perform work under this Agreement that indicates a lack of business integrity or business honesty. This includes (1) conviction of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract or in the performance of such contract or subcontract; (2) conviction under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property; (3) conviction under state or federal antitrust statutes; and (4) any other offense to be so serious and compelling as to affect responsibility as a state contractor. For the purpose of this section, an individual or entity shall be presumed to have control of a company or organization if the individual or entity directly or indirectly, or acting in concert with one or more individuals or entities, owns or controls 25 percent or more of its equity, or otherwise controls its management or policies. Failure to disclose an offense may result in disqualification of the bid or termination of the contract.

Immigration and Reform Control Act of 1986 (IRCA):

All contractors are expected to comply with the Immigration and Reform Control Act of 1986 (IRCA), as may be amended from time to time. This Act, with certain limitations, requires the verification of the employment status of all individuals who were hired on or after November 6, 1986, by the contractor as well as any subcontractor or sub-contractors. The usual method of verification is through the Employment Verification (I-9) Form.

With the submission of this bid, the contractor hereby certifies without exception that such contractor has complied with all federal and state laws relating to immigration and reform. Any misrepresentation in this regard or any employment of persons not authorized to work in the United States constitutes a material breach and, at the State's option, may subject the contract to termination for cause and any applicable damages.

Unless provided otherwise herein, all contractors are expected to be able to produce for the State any documentation or other such evidence to verify Contractor's IRCA compliance with any provision, duty, certification or like item under the contract.

Contractor will provide a copy of a signed Certification Regarding Immigration Reform and Control Form (see Event Details, Appendix B, #4) with the technical proposal.

Worker Misclassification:

The contractor and all lower tiered subcontractors under the contractor shall properly classify workers as employees rather than independent contractors and treat them accordingly for purposes of workers' compensation insurance coverage, unemployment taxes, social security taxes, and income tax withholding. Failure to do so may result in contract termination.

Injunctions:

Should Kansas be prevented or enjoined from proceeding with the acquisition before or after contract execution by reason of any litigation or other reason beyond the control of the State, Contractor shall not be entitled to make or assert claim for damage by reason of said delay.

Statutes:

Each and every provision of law and clause required by law to be inserted in the contract shall be deemed to be inserted herein and the contract shall be read and enforced as though it were included herein. If through mistake or otherwise any

such provision is not inserted, or is not correctly inserted, then on the application of either party the contract shall be amended to make such insertion or correction.

Federal, State and Local Taxes:

Unless otherwise specified, the proposal price shall include all applicable federal, state and local taxes. The Contractor shall pay all taxes lawfully imposed on it with respect to any product or service delivered in accordance with this Contract. The State of Kansas is exempt from state sales or use taxes and federal excise taxes for direct purchases. These taxes shall not be included in the bidder's price quotation. Upon request, the State shall provide to the Contractor a certificate of tax exemption.

The State makes no representation as to the exemption from liability of any tax imposed by any governmental entity on the Contractor.

Accounts Receivable Set-Off Program:

If, during the course of this contract the Contractor is found to owe a debt to the State of Kansas, agency payments to the Contractor may be intercepted / setoff by the State of Kansas. Notice of the setoff action will be provided to the Contractor. Pursuant to K.S.A. 75-6201 et seq, Contractor shall have the opportunity to challenge the validity of the debt. If the debt is undisputed, the Contractor shall credit the account of the agency making the payment in an amount equal to the funds intercepted.

K.S.A. 75-6201 et seq. allows the Director of Accounts & Reports to setoff funds the State of Kansas owes Contractors against debts owed by the Contractors to the State of Kansas. Payments setoff in this manner constitute lawful payment for services or goods received. The Contractor benefits fully from the payment because its obligation to the State is reduced by the amount subject to setoff.

Definitions:

A glossary of common procurement terms is available at <http://da.ks.gov/purch>, under "Purchasing Forms".

4. OTHER TERMS AND CONDITIONS

4.1. Indefinite Quantity Contract:

This Request is for an open-ended contract between a Contractor and the State to furnish an undetermined quantity of a good or service in a given period of time. The quantities ordered will be those actually required during the contract period, and the Contractor will deliver only such quantities as may be ordered. No guarantee of volume is made. An estimated quantity based on past history or other means may be used as a guide.

4.2. Off-Shore Sourcing:

Bidders shall disclose in their bid response the location where the contracted services will be performed and whether or not any of the work necessary to provide the contracted services will be performed at a site outside the United States.

If, during the term of the contract, the Contractor or subcontractor plans to move work previously performed in the United States to a location outside of the United States, the Contractor shall immediately notify Procurement and Contracts and the respective agency in writing, indicating the desired new location, the nature of the work to be moved and the percentage of work that would be relocated. The Director of Purchases, with the advice of the respective agency, must approve any changes prior to work being relocated. Failure to obtain the Director's approval may be grounds to terminate the contract for cause.

4.3. On-Site Inspection:

Failure to adequately inspect the premises shall not relieve the Contractor from furnishing without additional cost to the State any materials, equipment, supplies or labor that may be required to carry out the intent of this Contract. Submission of a proposal shall be construed as evidence that the bidder has made necessary examination, inspection and investigation. Failure to properly inspect the site may result in rejection of the bidder's response.

4.4. Experience:

All bidders are preferred to have a minimum of three (3) years continuous active participation in the applicable industry, providing equipment/services comparable in size and complexity to those specified herein.

Bidders may be required to furnish information supporting the capability to comply with conditions for bidding and fulfill the contract if receiving an award of contract. Such information may include, but not be limited to, a list of similar size and type projects the bidder has completed.

4.5. Prices:

Prices shall remain firm for the entire contract period and subsequent renewals. Prices shall be net delivered, including all trade, quantity and cash discounts. Any price reductions available during the contract period shall be offered to the State of Kansas. Failure to provide available price reductions may result in termination of the contract for cause.

4.6. Payment:

Payment Terms are Net 30 days. Payment date and receipt of order date shall be based upon K.S.A. 75-6403(b). This Statute requires state agencies to pay the full amount due for goods or services on or before the 30th calendar day after the date the agency receives such goods or services or the bill for the goods and services, whichever is later, unless other provisions for payment are agreed to in writing by the Contractor and the state agency. NOTE: If the 30th calendar day noted above falls on a Saturday, Sunday, or legal holiday, the following workday will become the required payment date.

Payments shall not be made for costs or items not listed in the Contractor's response.

Payment schedule may be on a frequency mutually agreed upon by both the agency and the Contractor.

4.7. Materials and Workmanship:

The Contractor shall perform all work and furnish all supplies and materials, machinery, equipment, facilities, and means, necessary to complete all the work required by this Contract, within the time specified, in accordance with the provisions as specified.

The contractor shall be responsible for all work put in under these specifications and shall make good, repair and/or replace, at the contractor's own expense, as may be necessary, any defective work, material, etc., if in the opinion of agency and/or Division of Purchases said issue is due to imperfection in material, design, workmanship or contractor fault.

4.8. Industry Standards:

If not otherwise provided, materials or work called for in this contract shall be furnished and performed in accordance with best established practice and standards recognized by the contracted industry and comply with all codes and regulations which shall apply.

4.9. Implied Requirements:

All products and services not specifically mentioned in this RFP, but which are necessary to provide the functional capabilities described by the specifications, shall be included. Other products required to make the described software functional shall be identified in the bidder's response.

4.10. Acceptance:

No contract provision or use of items by the State shall constitute acceptance or relieve the Contractor of liability in respect to any expressed or implied warranties.

Ownership:

All data, forms, procedures, software, manuals, system descriptions and work flows developed or accumulated by the Contractor under this contract shall be owned by the using agency. The Contractor may not release any materials without the written approval of the using agency.

4.11. Data:

Any and all data required to be provided at any time during the bid process or contract term shall be made available in a format as requested and/or approved by the State.

4.12. Submission of the Bid:

Submission of the bid will be considered presumptive evidence that the bidder is conversant with local facilities and difficulties, the requirements of the documents and of pertinent State and/or local codes, state of labor and material markets, and has made due allowances in the proposal for all contingencies. Later claims for labor, work, materials, equipment, and tax liability required for any difficulties encountered which could have been foreseen will not be recognized and all such difficulties shall be properly taken care of by Contractor at no additional cost to the State of Kansas.

4.13. Certification of Materials Submitted:

The response to this RFP, together with the specifications set forth herein and all data submitted by the bidder to support the response including brochures, manuals, and descriptions covering the operating characteristics of the item(s) proposed, shall become a part of any contract between the Contractor and the State of Kansas. Any written representation covering such matters as reliability of the item(s), the experience of other users, or warranties of performance shall be incorporated by reference into the contract.

4.14. Inspection:

The State reserves the right to reject, on arrival at destination, any items which do not conform with specification of the Contract.

4.15. New Materials, Supplies or Equipment:

Unless otherwise specified, all materials, supplies or equipment offered by the Contractor shall be new, unused in any regard and of most current design. All materials, supplies and equipment shall be first class in all respects. Seconds or flawed items will not be acceptable. All materials, supplies or equipment shall be suitable for their intended purpose and, unless otherwise specified, fully assembled and ready for use on delivery.

4.16. Bidder Contracts:

Bidders must include with their RFP response, a copy of any contracts, agreements, licenses, warranties, etc. that the bidder would propose to incorporate into the any contract generated from this Bid Event. (State of Kansas form DA-146a remains a mandatory requirement in all contracts.)

4.17. Transition Assistance:

In the event of contract termination or expiration, Contractor shall provide all reasonable and necessary assistance to State to allow for a functional transition to another vendor.

4.18. Award:

Award will be by line item or group total, whichever is in the best interest of the State of Kansas.

5. SPECIFICATIONS

Introduction and Background

The Kansas Department of Revenue (hereinafter KDOR) seeks to establish a contract with professional collection agencies/law firm(s) to perform debt collection and civil litigation services for delinquent taxes and fees from individuals and businesses located inside and outside the State of Kansas.

KDOR currently collects more than 20 taxes and fees, including, but not limited to the following:

Individual Income Tax

Sales and Use Taxes

Withholding

Corporate Income Tax

Homestead

Fiduciary

Motor Fuel Taxes

Cigarette

Tobacco

Vehicle Rental

Mineral Tax

Sand Royalty

Transient Guest

Dry Cleaning

Estate

The majority of the placements will be in the four high-lighted taxes; however any tax or fee could be placed with the agency/firm selected.

KDOR anticipates initial placement of debts six months to five years old with approximate values ranging from \$45 to \$75 million dollars with additional monthly placements of more current debt periods. At the close of FY13 (6/30/13), KDOR's total inventory referred to 3rd party collection contractors was approximately \$289 million dollars. Total collections for FY13 were approximately \$10 million dollars. KDOR intends to award contracts for first and/or second placements and/or civil litigation. Referrals to each agency/firm contracted with will depend on performance under the contract. The same agency or firm may be awarded the contract for both first placements and second placements and/or civil litigation.

The agency/firm will supplement the overall collection activities of KDOR. Prior to referring delinquent accounts, KDOR may make collection attempts. In some cases, liens may already be in place and personal responsibility established for business entities. The agency/firm may also request that liens or personal liability claims be filed by KDOR on referred cases. KDOR will continue to offset delinquent tax debts against other credits with KDOR due the taxpayer; payments made to the taxpayer from other State Agencies; and, the Department of Treasury Federal Offset program. These actions will continue while the case is placed with the agency/firm.

KDOR anticipates the initial contract period will be for twelve months commencing January 2014. However, KDOR reserves the right to renew the contract for five (5) additional years based upon the agency/firm case resolution and overall performance.

All collection agencies/firms are expected to strive and meet or exceed the minimum collection industry standards on recovering debt.

Scope of Service Detailed Specifications

The agency/firm shall accept accounts placed by KDOR under terms of this agreement and will use best known collection industry practices to recover said accounts utilizing means legal, necessary and proper. The agency/firm communication approach with Kansas Taxpayers shall be respectful, professional and courteous to motivate collection of debts, whether the communication is with the tax payer and/or with the legal POA. The agency/firm shall not allow use of threatening language or written test, intimidation, or unprofessional harassment in the collection process. The agency/firm will employ a proven Quality Assurance Program as a risk mitigation preventative.

The agency/firm shall not violate any federal guidelines to regard to debt collection. If a complaint is registered with KDOR alleging inappropriate treatment of Kansas taxpayers by the agency/firm, the agency/firm will promptly evaluate the allegation utilizing listening to the applicable telephone contacts/calls and determine an outcome of the investigation with a definitive report, which will be communicated to KDOR management. If the allegation/complaint investigation is determined unsuitable treatment of Kansas Taxpayers, the agency/firm will take immediate action to remedy the violation with the employee.

Agency/firm will be assigned such cases as deemed appropriate by KDOR. The assigned cases will be a variety of debts associated with different tax types (e.g. individual income tax, sales tax, withholding tax, corporate tax, etc.). Agency/firm will initiate all wage garnishments beginning at 50% of disposable earnings. Agency/firm will have the ability to negotiate an increase or decrease in the amount of the garnishments. All wage garnishments above 50% must be approved by KDOR.

Agency/firm agree to promptly undertake the collection of all cases assigned by KDOR without regard to the amounts. Collection attempts shall include but are not limited to a reasonable number of telephone calls and mail efforts. Agency/firm agrees to use their most effective and timely efforts to resolve and collect each case assigned and will not allow cases to stall without collection actions being taken. Agency/firm shall initiate legal proceedings on an account when deemed appropriate by the firm and KDOR. All attorney fees, and other expenses incurred with civil litigation proceedings shall be at the firm's expense.

Each delinquent case assigned to the agency/firm shall be retained until such delinquent tax account is collected or a period of time agreed to between the agency/firm and KDOR has expired and efforts to collect the debt have been unsuccessful. Upon expiration of the specified period previously determined, the agency/firm will return the case. KDOR may refer such cases to another agency/firm for additional collection attempts or for civil litigation or may determine the debt meets guidelines established by Kansas statute that the debt is uncollectible and subject to abatement or chargeoff.

Agency/firm will perform asset investigation, skip tracing and debtor negotiation as needed to successfully resolve each account that has been referred. Agency/firm must have access to the latest skip tracing methods and must demonstrate a progressive degree of effort on all cases referred regardless of the debt amount.

The agency/firm is responsible for attaining and confirming proper service of tax warrants prior to proceeding with additional legal actions (bank or wage garnishments, levies on accounts). Generally, this will be done through certified mailing of the warrant. The service information must be updated on the account or provided to KDOR to update.

When cases are referred to the agency/firm, KDOR will discontinue internal collection activity with the exception of offset programs, including KDOR's internal offset program, the state Debtor Setoff Program, and the Federal Treasury Offset Program. The agency/firm will not be entitled to any fees on collections derived under these programs.

No cases with an active bankruptcy or a Kansas probate proceeding will be referred. Handling of cases that have already been placed with the agency/firm prior to the taxpayer filing bankruptcy, entering into receivership or receiving notification of a probate proceeding, will be determined with each individual agency/firm after the contract has been awarded.

KDOR, as a result of an administrative action, decision, an offset action, and/or a legal decision, may recall any case at any time. In any such event, the agency/firm shall suspend any and all collection action, either temporarily or permanently.

If during the collection of a case, the agency/firm is not satisfied that the taxpayer owes the liability or the taxpayer disputes the amount owed, the case should be referred to KDOR for verification. KDOR will attempt to promptly verify the liability and notify the collection agency/firm of its finding. During this verification period, the agency/firm shall suspend any active collection activity.

The agency/firm shall submit accurate semi-monthly remittances through electronic funds transfer any amounts collected on the case during the period. The agency/firm will provide KDOR a balanced reconciliation of accounts monthly, matching KDOR's records to insure accuracy of placements.

KDOR will notify the agency/firm when any monies have been paid directly to KDOR or an offset on the account has been applied. Payments will either be forwarded to the agency/firm for processing or KDOR will issue a check for any fees due the agency/firm collected by KDOR.

The agency/firm shall maintain a secure area for processing Department remittances.

The agency/firm must be able to accept and transmit all data transfers electronically. This will include account placements; close out information, acknowledgements of cases placed, monthly performance reports, payments and inventory reconciliation reports.

Agency/firm must also be prepared to accept cases in a hard copy format in some instances.

Collection/litigation activities shall be in compliance with Federal, State and Local laws or regulations and be conducted in a courteous and professional manner.

Proposal Content

To be considered for award, all proposals must include, at a minimum, the following requested information:

- Provide the form of the business, i.e. corporation, partnership, proprietorship or limited liability; the state of incorporation, formation or organization; and the type of business, i.e. law office, collection agency, etc.
- Explain approach and methods for collection or litigation, to include how accounts are assigned, how the staff efforts are monitored internally, and on what basis the staff is paid (salary, commission, etc.). Include the number of staff and the average number of accounts being handled by each staff member by business type. Additionally, describe all locations presently utilized by the agency/firm and the proposed location from which the KDOR's receivable will be worked.
- Explain how the KDOR contract will be managed and administered. Provide names or positions description of who key contact personnel will be. How communications will occur and how issues, technical or otherwise shall be communicated.
- Submit samples of all literature and letters to be used in the process. This information is for evaluation purposes only, and will be returned to the agency/firm per request. KDOR will review this literature on an ongoing basis with the agency/firm and reserves the right to reject any literature found to be of an objectionable nature.
- Provide samples of report used to notify KDOR of account activity.
- Provide a detailed explanation of its ability to meet KDOR's requirements for the collection and disbursement of funds.
- Provide the number of years its firm has been in business.
- Provide an organizational chart that displays the level of responsibility of key project staff members. Include resumes for all key project staff members. Provide an explanation of the selection, training, and certification of the staff, including collectors.
- Provide documentation clearly showing its past experience in the performance of similar contracts, including the number of years of experience. Include a list of any mergers or acquisitions in the past five (5) years. Agency/firm shall indicate if, during the last five (5) years, it has had any penalties levied that resulted in a fine or financial settlement or in which anything of value was traded or given up by the agency/firm under any of its existing or past contracts as it relates to services performed that are similar to the services described in the RFP and the resulting contract. Indicate the reason for the penalty or exchange of property or services and the estimated cost of that incident to the agency/firm. Describe any order, judgment or decree of any Federal or State authority barring, suspending or otherwise limiting the right of the agency/firm to engage in any business practice, suspending or otherwise limiting the right of the agency/firm to engage in any business practice or activity issued during the last five (5) years. Agency/firm shall provide a list of all clients of which it was terminated for cause within the last ten (10) years.
- Submit a current financial statement.
- Provide a complete list of government clients including the following: average monthly inventory of accounts, average number of accounts per collector, average monthly collections, types of accounts, dates of service and name, telephone number, fax number, and email address of reference contact person.
- State a collection fee, on the Cost Sheet, as a fixed rate percentage of the total amount collected. A separate fixed rate percentage of the total amount collected may be stated for accounts collected through legal actions.

- Provide information regarding technical ability to provide the services; details on how the Scope of Service Detailed Specifications will be met or accomplished and qualifications for this solicitation.
- Describe your security systems and procedures.

Confidentiality

The agency/firm must agree that any and all information gathered and used in the collection or litigation of cases is the property of KDOR, and that such information shall not be used for any other purpose by the agency/firm. In addition, the agency/firm must agree to abide by and conform to all applicable confidentiality statutes and regulations issued by the State of Kansas or the Internal Revenue Service pertinent to the assigned accounts. All employees of the agency/firm working cases for KDOR will be required to sign confidentiality statements. Such statements will be maintained by KDOR.

In performance of the contract, the agency/firm agrees to comply with and assume responsibility for compliance by his or her employees with the following requirements:

- All work will be done under the supervision of the agency/firm or the agency/firm's employees.
- Any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material will be treated as confidential and will not be divulged or made known in any manner to any person except as may be necessary in the performance of this contract. Disclosure to anyone other than an officer or employee of the agency/firm is prohibited.
- All returns and return information will be accounted for upon receipt and properly stored before, during, and after processing. In addition, all related output will be given the same level of protection as required for the source material.
- The agency/firm certifies that the data processed during the performance of this contract will be completely purged from all data storage components of his or her computer facility, and no output will be retained by the agency/firm at the time the work is completed. If immediate purging of all data storage components is not possible, the agency/firm certifies that any Federal or KDOR data remaining in any storage component will be safeguarded to prevent unauthorized disclosures.
- Any spoilage or any intermediate hard copy printout that may result during the processing of Federal and KDOR data will be given to KDOR or his or her designees. When this is not possible, the agency/firm will be responsible for the destruction of the spoilage or any intermediate hard copy printouts, and will provide the agency or his or her designee with a statement containing the date of destruction, description of material destroyed, and the method used.
- The agency/firm must conduct security awareness training for all new hires as well as require annual refresher training. KDOR requires documentation for each employee working our accounts, including the annual refresher training. The agency/firm must conduct a Criminal Background Check on all associates permitted to access KDOR systems and information. Documentation must be provided upon request.
- All computer systems processing, storing or transmitting Federal and KDOR tax information must meet or exceed computer access protection controls – (C2). To meet (C2) requirements, the operating security features of the system must have the following minimum requirements: a security policy, accountability, assurance, and documentation. All security features must be available (object reuse, audit trail, identification, authentication, and discretionary access control) and activated to protect against unauthorized use of and access to Federal and KDOR tax information.
- No work involving Federal and KDOR tax information furnished under this contract will be subcontracted without prior written approval of KDOR.
- KDOR will have the right to void the contract if the agency/firm fails to provide the safeguards described above.

Criminal/Civil Sanctions

Each officer or employee of any person to whom returns or return information is or maybe disclosed will be notified in writing by such person that returns or return information disclosed to such officer or employee can be used only for a purpose and to the extent authorized herein, and that further disclosure of any such returns or return information for a purpose or to an extent unauthorized herein constitutes a felony punishable upon conviction by a fine of as much as \$5,000.00 or imprisonment for as long as five (5) years, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized further disclosure of returns or return information

may result in an award of civil damages against the officer or employee in an amount not less than \$1,000.00 with respect to each instance of unauthorized disclosure. These penalties are prescribed by IRC section 7213 and 7431 and set forth at 26 CFR 301.6103(n).

Each officer or employee of any person to whom returns or return information is or may be disclosed shall be notified in writing by such person that any return or return information made available in any format shall be used only for the purpose of carrying out the provisions of this contract. Information contained in such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of the contract. Inspection by or disclosure anyone without an official need to know constitutes a criminal misdemeanor punishable upon conviction by a fine of as much as \$1,000.00 or imprisonment for as long as 1 year, or both, together with the costs of prosecution. Such person shall also notify each such officer and employee that any such unauthorized inspection or disclosure of returns or return information may also result in an award of civil damages against the officer or employee in an amount equal to the sum of the greater of \$1,000.00 for each act of unauthorized inspection or disclosure with respect to which such defendant is found liable or the sum of the actual damages sustained by the plaintiff as a result of such unauthorized inspection or disclosure plus in the case of a willful inspection or disclosure or an inspection or disclosure which is the result of gross negligence, punitive damages, plus the costs of action. These penalties are prescribed by IRC section 7213A and 7431.

Additionally, it is incumbent upon the agency/firm to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a(l)(1), which is made applicable to by 5 U.S.C. 552a(m)(1), provides that any officer or employee of an agency/firm, who by virtue of his/her employment or official position, has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established there under, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.00.

Reporting/Monitoring

The agency/firm shall maintain complete and accurate records of collection services transactions or litigation in accordance with accepted industry practices and shall keep in a safe place all such records and statements pertaining to the agency/firm service operations for KDOR for a period of five (5) years from the close of each year's operation.

The agency/firm shall provide the means to record all phone calls between the agency/firm and the taxpayer. Upon request by KDOR, agency/firm shall provide complete phone call recordings as determined by KDOR on an as needed basis. Retention of all recorded phone calls shall be for a period of at least 18 months.

The agency/firm shall provide monthly reports showing activity from the previous month. In addition, the agency/firm will provide upon the request of KDOR any other reports or detail that is determined on an as needed basis. The agency/firm must be prepared to institute further controls should KDOR require.

The agency/firm shall provide any address and phone number changes or relevant updates to KDOR on the first (1st) of each month. This information will include the following information, SS#/FEIN#, Case#, Name, Address, City, State, Zip, Phone Number, update source, and the date of the update. This information will be sent electronically following the referenced schema (see Table 1). Additionally, the agency/firm shall provide KDOR with updated contact information (phone calls, letters, pay plan information, etc.) on a monthly basis (1st of each month). The information must be in a format that can be integrated into KDOR's system (see Table 2).

The agency/firm shall be required to perform a regular reconciliation to verify the accuracy of the amounts that the agency/firm is collecting as well as the cases referred which remain open.

The agency/firm is responsible for the performance of the contract and shall have internal monitoring procedures and processes to ensure compliance.

To assure compliance with the contract, KDOR and or state auditors shall have the right to enter into the agency/firm's premises or any facilities where any portion of the contract is being performed, without notice during normal work hours to inspect, monitor or otherwise evaluate its work performance, examine the books, records and other compilations of data of the agency/firm which pertain to the performance of the provisions and requirements of the contact. KDOR shall also have the right to independently verify the agency/firm's activities through direct contact with taxpayers or any other means without notice to the agency/firm. The agency/firm must be prepared to institute any further controls KDOR may require.

Table 1

EXTERNAL_ID	NOT NULL	CHAR(9)
EXTERNAL_ID_TYPE	NOT NULL	CHAR(1)
ACCOUNT_SUFFIX	NOT NULL	CHAR(2)
TAX_TYPE_CODE	NOT NULL	CHAR(3)
ADDRESS_TYPE		CHAR(1)
MLG_NAME	NOT NULL	VARCHAR2(60)
MLG_ADDRESS	NOT NULL	VARCHAR2(60)
MLG_CITY	NOT NULL	VARCHAR2(60)
MLG_STATE	NOT NULL	CHAR(2)
MLG_ZIP	NOT NULL	CHAR(10)
MOVE_TYPE		CHAR(1)
EFFECTIVE_DATE		CHAR(6)
RET_CODE		CHAR(2)
ERR_STAT		CHAR(6)
EOR		CHAR(3)
STATUS		CHAR(1)
CREATE_USER_ID	NOT NULL	CHAR(8)
CREATE_TMSTMP	NOT NULL	DATE
LAST_UPD_USER_ID	NOT NULL	CHAR(8)
LAST_UPD_TMSTMP	NOT NULL	DATE
DATASET_NAME	NOT NULL	VARCHAR2(100)
VEND_NAME		CHAR(8)

Table 2

FILE NAMES:

RECORD LENGTH: 1,052

RECORD LAYOUT:

LOCATION_CODE	CHAR(6)
CASE_NUM	CHAR(18)
HIST_TEXT	CHAR(1020)
DATE_TIME	DATE (YYYYMMDD)

Fee

Under K.S.A. 75-5148 the Secretary of Revenue is authorized to assess an additional penalty to any delinquent tax owed by a tax payer in an amount equal to the fee charged by a debt collection agency for the collection of such delinquent tax. Agency/firm(s) shall set a collection fee as a fixed rate percentage of the total amount collected. If different, a separate fixed rate percentage of the total amount collected may be stated for accounts collected through legal actions (See Cost Form). The agency/firm shall be responsible for the assessment of the penalty which will be equal to the fixed rate percentage fee stated in this contract.

The agency/firm shall be entitled to its full commission, whether accounts are paid directly to KDOR or the agency/firm except in the case of debtor setoff programs.

At times KDOR will reduce a liability due to additional information received or because a taxpayer has submitted a Petition For Abatement (PFA) of a part or all of the liability. The agency/firm shall be entitled to its commission on the adjusted/reduced amount that is due. If a PFA reduces the liability to zero but the vendor initiated a garnishment to get the tax payer to comply, the vendor is entitled to their collection fee out of the garnishment payment even if the overage was refunded to the customer.

Should agency/firm be paid directly by check and subsequently the check is returned to agency/firm, this will become a debt of the agency/firm and agency/firm will not be entitled to a reversal of collection for KDOR.

Evaluation Criteria

KDOR will make its selections based on an evaluation of all the information provided. Completeness of information submitted will be an important factor in the evaluation process. The following criteria will be used in the selection process:

- Litigation capabilities both in the State of Kansas and other states. Ability to pursue and litigate accounts throughout the country without being restricted by the location of the agency/firm. Information regarding the procedures normally employed in the litigation process;
- The number of personnel, their qualifications and classifications that will be assigned full-time or part-time to work on KDOR accounts;
- Business references;
- Management and administration of client's portfolio;
- Collection and communication strategy;
- Financial capacity, working capital and other financial, technical and management capabilities;
- IT resources, capabilities and reporting; and,
- Ability to analyze and monitor trends in the collection industry to maximize collection efforts;
- Preference may be given to agency/firm with offices and job opportunities in the State, however in-state locations are not a requirement.
- Pricing will not be a factor during the initial technical proposal evaluation process.
- KDOR reserves the right to inspect the facilities and consult with other government units with collection or litigation services under the agency/firm management, prior to and after any contract award resulting from this Request for Proposal.

COST SHEET

*Must be submitted separately from the Technical Proposal, unless otherwise specified.
(See Response Section, #1)*

Vendor Name: _____

Bidders shall state a collection fee as a fixed rate percentage of the total amount collected. If different, a separate fixed rate percentage of the total amount collected may be stated for accounts collected through legal actions.

The Department of Revenue reserves the right to award to one or multiple vendors, as is determined to be in the best interest of the State of Kansas.

The majority of the placements will be within the tax types indicated in the Scope of Services, however, any tax or fee could be placed with the Contractor.

Prices: Contractor will retain

_____ % of Non-litigated Collections

_____ % of Litigated Collections

Other Cost Factors: _____

REFERENCES

1. NAME: _____
COMPANY: _____
ADDRESS: _____
TELEPHONE: _____
E-mail: _____

2. NAME: _____
COMPANY: _____
ADDRESS: _____
TELEPHONE: _____
E-mail: _____

3. NAME: _____
COMPANY: _____
ADDRESS: _____
TELEPHONE: _____
E-mail: _____

State of Kansas
Department of Administration
DA-146a (Rev. 06-12)
CONTRACTUAL PROVISIONS ATTACHMENT

Important: This form contains mandatory contract provisions and must be attached to or incorporated in all copies of any contractual agreement. If it is attached to the vendor/contractor's standard contract form, then that form must be altered to contain the following provision:

"The Provisions found in Contractual Provisions Attachment (Form DA-146a, Rev. 06-12), which is attached hereto, are hereby incorporated in this contract and made a part thereof."

The parties agree that the following provisions are hereby incorporated into the contract to which it is attached and made a part thereof, said contract being the ____ day of _____, 20____.

1. **Terms Herein Controlling Provisions:** It is expressly agreed that the terms of each and every provision in this attachment shall prevail and control over the terms of any other conflicting provision in any other document relating to and a part of the contract in which this attachment is incorporated. Any terms that conflict or could be interpreted to conflict with this attachment are nullified.

2. **Kansas Law and Venue:** This contract shall be subject to, governed by, and construed according to the laws of the State of Kansas, and jurisdiction and venue of any suit in connection with this contract shall reside only in courts located in the State of Kansas.

3. **Termination Due To Lack Of Funding Appropriation:** If, in the judgment of the Director of Accounts and Reports, Department of Administration, sufficient funds are not appropriated to continue the function performed in this agreement and for the payment of the charges hereunder, State may terminate this agreement at the end of its current fiscal year. State agrees to give written notice of termination to contractor at least 30 days prior to the end of its current fiscal year, and shall give such notice for a greater period prior to the end of such fiscal year as may be provided in this contract, except that such notice shall not be required prior to 90 days before the end of such fiscal year. Contractor shall have the right, at the end of such fiscal year, to take possession of any equipment provided State under the contract. State will pay to the contractor all regular contractual payments incurred through the end of such fiscal year, plus contractual charges incidental to the return of any such equipment. Upon termination of the agreement by State, title to any such equipment shall revert to contractor at the end of the State's current fiscal year. The termination of the contract pursuant to this paragraph shall not cause any penalty to be charged to the agency or the contractor.

4. **Disclaimer Of Liability:** No provision of this contract will be given effect that attempts to require the State of Kansas or its agencies to defend, hold harmless, or indemnify any contractor or third party for any acts or omissions. The liability of the State of Kansas is defined under the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.).

5. **Anti-Discrimination Clause:** The contractor agrees: (a) to comply with the Kansas Act Against Discrimination (K.S.A. 44-1001 et seq.) and the Kansas Age Discrimination in Employment Act (K.S.A. 44-1111 et seq.) and the applicable provisions of the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) (ADA) and to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission or access to, or treatment or employment in, its programs or activities; (b) to include in all solicitations or advertisements for employees, the phrase "equal opportunity employer"; (c) to comply with the reporting requirements set out at K.S.A. 44-1031 and K.S.A. 44-1116; (d) to include those provisions in every subcontract or purchase order so that they are binding upon such subcontractor or vendor; (e) that a failure to comply with the reporting requirements of (c) above or if the contractor is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration; (f) if it is determined that the contractor has violated applicable provisions of ADA, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration.

Contractor agrees to comply with all applicable state and federal anti-discrimination laws.

The provisions of this paragraph number 5 (with the exception of those provisions relating to the ADA) are not applicable to a contractor who employs fewer than four employees during the term of such contract or whose contracts with the contracting State agency cumulatively total \$5,000 or less during the fiscal year of such agency.

6. **Acceptance Of Contract:** This contract shall not be considered accepted, approved or otherwise effective until the statutorily required approvals and certifications have been given.

7. **Arbitration, Damages, Warranties:** Notwithstanding any language to the contrary, no interpretation of this contract shall find that the State or its agencies have agreed to binding arbitration, or the payment of damages or penalties. Further, the State of Kansas and its agencies do not agree to pay attorney fees, costs, or late payment charges beyond those available under the Kansas Prompt Payment Act (K.S.A. 75-6403), and no provision will be given effect that attempts to exclude, modify, disclaim or otherwise attempt to limit any damages available to the State of Kansas or its agencies at law, including but not limited to the implied warranties of merchantability and fitness for a particular purpose.

8. **Representative's Authority To Contract:** By signing this contract, the representative of the contractor thereby represents that such person is duly authorized by the contractor to execute this contract on behalf of the contractor and that the contractor agrees to be bound by the provisions thereof.

9. **Responsibility For Taxes:** The State of Kansas and its agencies shall not be responsible for, nor indemnify a contractor for, any federal, state or local taxes which may be imposed or levied upon the subject matter of this contract.

10. **Insurance:** The State of Kansas and its agencies shall not be required to purchase any insurance against loss or damage to property or any other subject matter relating to this contract, nor shall this contract require them to establish a "self-insurance" fund to protect against any such loss or damage. Subject to the provisions of the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.), the contractor shall bear the risk of any loss or damage to any property in which the contractor holds title.

11. **Information:** No provision of this contract shall be construed as limiting the Legislative Division of Post Audit from having access to information pursuant to K.S.A. 46-1101 et seq.

12. **The Eleventh Amendment:** "The Eleventh Amendment is an inherent and incumbent protection with the State of Kansas and need not be reserved, but prudence requires the State to reiterate that nothing related to this contract shall be deemed a waiver of the Eleventh Amendment."

13. **Campaign Contributions / Lobbying:** Funds provided through a grant award or contract shall not be given or received in exchange for the making of a campaign contribution. No part of the funds provided through this contract shall be used to influence or attempt to influence an officer or employee of any State of Kansas agency or a member of the Legislature regarding any pending legislation or the awarding, extension, continuation, renewal, amendment or modification of any government contract, grant, loan, or cooperative agreement.

EXHIBIT 12

AMENDMENT

October 11, 2013

Amendment Number: 2

RFP Number: EVT0001665

Closing Date: ~~October 18, 2013~~ **Extended to: November 1, 2013**

Procurement Officer: Linda Gronquist
Telephone: 785-296-2375
E-Mail Address: linda.gronquist@da.ks.gov

Item: Collections Services

Agency(s): Kansas Department of Revenue

Conditions: Responses to questions posed by vendors are reflected on the following page.

A signed copy of this Addendum must be submitted with your bid. If your bid response has been returned, submit this Addendum by the closing date indicated above.

I (We) have read and understand this addendum and agree it is a part of my (our) bid response.

NAME OF COMPANY OR FIRM: _____

SIGNED BY: _____

TITLE: _____ DATE: _____

It shall be the vendor's responsibility to monitor this website on a regular basis for any changes/addenda.
<http://www.da.ks.gov/purch/>

VENDOR QUESTIONS
RFP # EVT0002665
Kansas Department of Revenue
Collection Services

Close Date is hereby extended to November 1, 2013, 2:00 PM

1. How many cases have been litigated in performance of the previous project term?
We are currently not tracking this number, but may include in future reports. Currently, vendors have approximately 3200 active garnishments across multiple States. Additionally, there are thousands of pending litigious actions across all fifty States. A key component of this scope is to reach beyond Kansas jurisdictional boundaries to recover Kansas debt.
2. Do current vendors provide personnel onsite at KDOR?
No.
3. What current compensation rates are current vendors at?
This is set by the vendors and currently ranges from 10.74% - 35%.
4. Who are the current or previous vendors?
Current – Harris & Harris; Linebarger, Goggan, Blair, & Sampson, LLP; and NCO Group.
5. What has been their collection success rate (% collected)?
KDOR's preference is for the vendors to be striving to recover debt consistent with current industry standards.
6. How many vendors can be selected for this project?
It is KDOR's intention to have more than one.
7. On page 19, it is specified that total inventory was approx. \$289 million. Is that cumulative or just FY13?
This figure represents the total inventory average for FY13.
8. Have all previous vendors met contract terms?
Yes.
9. Does KDOR currently split business between vendors by product type (income tax, sales tax, etc)?
No.
10. Do 2nd placements with vendors have a different compensation rate?
Yes.
11. Why is the contract out to bid at this time?
The current contract expires on December 31, 2013, and has no renewal options remaining, therefore, this must be put out for competitive bid.
12. To how many vendors are you seeking to award a contract?
It is KDOR's intention to have more than one.
13. Who are the incumbents, and how long have the incumbents been providing the requested services?
Current – Harris & Harris; Linebarger, Goggan, Blair, & Sampson, LLP; and NCO Group. Five years.
14. What fees are being charged by the current incumbent(s)?
This is set by the vendors and ranges from 10.74% - 35%.
15. Has the current contract gone full term?
Yes

16. Have all options to extend the current contract been exercised?
Yes
17. What collection attempts are performed or will be performed internally prior to placement?
Includes but not limited to: Phone calls, letters, Offsets, Tax Warrants, Bank Levies, Garnishments, Asset Seizures, Tills, etc.
18. What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category?
At placement, the age of the account must be at least 6 months. Accounts are not categorized by tax types.
19. What estimated or actual dollars were paid last year, last month, or last quarter to any incumbent(s)?
Fees are collected through the vendors, not through KDOR.
20. What is the monthly or quarterly number of accounts expected to be placed with the vendor(s) by category?
Placement of accounts is not by category (tax types). On a weekly basis, hundreds of accounts are placed between the vendors.
21. What is the monthly or quarterly dollar value of accounts expected to be placed with the vendor(s) by category?
Accounts are not categorized by tax types. On a weekly basis, hundreds of accounts are placed between the vendors with dollar values that can range from \$500,000.00 to \$1,500,000.00.
22. 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?
KDOR's expectation is that vendors recover debt striving to meet collection industry standards. Assuming this is met, returns are likely to be charged off.
23. What is your current internal process if you determine the debtor may be deceased?
KDOR has a process in place requiring documentation verifying death (Death Certificate, Obituary, etc). Once this is verified, Probate/Charge off.
24. What is your current process if any external collection agency vendor informs you the debtor may be deceased?
KDOR has a process in place requiring documentation verifying death (Death Certificate, Obituary, etc). Once this is verified, Probate/Charge off.
25. If applicable, will accounts held by any incumbent(s) or any backlog be moved to any new vendor(s) as a one-time placement at contract start up?
Yes.
26. To what extent will the location of the bidder's call center and/or corporate headquarters have a bearing on any award(s)?
None.
27. How will the State of Kansas report payments back to Agency? Will we get credit if a payment goes to you instead of Agency?
Through a semi-monthly report. Yes.
28. Does the respondent need to answer questions 2.1 to 2.9 in addition to the Proposal Content on page 21 and 22 to be compliant with the RFP?
Yes. However, if the same requirement is reflected more than once, response is only required one time.
29. Will an agency be able to bid on Primary, Secondary or Legal? Or, will they be required to bid on all three services?
It is the preference of KDOR that the bidders be able to perform the lifecycle of the placement.
30. At what level will the pre-legal work begin? At a primary agency? Secondary agency?
It is the preference of KDOR that the bidders be able to perform the lifecycle of the placement.

31. What are the dollar levels of insurance required?
The contractor must procure and submit to KDOR and maintain a surety bond for the contract period plus ninety (90 days thereafter in the amount of \$500,000; provided, that if the amount of funds held by the contractor in its trust account for the State shall be in excess of \$500,000 for any two (2) consecutive remit periods, then the contractor will increase the amount of the surety bond to cover the average two (2) consecutive remit periods sum of funds held in its trust account for the state.
32. On page 6 for the Evaluation Criteria, can a weight of importance be given to each factor?
No weighting will be assigned.
33. Will the vendor be required to do any legal work for the State of Kansas?
Yes.
34. How many firms at each level (primary, secondary, etc.) are you currently using? Which firms do you currently use? How many do you anticipate using as a result of this RFP?
One primary and two secondary. Harris & Harris; Linebarger, Goggan, Blair, & Sampson, LLP; and NCO Group. It is KDOR's intention to have more than one.
35. What is the average size account (dollars) that you place?
Total inventory \$289 million divided by total accounts placed 45,000 equals \$6,422 average account dollar value.
36. How long does each level get to keep the account before closing and returning?
Generally three (3) years for the life cycle of the placement.
37. What percentage of the collections are through legal (garnishment, liens, etc.), versus phone, letter, etc.?
KDOR currently does not track this but may in the future. Generally, a higher percentage is collected through phone, letter, payment plans.
38. Does KDOR pay for court costs to file the civil action? If not, does the agency retain the advanced court costs out of the initial collection?
No, the costs are included in the collection fee.
39. Do any of your current vendors work the accounts from an offshore location? Do you have a preference as to onshore/offshore?
No. KDOR's preference is onshore.
40. You mention in the RFP that the agency must be able to accept hard copy referrals. What percentage of total referrals is hard copy vs. electronic?
Typically, this is less than 1%.
41. Do you have a breakdown as to the percentage of consumer accounts placed vs. commercial accounts (Corporate, withholding, Sales, etc.)?
Consumer Accounts approx. 61%; commercial accounts approx. 39%.
42. What is current fee rate for each level of collection?
See #3
43. Can you please provide a breakdown of the \$289 million inventory referred to the 3rd party collection contractors (close of FY2013) that was for first placements and separately for second placements (number of accounts and dollars for each if possible)
Approx. \$33 million first placements (27,000 accounts); \$256 million for second placements (18,000 accounts).
44. Can you please provide a breakdown of the \$10 million collected by the 3rd party collection contractors (close of FY2013) for first placement accounts and for second placement accounts.
First placements – \$2.8 million; second placements – \$7.2 million.

45. Can you please provide a breakdown of the \$289 million inventory referred to the 3rd party collection contractors (close of FY2013) for individual income tax, sales tax, withholding tax, corporate tax (number of accounts and dollars for each if possible)
See # 41
46. Can you please provide a breakdown of the \$10 million collected by the 3rd party collection contractors (close of FY2013) for individual income tax, sales tax, withholding tax, corporate tax.
KDOR does not currently have a report for this, but may in the future.
47. How many accounts, and what dollar amount, were referred to attorney for civil litigation during FY 2013?
Approx. 3700 accounts with an approx. value of \$42.7 million.
48. How much of the \$10 million collected in FY 2013 was through the use of civil litigation?
KDOR does not currently have a report for this, but may in the future. Although approx. \$7.2 million was collected via law firms, not all were through garnishments/bank levies.
49. Are wage garnishments able to be performed administratively by the 3rd party collection contractors or are they required to be performed by attorney assigned the accounts for civil litigation?
Wage garnishments can be processed administratively, but must have the legal component to execute.
50. Are bank garnishments / account levies able to be performed administratively by the 3rd party collection contractors or are they required to be performed by attorney assigned the accounts for civil litigation?
Wage garnishments can be processed administratively, but must have the legal component to execute.
51. Does the amount of \$10 million collected for FY 2013 include offset action payments, and if so how much was collected by offset actions.
No.
52. What was the total number and dollar amount assigned to each 3rd party collection contractor for FY 2013?
16,727 accounts totaling \$10.3 million; 1,832 accounts totaling \$23.7 million; 1,825 accounts totaling \$19 million.
53. What was the total amount collected by each 3rd party collection contractor for FY 2013?
Approx. \$2.8, \$3.6, \$3.8 million.
54. What was the total amount of fee payments made to each 3rd party collection contractor(s) for FY 2013?
See #19.
55. What was the total amount collected by each 3rd party collection contractor by use of civil litigation for FY 2103?
Approx. \$3.6 and \$3.8 million are the total amounts collected by law firms; however, not all were through garnishments/bank levies.
56. What documentation / reporting for IRS Publication 1075 does KDOR require from 3rd party collection contractors during the term of the contract?
KDOR does not require specific documentation/reporting from IRS Publication 1075.
57. Is KDOR seeking a single contingency fee for non-litigated first and second placement collections? May we propose separate fees for: 1. non-litigated first placements, 2. non-litigated second placements, and 3. Litigated accounts?
Yes, you may propose separate fees.
58. Do bidder's use the specific pdf form for proposal completion, or can the General Questions and other RFP requirements be copied into a template following the specific order of your RFP document?
The specific pdf form is required.

59. We understand the following forms must be submitted with our response, is this all the forms required?
- Tax Clearance Certificate
 - Immigration Reform and Control
 - Page 5 of the RFP document

See page 3, Vendor Response Check-List for a complete list of requirements.

60. Of the 10 copies of each of the Technical and Cost Proposals requests, how many must be originals? How many originals are needed of the following: signature sheets, event details, any amendments, and Immigration Reform and Control Certification?

Only one (1) original is required; the other nine (9) can be copies.

61. What are the recovery goals for this contract?

KDOR's preference is for the vendors to be striving to recover debt consistent with current industry standards.

62. Of the anticipated placements, how many are first placements? Second placements?

See #43

63. What are the fees currently being charged for collection services?

See #3.

64. Page 21, Proposal Content: "submit a current financial statement." Please provide more information. Does the State want this to be the most current audited financial statement or for the current fiscal year as it stands?

Please submit your current financial statement as it stands.

65. Page 9, Section 2.5 Qualifications: will the State accept summary resumes in lieu of formal resumes?

The State requires resumes to provide the evaluation team information about the staff they will be working with and the backgrounds/experience of those staff members. If what you term "summary resumes" fills that requirement, the State will be satisfied.

66. Page 9, Section 2.9 Political Subdivisions: it states to respond to this section in the given area in the Events Details document. The Events Details document that came with the RFP doesn't seem to have a Political Subdivisions section. Can you please specify under which Events Details section bidders should respond to this question?

This section was inadvertently left in the RFP; this contract is not conducive to being utilized by political subdivisions.

67. If an account should move into litigation processing and the collection agency needs to forward these accounts to law firms to perform litigation, does the State consider these to be subcontractors? If so, would these law firms need to be identified in the proposal?

Yes, if they are known.

68. Page 9 section 2.1, will a PDF of our technical proposal be acceptable in lieu of Microsoft Word (our preference is to use a different program to write the proposal)?

Yes.

69. Page 10 section 2.8, will the State compensate vendors for this contract with a P-Card?

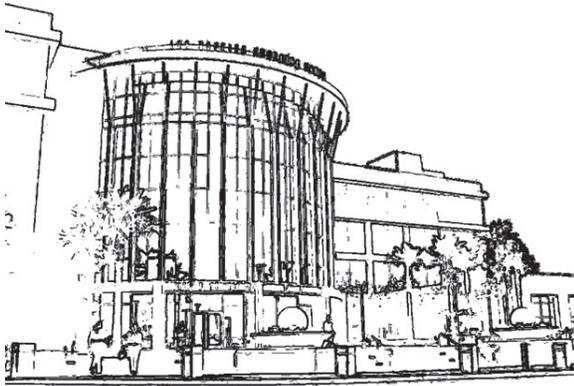
No

70. Page 21 scope of service, how long will vendors be permitted to collect primary referred debts before they are sent to a secondary vendor?

KDOR prefers the vendors to be able to perform the life cycle of the placement; first placements should not exceed 270 days.

71. Page 26 fee, are vendors permitted to propose separate fee rates for primary and secondary placements or is the State requesting a blended rate?
Separate fee rates are permitted.
72. What has been the historical recovery rate after 6 or 12 months for both primary and secondary placements?
KDOR does not currently have a report for this, but may in the future. Again, KDOR expects the recovery rate to be consistent with current collection industry standards.
73. Will the successful bidder be required to obtain a judgment in the district court prior to collecting? In other words, will KDOR obtain a judgment first which is then given to the successful bidder to collect?
KDOR will obtain a tax Warrant first and then send for placement. However, if the Kansas warrant requires to be domesticated in another State, then KDOR will require the vendor to execute.
74. Is KDOR seeking a law firm to do the collecting? Is KDOR seeking a collection agency with a legal component?
It is KDOR's preference to have a vendor complete the entire life cycle of the placement.
75. Will the successful bidder be required to enforce an agency decision under KSA 77-624 by filing a petition in the District Courts?
No; however, exceptions may surface and KDOR will work with the vendor to enforce an action.
76. Introduction and Background: Who are the incumbent collection agencies being utilized on the current collection services contract?
See #4
77. Introduction and Background: What are the current fee rates charged by the incumbent collection agencies by placement type?
See #3
78. Introduction and Background: What are the annual liquidation rates yielded on 1st placements, 2nd placements, 3rd placements, and legal accounts yearly on the current contract?
KDOR does not currently track. Once KDOR receives returned accounts and they meet statute guidelines, they may be charged off.
79. Introduction and Background: Are the liens placed on taxpayers by KDOR Judicial or Administrative in nature?
KDOR issues the Tax Warrant and files in civil court. Out of State domicile is filed in Shawnee County Kansas.
80. Introduction and Background: Does KDOR allow for any type of Amnesty Program to the borrower during the requisite Department of Treasury Offset Program notification period?
No.

EXHIBIT 13



Judicial Council of California,
Administrative Office of the
Courts

Statewide Collection Services
for Court-Ordered and other Debt

Date:

September 17, 2013

To:

Potential Contractors

From:

Administrative Office of the Courts

Subject:

Request for Proposals, Statewide Collection
Services for Court-Ordered and Other Debt

Action Requested:

You are invited to review and respond with a
Proposal

Project Title:

RFP number: **ECU-2013-01**

Proposal Due Date and Time:

1 p.m. on November 1, 2013

(see Section 2.1 of the RFP)

Send Proposals to/AOC Contact:

Judicial Council of California

Administrative Office of the Courts

Attn: Ms. Nadine McFadden

455 Golden Gate Avenue, 6th Floor

San Francisco, CA 94102

*(Indicate Project Title on lower left corner of
envelope)*

solicitations@jud.ca.gov

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Appendix A - Pricing Proposal

Appendix B - Certification Form

- Appendix B-1: Suspension/Debarment/Tax Delinquency
- Appendix B-2: Darfur Contracting Act certification
- Appendix B-3: Iran Contracting Act (if any of the firms may receive \$1,000,000 over the entire term of the agreement)

Appendix C - Report Samples

Appendix D - Collections Reporting Data

Appendix E - Administrative Rules

Appendix F - Form of Master Agreement

Appendix G - Form of Participating Agreement

1. Introduction - Summary of the Intended Procurement

1.1 Issuing Body and Coordinated Procurement

This Request for Proposals (“RFP”) is being issued by the Judicial Council of California, Administrative Office of the Courts (“AOC”).

This RFP seeks proposals from highly qualified collection agencies to assist various judicial branch entities, and other governmental entities, with the collection of court-ordered and other debt due and payable from members of the public (“Accounts”).

The AOC intends to award one or more master agreements (“Master Agreements”) to selected proposers (“Contractors”) who will agree to provide specified collections services on the terms and conditions set forth in the Master Agreement to any one or more of any of (1) the superior courts, Supreme Court, and Courts of Appeal of the State of California, (2) the counties of the State of California, and (3) other governmental or regulatory entities identified for inclusion by the AOC (together, the “Participating Entities”). The Master Agreement(s) will be for an initial two-year term with three one-year options to extend the agreement(s). However, the AOC reserves the right to make only one award, multiple awards, to reject any or all proposals, in whole or in part, submitted in response to this RFP, or to make no award.

Any of the Participating Entities may have performed previous collection activity on Accounts to be transferred to the Contractor(s). Participating Entities may or may not have in-house collections units, and previous collection activity may range from the generation of notices (including second and third notices) indicating amount owed, to telephone campaigns, to referral of the Account to a private collection agency or to the Franchise Tax Board. Each Participating Entity has sole discretion in identifying the Accounts which it elects to transfer to Contractor. Participating Entities also have sole discretion in the scope of supplemental collection activity it desires to have Contractor perform, and whether the Participating Entity will retain all or a portion of its previous collection activity with respect to any Account.

1.2 Project Overview

Penal Code Section 1463.010 requires each superior court and its respective county government to cooperate in the development and implementation of a program to ensure the prompt, efficient, and effective collection of court-ordered fees, fines, forfeitures, penalties, restitution, and assessments. Further, the section recognizes that the enforcement of court orders and the collection of debt owed to the superior courts is an important element of California’s judicial system.

This RFP is a product of the requirements of Penal Code Section 1463.010, which charges the Judicial Council with adopting guidelines for a comprehensive program for collections, and provides for the establishment of standard agreements for collection services.

Any Master Agreement(s) entered into as a result of this RFP will allow Participating Entities to utilize a Contractor’s services to supplement its current collection efforts. The Contractor(s) under the Master Agreement(s) will follow the procedures outlined and make collections services available to a Participating Entity on the terms and conditions set forth in the Master Agreement(s). To initiate services from a Contractor, each Participating Entity will enter into a separate agreement (“Participating Agreement”) with the Contractor, which will define the Accounts to be transferred to Contractor, and the schedule of transfer, and will describe the differences, if any, in the service Contractor is to provide from the services and procedures set forth in the Master Agreement. Participating Entities may or may not choose to retain all or a portion of collections functions in-house or pursuant to an arrangement with a vendor other than Contractor. The AOC requires that with respect to material terms Participating Agreements be in substantially similar form to the form attached hereto as Appendix G.

2. Procurement and Evaluation Process

2.1 Procurement Schedule and General Instructions

The AOC has developed the following list of key events from RFP issuance through contract negotiations. All deadlines are subject to change at the AOC’s discretion.

Information regarding this RFP and procurement, including any addenda, modification, or clarification, will post to the following (the “RFP Website”):

<http://www.courts.ca.gov/rfps.htm>

Proposers shall be responsible for knowledge of all items and conditions contained in their proposals and in this RFP, including any AOC issued clarifications or modifications. The AOC will post addenda and clarifications to the RFP website.

NO.	EVENTS	KEY DATES
1.	Issue RFP	September 17, 2013
2.	Notice of intent from Bidder to Participate in Mandatory Pre-Proposal Conference, noted in Section 2.2.....	September 23, 2013
3.	Mandatory Pre-Proposal Conference	September 30, 2013, 1 pm Pacific Time (PT)
4.	Deadline for Bidder Requests for Clarifications, Modifications or Questions.....	October 7, 2013, 5 pm PT

NO.	EVENTS	KEY DATES
5.	Clarifications, Modifications and/or Answers to Questions posted on RFP website.....	October 18, 2013, 5 pm PT
6.	Proposal Due Date and time.....	November 1, 2013, 1 pm PT
7.	Notice of Intent to Award (estimated)	December 4, 2013
8.	Negotiations (estimated)	December 5-13, 2013
9.	Notice of Award (estimated)	December 31, 2013

2.2 Mandatory Pre-Proposal Conference

A mandatory pre-proposal conference to answer questions related to this RFP will be held on the date and time set forth in the schedule above at the following address:

Administrative Office of the Courts
 2255 North Ontario Street, Suite 220
 Burbank, CA 91504

Proposals from potential bidders who did not attend the pre-proposal conference will not be accepted and will be returned unopened.

To facilitate conference arrangements, each pre-proposal conference participant must deliver a notice of intent to participate to the AOC Contact via email (solicitations@jud.ca.gov) by the date specified in the schedule above, indicating the number of individuals who plan on attending the conference.

The AOC will prepare a summary of questions and answers from the pre-proposal conference, as an addendum, which will be posted on the RFP Website.

2.3 Evaluation Process

2.3.1 Evaluation Committee

The AOC will conduct a comprehensive, fair, and impartial evaluation of Proposals received in response to this RFP.

The Contracting Officer will evaluate all Proposals received in response to this RFP for compliance with the submittal requirements set out in this RFP, and for Proposers’ demonstrated minimum qualifications per Section 2.3.3. All compliant Proposals demonstrating the minimum qualifications will be forwarded to a committee of qualified personnel for review and evaluation. The Proposals, without Appendix A - Pricing Proposals, will be forwarded to the Evaluation Committee for review. After completion of the evaluation of the non-pricing sections

of the Proposal, the Evaluation Committee will review each Appendix A- Pricing Proposal. The Committee will evaluate the Proposals as a whole in accordance with the evaluation criteria set forth in Section 2.4. The Committee will then make a final recommendation for award, if any.

2.3.2 Reservation of Rights

The AOC, in its complete discretion, may eliminate Proposals that have not scored adequately in relation to other Proposals to warrant further consideration. The AOC reserves the right to reject any or all Proposals, in whole or in part, and may or may not waive a deviation or defect in a Proposal. The AOC's waiver of a deviation or defect shall in no way modify the solicitation document or excuse a Proposer from full compliance with other solicitation document specifications. The AOC reserves the right to seek clarification or additional information from any Proposer throughout the solicitation process.

2.3.3 Minimum Qualifications

To be considered for full evaluation and possible award, Proposers must first meet the threshold minimum qualification requirements listed in the following table:

Minimum Qualifications

1. Proposer's collections program meets the requirements of Penal Code section 1463.007.
2. Proposer has collection services revenue greater than \$3 million per year each of the last three years.
3. Proposer has three or more years experience working with government or public sector entities, preferably for court-ordered debt.
4. Proposer is capable of providing full time on-site staff for collection efforts at Participating Entities requesting such presence.
5. Proposer meets all certifications; i.e., is not currently under suspension or debarment by any state or federal government agency and is not tax delinquent with the State of California; Darfur Contracting Act; and Iran Contracting Act (Ref. Appendix B).
6. Proposer has all required licenses and permits for states where it performs collection services or proposes specific subcontractors who have licenses and permits in areas outside of California.
7. Proposer carries the insurance coverage required in the form Master Agreement attached hereto as Appendix F.

Subject to the AOC's right in its complete discretion to waive deviations or defects it deems immaterial, only those proposals that meet all of the foregoing minimum qualifications shall be considered for a full evaluation and a possible contract award. Proposers who fail to meet any of the listed minimum qualifications will be notified in writing, and will

have two (2) business days from receipt of such notification to file proof that all such qualifications are met.

2.4 Evaluation Criteria

Proposals will be evaluated based upon the following criteria. Although some factors are weighted more than others, all are considered necessary, and the Proposal must be technically acceptable in each area to be eligible for award.

2.4.1 Technical Understanding and Approach: 30%

Proposers will be evaluated on their ability to understand the intricacies of collections of the Accounts and to implement an effective collections program. Proposers will be evaluated on their proposed staff, including the project manager, lead collectors, and information technology staff proposed to interface with a Participating Entity's case management and/or accounting system(s). Diverse collections strategies and a separate methodology for the collection of aged debt (one year or older) will also be factors in the evaluation process.

2.4.2 Company Experience: 25%

Proposers will be evaluated on their experience performing services comparable to that described in Section IV-Statement of Work, as well as their staffing qualifications, company experience and size, and success in providing like services in an efficient manner to groups with similar requirements to the Participating Entities. The AOC may contact a local Chamber of Commerce, the Better Business Bureau, the Federal Trade Commission, the California State Attorney General-Public Inquiry Unit, or other references as part of its reference check.

2.4.3 Financial Viability and Stability: 5%

Proposers will be evaluated on their ability to perform successfully based on financial strength, significant organizational events of the company, and outstanding legal issues.

2.4.4 Cost/Pricing Factors: 30%

Proposers must submit a pricing proposal in the form attached hereto as Appendix A- Pricing Proposal. Proposals must be submitted as a percentage commission fee charged for each category of collection services, plus an hourly rate for optional on-site personnel, or additional services offered. Proposers must explain how collection efforts differ between newly delinquent debt and aged debt (one year or older) to justify the range in commission fees. Proposers may submit an alternative pricing structure, in addition to the percentage commission fee structure, for AOC's consideration.

2.4.5 Contract Risk: 10%

Willingness to accept the form Master Agreement, with minor clarifications, shall be an affirmative factor in the evaluation of the Proposal. By contrast, significant exceptions to the Master Agreement shall be a negative factor in the evaluation.

2.5 Interviews and Negotiations

AOC reserves the right to require, and each Proposer must be prepared to conduct, oral presentations and other discussions (written or verbal) on the content of its Proposal. The AOC requires that the proposed Project Manager be present during the interviews. The AOC reserves the right to interview one or more Proposers, or none. Proposers will be responsible for all costs related to the interview, which, at the AOC's sole discretion, may be in person and/or by teleconference.

If the AOC desires to enter into negotiations, it will do so with one or more Proposers, at its discretion. The AOC reserves the right to award a contract, if any, without negotiations.

2.6 Award of Contract

The Evaluation Committee will make a final recommendation to make only one award, multiple awards, or to make no award of the Master Agreement to the Administrative Office of the Courts' Business Services Unit. A Notice of Intent to Award will be posted to the RFP Website at least ten (10) business days prior to the date that action to award the contract will be taken. Upon award, the successful Proposer(s) will be required to execute a Master Agreement in substantially the same form as that attached as Appendix F hereto. The successful Proposer must forward the required insurance endorsements to the AOC within ten (10) business days following the award.

3. Proposal Format and Content

Proposals should be prepared simply and economically, providing a straightforward, concise description of the Proposer's ability to meet the minimum qualifications and mandatory requirements and desired features of this RFP. Excessive information in response to a question may impair the AOC's ability to properly evaluate the Proposal.

3.1 Information/Contact

All information issued by the AOC with respect to this solicitation, including amendments or clarifications to this RFP, will be posted on the RFP Website. Inquiries and requests must be submitted in writing to the AOC Contact and comply with the Administrative Rules attached hereto as Appendix E.

3.2 Authorized Signatures, Validity Period of Proposals

Proposals must be signed by a duly authorized officer or employee of the Proposer. If the Proposal is made by a joint venture, it shall be signed on behalf of each participating company by officers or other individuals who have the full and proper authorization to do so.

Proposals will be valid for 120 calendar days following the Proposal Due Date, provided that the AOC reserves the right to negotiate an extension of the validity period if a final contract has not been awarded by the 120th calendar day following the Proposal Due Date.

3.3 Proposal Contents

Proposals must be provided in a response format in accordance with this Section 3.3, in tabbed sections as indicated below. Proposals received prior to the Proposal Due Date that are marked properly will be securely kept and remain unopened until the Proposal Due Date. Late proposals will not be considered. Proposals from partnerships or joint ventures will be accepted; however, one firm must be identified as the prime contractor for the purposes of this RFP and any Participating Agreements, and the other firm(s) will be considered subcontractors.

Proposals shall be submitted in the number and format as follows:

- One original of each of the three Contractor Certification Forms (Appendix B);
- Certificates of insurance for all insurances required;
- Statement of acceptance of the terms and conditions of the Master Agreement; if Proposer is unwilling to fully accept the terms and conditions of the Master Agreement, any exceptions to terms must be provided in “redline” with statement of intent as noted in Section 3.5;
- ten (10) hard copies and one (1) electronic format copy, on a CD, DVD or flash drive of the entire Proposal minus Appendix A- Pricing Proposal in MS Word; and
- ten (10) hard copies and (1) electronic format, on a CD, DVD or flash drive of Appendix A- Pricing Proposal in a separately sealed envelope, clearly marked with “Appendix A- Pricing Proposal” and the Proposer’s name.

3.3.1 Executive Summary - Tab 1

The Proposer must provide an Executive Summary of its Proposal. The Executive Summary should be a “high-level,” general overview of how the Proposer proposes to

accomplish the requirements of this RFP. Proposer shall also provide a short description of its company, not to exceed three pages. The description must list all of its California locations and shall include a statement as to whether the Proposer can provide services to all Participating Entities, or if not all, the counties where Proposer is proposing to provide services.

The Proposer must state specifically in its Executive Summary how it complies with each minimum qualification specified in Section 2.3.3 above.

3.3.2 Financial Viability and Stability - Tab 2

The AOC requires the Contractor to be a reputable company of strong financial standing experienced in court-ordered debt collection services. Proposers must provide the following information (if Proposer is a joint venture, the following information is required for each joint venture partner):

- (a) Complete name and address;
- (b) Federal identification and/or social security number;
- (c) If incorporated, state in which incorporated;
- (d) A short narrative description of the Proposer's organization; including organization charts and list of company officers;.
- (e) Principal type of business;
- (f) Total number of years in business;
- (g) List of states in which Proposer is licensed;
- (h) Number of years providing services similar in size and scope to those requested in this RFP;
- (i) Any previous and current engagements Proposer has for:
 - i) Collection of court-ordered and other debt within California;
 - ii) Collection of court-ordered and other debt outside of California;
 - iii) Collection of any debt or accounts due to federal, state, or local government entities; and

(j) A profit and loss statement and balance sheet, in accordance with American Institute of Certified Public Accountants (AICPA) reporting standards, for the Proposer's last three (3) fiscal years (privately held financial information will be considered Confidential);

(k) Significant organizational events in the past five (5) years such as:

- i) Bankruptcies;
- ii) Mergers;
- iii) Acquisitions;
- iv) Initial Public Offerings (IPOs);

(l) Annual contract value of the Proposer's three (3) largest collections contracts in the past three (3) years;

(m) Percent of turnover of client service staff in the division or department that would be responsible for the services described in this RFP during each of the last three (3) years; and

(n) If subcontractors are proposed for this RFP, the Proposer's contract management process for subcontractors, together with copies of any signed formal agreements (e.g., teaming agreement or any other legally binding document) between Proposer and each proposed subcontractor.

(o) Proposers must list any litigation pending and/or engagements for any services that have been terminated prior to normal contract expiration in the past three (3) years, explain the reasons for early termination, and provide the following information for each such terminated engagement.

- i) Client name and address;
- ii) Contact person; and
- iii) Phone number.

3.3.3 Experience and Qualifications - Tab 3

The AOC requires the Proposer to have prior experience in all aspects of the services described in this RFP for clients similar to the Participating Entities, or for clients with accounts of similar size, or requiring services of similar complexity and scope.

(a) Proposers must provide information for a minimum of three (3) and a maximum of five (5) engagements within the past three (3) years under which Proposer collected court-ordered debt or accounts similar in size, complexity, and scope to those required under this RFP. Include the following information for each such engagement:

- i) Client name and address;
- ii) Contact person;
- iii) Phone number;
- iv) Time available for contact in regards to references;
- v) Type of work performed;
- vi) Period work was performed;
- vii) Subcontractor(s) utilized; and
- viii) Brief description of scope of work.

3.3.4 Work Plan and Methodology - Tab 4

Proposer must indicate its work plan and methods for the services described in the Statement of Work, including descriptions of the following:

- (a) proposed project management methodology;
- (b) proposed project organization structure, including identification of key personnel, roles and responsibilities;
- (c) summary of proposed collection activities. (Use examples of collection letters, telephone contact, skiptrace techniques, day and evening collection staff, etc. and explain how efforts differ between newly delinquent and aged debt (one year or older));
- (d) details of its methodology for handling debtors' questions, problems and disputes;
- (e) details of its methodology for handling non-English speaking debtors, the hearing impaired, or blind debtors;
- (f) description of Proposer's plan for transitioning a Participating Entity's current collections services contract (if any);

(g) description of how Proposer currently reports data to or otherwise coordinates with any credit agencies or licensing boards; and

(h) details of how Proposer's work plan meets the requirements of a comprehensive collections program under Penal Code Section 1463.007.

3.3.5 Computer Systems –Tab 5

Proposer must provide the following information:

(a) A brief description of its computer system and its update capabilities.

(b) An indication whether its terminal access will be made available for on-line inquiry, including location(s) of terminal(s) and how access will be supplied.

(c) A brief description of its ability to maintain records of placements, collections recovery, producing reports, and billing of an unlimited number of debtors.

(d) A brief description of its computer backup capabilities and what methods are used to ensure the safety and security of all Participating Entity's records and documents.

(e) A brief description of the modes of data transmission employed by the Proposer in the conduct of business with the reference entities.

(f) A brief description of how it proposes to connect to a Participating Entity's case management or accounting system(s).

(g) A brief description of its security procedures to ensure the security of a Participating Entity's data and computer systems (e.g., encryption methods, firewalls, etc.), including security requirements for access to its systems by Participating Entity's employees.

(h) Details of other automated systems Proposer proposes to use to enhance collection activities (such as interactive voice response systems, Web-based credit and/or debit card systems, and call distributors).

3.3.6 Key Personnel - Tab 6

Proposer must identify the project manager, lead collectors, lead information technology personnel for interfacing with a Participating Entity's case management and/or accounting system(s), and other key personnel proposed for the project, providing names, qualifications, experience, certifications, degrees, references, and proposed roles.

3.4 Project Pricing

The AOC intends to award contracts to one or more Contractors for collection services whose contracts as negotiated represent the best value in accordance with the factors stated in this RFP. A Proposer meeting all RFP requirements with the lowest fee may not be selected if award to a higher priced proposal provides best value in the judgment of the AOC.

3.5 Acceptance of Terms

If a Proposer takes exception to any term of the form Master Agreement attached as Appendix F hereto, the Proposal must include a statement to that effect, including a “redlined” version of the term or condition showing exact proposed modifications to contract language proposed by the Proposer including a statement as to the intent of the modification. Proposers will be deemed to have accepted the form Master Agreement unless the Proposal expressly states otherwise.

4. Statement of Work

4.1 Required Account Services

Any Proposer selected by the AOC (“Contractor”) will be required to provide collection services for Accounts due and payable from members of the public to a Participating Entity, including but not limited to the following:

- (a) Fees, fines, forfeitures, penalties, and assessments arising from infractions, misdemeanor, felony, and traffic proceedings or actions;
- (b) criminal justice related fees, reimbursements, and other legally enforceable debts;
- (c) civil, family law, and juvenile law fees, including filing fees;
- (d) probation, guardianship, conservatorships, and public defender fees;
- (e) sanctions imposed by any Participating Entity;
- (f) direct restitution to victim ordered pursuant to California Penal Code section 1202.4 (a) 1;
- (g) victim restitution fund fines ordered pursuant to California Penal Code section 1202.4 (b) 1;

(h) reimbursements owed or as ordered by a court pursuant to California Family Code section 3150 et seq.;

(i) reimbursement owed to the California Supreme Court for overcharges for representation of indigent defendants in death penalty cases;

(j) fees, penalties, fines, or reimbursements owed to the California State Bar pursuant to California Rule of Court, rule 9.10(g), and California Business and Professions Code sections 6086.10(a) and 6140.5(a); and

(k) any other legally enforceable debt owed to a Participating Entity or that a Participating Entity has a right to collect.

4.1.1 Contractor will, in the collection of Accounts:

(a) employ skip tracing and other standard collection techniques to locate debtors, including the capability to: (1) communicate in Spanish (or other languages, as needed), both orally and in written form; and (2) pursue debtors residing within the boundaries of the United States, including military bases and tribal lands;

(b) report outstanding receivables on behalf of the Participating Entity to a nationally available credit history reporting database (credit bureau) approved by the Participating Entity; there shall be no additional fee for this service;

(c) transfer funds electronically, and be able to receive Accounts on a daily basis, Monday through Friday, except days which are not business days for the relevant Participating Entity;

(d) if requested by a Participating Entity, provide staff, including bilingual individuals, and necessary equipment, at public counter areas to assist the public (e.g. accept payments, answer questions, set-up payment arrangements, etc.) during all hours the Participating Entity is open to the public;

(e) provide various and multiple reports in an electronic or hardcopy format on a daily, weekly, and/or monthly basis, as requested by the Participating Entity;

(f) comply to the extent possible with the reporting requirements set forth in Penal Code section 1463.010, as required by the Judicial Council/AOC, and any future reporting requirements resulting from legislation or regulation;

(g) adjust the receivable record within two (2) business days of any information transferred by the Participating Entity;

(h) remit the entire gross amount of all receivables collected to the Participating Entity preferably in electronic format on a daily, weekly or monthly basis at the discretion of the Participating Entity, together with supporting documentation;

(i) ensure that all data it receives from, processes, or transmits to any Participating Entity is not stored, accessed from, or transmitted outside the United States;

(j) Contractor will be responsible for all start-up and on-going operational costs, including all cost associated with the transfer of paper records to electronic data;

(k) Contractor will provide computer terminals or dial-up or internet access for access to its system, and all necessary phones and related equipment, at its own cost and expense, including phone charges and supplies, and will provide all additional equipment necessary for the conduct of its business except that equipment specifically provided by the Participating Entity; and

(l) Contractor will provide fully functional on-line inquiry capability into its collection system to designated Participating Entity staff at any requested Participating Entity's location

(m) If requested by Participating Entity, Contractor will provide a list of old cases (infraction cases older than 5 years and misdemeanor cases older than 10 years) annually, or as specified by the Participating Entity. The Participating Entity may request a list of cases, but only the collecting entity can review these cases and determine eligibility for discharge under Vehicle Code section 25257-25259.95. The Participating Entity may recall eligible cases from the Contractor or instruct Contractor to transfer select cases to the FTB-COD and/or FTB-IIC program for additional collection efforts. The Discharge from Accountability Report sample attached hereto as Appendix C.

4.2 On-site Personnel (At Option of Participating Entity)

(a) At a Participating Entity's option, Contractor shall provide on-site staff at public counter areas to assist the public (e.g. accept payments, answer questions, set-up payment arrangements, etc.) during all hours the Participating Entity is open to the public, including night hours. The night hours for each Participating Entity will be specified in the Participating Agreement. Participating Entity shall be consulted prior to the addition, removal, or replacement of on-site personnel.

(b) Contractor shall provide sufficient on-site staff to ensure the waiting time for assistance averages no more than ten (10) minutes. If the Participating Entity determines that the waiting time is too lengthy, the Contractor shall provide additional staff and

other resources necessary to bring the waiting time to a level acceptable by the Participating Entity.

(c) At a Participating Entity's option, Contractor shall provide sufficient bilingual staff (for example Spanish and other languages, as needed) to meet the waiting time requirement at each location during all hours the Participating Entity is open to the public, including night hours.

(d) Contractor shall have sufficient trained staff available locally to cover unexpected absences and staff emergencies.

(e) Contractor shall provide staff and equipment to Participating Entities as specified in the Participating Agreement, at the rates set forth in the Master Agreement or as otherwise provided in the Participating Agreement.

4.3 FTB Transfer Services (At Option of Participating Entity)

A Participating Entity may request Contractor to transfer any or all accounts, including accounts transferred to Contractor for collection, to the FTB for further collection efforts in a format described by that Participating Entity. Upon such a referral to the FTB, Contractor will cease all collection work on the account, but will remain responsible for canceling and adjusting all accounts, as appropriate and answering inquiries related to the FTB from debtors. If a Participating Entity selects these optional services, the Contractor will be responsible for all programming costs associated with the identification, transfer, and separate reporting of accounts referred to the FTB.

4.4 Account Recall

A Participating Entity may recall an Account transferred for collection without a charge or penalty imposed, if during the past six (6) months no payments have been received, no new payment has been agreed to by the debtor, and no adjustments have been made by the Court. Recall of other Accounts will be on the terms and conditions agreed by the parties in a Participating Agreement. Each Participating Entity shall prescribe the criteria and procedures for returning uncollected Accounts.

4.5 Reporting Requirements

(a) Contractor shall comply with the then-current reporting requirements set forth in Penal Code Section 1463.010, any other applicable state law or regulation, and as specified by the Judicial Council/ AOC.

(b) Unless otherwise set forth by a Participating Entity in its Participating Agreement, Contractor will provide the reports described in this Section 4.5 to each

Participating Entity, in the form attached hereto as Appendix C, and will agree to provide any additional reports required by the Participating Entity. At the Participating Entity's option, the reports may be electronically transferred or provided in hardcopy format.

(c) For Participating Entities that are courts, separate reports must be provided for each location with division reports for account reconciliation and court-wide summaries for court-wide analysis and strategic planning.

(d) Unless otherwise indicated, all information must be reported by category with subtotals per category and a grand total. Whenever debtors' names are displayed, they will be displayed last name first.

(e) The Contractor will provide sample reports to the Participating Entity for approval prior to implementation and as changes are made during the term of the Participating Agreement.

4.5.1 Account Payment History

Contractor shall supply an account payment history for each Account on the Participating Entity's request. An account payment history shall include the following:

- (a) Debtor's name and case number.
- (b) The amount of bail and/or fine referred, the amount applied to the bail and/or fine and any balance remaining.
- (c) The amount of civil assessment added (separate from the bail and/or fine), the amount applied to the civil assessment and any balance remaining.
- (d) A chronological list of payments.

4.5.2 Acknowledgment Report

Upon request, Contractor will provide a complete list to the respective Participating Entity of all Accounts by account category each time a Participating Entity refers Accounts to it. The report will be provided within two business days following the date the Contractor can access the referrals, and will list as applicable: 1) debtor's name; 2) case number; 3) appearance date or fine due date; 4) amount of bail, fine, or debt referred; 5) total item count; and 6) total bail, fine, or debt amount referred.

4.5.3 Daily Payment Transmittal Report

Upon request, Contractor will provide each Participating Entity a daily payment information report, on the next business day, reflecting the prior day's payments. The daily payment transmittal report will include a listing of every account upon which a payment has been made, and for each such account, where applicable: 1) debtor's name; 2) case number; 3) balance owed; 4) previous amount paid; 5) amount of current payment; 6) total paid; and 7) balance due. The daily payment transmittal report will also indicate how the current payment was distributed; e.g., amount applied to bail and/or fine, amount applied to civil assessment. The last line will be the total of all amounts in each column. The daily payment transmittal report will be sorted first by account category, then alphabetically, beginning with the debtor's last name.

4.5.4 Daily Adjustment Report

Upon request, on the business day following the processing of any adjustment on any Account, Contractor will provide the relevant Participating Entity with a daily report of each Account where an adjustment has been made to any previously applied payment or amount referred or owed. In addition, the report will summarize each day's adjustment reasons by category of "Cash" or "Non-Cash". Examples of adjustment reasons in each category are listed below (a Participating Entity may add other adjustment reasons or categories in the future).

(a) Cash-related Adjustment Reasons include:

- Returned Check
- Misapplied Payment
- Overpayment

(b) Non-Cash-related Adjustment reasons include:

- Referred in Error by the Participating Entity
- Incorrect Amount Referred
- Payment collected by the Participating Entity
- Reduced by lawful court order
- Increased by lawful court order

- Assigned to Public Work Service

The daily adjustment report will include the following information, as applicable: 1) Debtor's name (sorted by last name); 2) case number; 3) adjustment reason code (2 or 3 characters); 4) original bail, fine, or debt amount referred or owed; 5) new bail, fine, or debt amount owed; 6) type of change (increase or decrease); 7) original civil assessment owed; and 8) the new civil assessment owed. The report will contain an adjustment reason code legend.

4.5.5 Summary of Account Activity Report

Within five (5) business days after the end of each calendar month, Contractor will provide each Participating Entity a summary of Account activity for that month. The report will display all information by group with subtotals for each group and a grand total.

4.5.6 Agency Activity Report

Within five (5) business days after the end of each calendar month, or unless otherwise agreed in writing, Contractor will provide each Participating Entity a summary of the activity performed by Contractor on the Participating Entity's Accounts. The information contained on the report may be used to measure performance goals and compliance with any performance standards established by the Participating Entity or as approved by the Judicial Council.

4.5.7 Collection Analysis Report

Within five (5) business days after the end of each calendar month, or unless otherwise agreed in writing, Contractor will provide a summary of collections for the month and include referrals in numbers and dollar value, gross collections in dollars and percentages matched against the month the account was placed, non-cash adjustments and commission expense in dollars and percents, and Accounts remaining.

4.5.8 Account Status Report

Within five (5) business days of the end of each calendar month, Contractor will provide each Participating Entity a complete listing of all such Participating Entity's Accounts, by location, currently held by the Contractor. The report shall be on disc or other electronic media that does not require the Contractor or the Participating Entity to produce a hard copy report. The account status report will include, as applicable, 1) the debtor's name; 2) case number; 3) referral; 4) beginning balance; 5) total payments and adjustments; and 6) the current balance. The account status report will be sorted alphabetically by debtor's last name.

4.5.9 Other Reports to the AOC

Contractor shall notify the AOC within ten (10) business days of entering into an agreement with a California Superior Court for collections services under this Master Agreement. The Contractor shall provide copies of the executed Participating Agreement or at minimum the contract execution date and commission rate(s).

On an annual basis, the superior courts of the State of California and the counties of the State of California are required to complete and submit to the AOC a *Collections Reporting Template* with aggregate referred and collected amounts. At no additional cost to the courts and counties, Contractor shall provide the required data to complete the *Collections Reporting Template* to all the courts and counties to which Contractor is providing collection services under the Statewide Master Agreement. The current data that needs to be provided is included in Appendix D - Collections Reporting Data.

Contractor shall notify the AOC within ten (10) business days of any leadership position changes within the organization that occurs after the execution of the Master Agreement.

Contractor shall notify the AOC within thirty (30) business days of lawsuits not disclosed in the proposal that occur after the execution of the Master Agreement.

4.6 Contractor Computer Systems

(a) Contractor's computer system will be capable of interfacing, and will interface its computer system, with the Participating Entity's existing criminal, traffic, minor offense and/or Participating Entity's accounting systems.

(b) Contractor's computer system must also be capable of interfacing, and will interface its computer system, with each Participating Entity's planned replacement for its case management or accounting systems. As such, it must, at a minimum, be capable of processing a standard formatted file with the following information:

- i) Case number
- ii) Debtor name, address, phone number & demographics
- iii) Account type and status
- iv) Case balance
- v) Next payment

4.7 Transition Services

A Participating Entity may request Contractor to transfer accounts to a new Contractor in a format described by that Participating Entity. The Participating Entity shall have the right to withhold Contractor's last payment until accounts have been transferred in a format acceptable to the Participating Entity. Upon expiration or termination of a Master Agreement or Participating Agreement, Contractor will:

- (a) destroy all hard copy account information of the affected Participating Entity;
- (b) delete all electronic account information from its computer systems, including backup copies;
- (c) send a letter to all Accounts notifying them that Contractor will no longer be handling the Account;
- (d) Contractor will continue to forward all payments sent to it by any Account to the Participating Entity. If payment is forwarded to the Participating Entity within 60 calendar days of expiration or termination of the Master Agreement or Participation Agreement, the Participating Entity will pay Contractor the fee identified in the Master Agreement. If the Contractor forwards payment to the Participating Entity after 60 calendar days of expiration or termination of the Master Agreement or Participation Agreement, the Contractor will no longer be due, nor will the Participating Entity pay, a fee.

4.8 Procurement Process – Use of Master Agreement

After award of a Master Agreement(s), Contractor will issue Participating Agreements to each Participating Entity requesting collection services. Contractor will negotiate individual Participating Agreements that will reference the Master Agreement and incorporate the terms and conditions of the Master Agreement unless the parties agree otherwise by specific reference to provisions of the Master Agreement. The Participating Agreement will take precedence over the terms and conditions of any contract or terms and conditions included on an invoice or like document.

4.9 Historical Data

	Non-Forthwith Gross Revenue	Number of Outstanding Cases	Outstanding Court Ordered Debt (Accounts Receivable) (1)	Reporting Programs (2)
Fiscal Year 2004-05	\$ 933,976,593	7,869,438	\$ 4,293,480,383	49
Fiscal Year 2005-06	\$ 814,219,210	7,088,343	\$ 4,638,087,649	48
Fiscal Year 2006-07	\$ 811,038,314	7,625,613	\$ 4,831,775,501	48
Age: 0-7 yrs.....			\$ 4,309,037,809	
Age: 7 yrs. or more.....			\$ 522,737,692	
Fiscal Year 2008-09	\$ 565,518,493	8,980,145	\$ 5,963,017,014	57
Fiscal Year 2009-10	\$ 605,441,956	9,604,064	\$ 7,019,190,743	58
Fiscal Year 2010-11	\$ 710,408,401	10,920,060	\$ 7,526,252,867	58
Fiscal Year 2011-12	\$ 707,966,677	11,116,600	\$ 7,952,364,854	58

Data as reported by the court and/or county on the *Collections Reporting Template*.

(1) FY2006-07 accounts receivables include payments related to court-ordered fines, fees, penalties, and assessments whether or not delinquent. Includes delinquent payments (whether or not on installment payment plan) and non-delinquent installment payments. Does not include forthwith payments or victim restitution paid directly to victim.

FY 2007-08 collection information not available, programs were not required to report.

(2) There are 58 courts/counties in California.

*Case age was not tracked in FY2004-05 and 2005-06 or after FY2008-09.

4.10 Pricing Structure

4.10.1 Contractor will accept all Accounts referred by a Participating Entity on a contingency fee basis, understanding that compensation will be paid only from those monies collected by the Contractor and allocated as noted below.

4.10.2 Except for services described in Section 4.3, for which Contractor will propose a separate fee structure, Contractor's sole payment for all of the services set out in this Section IV, including any required equipment, staff, or work necessary to enable Contractor to perform or a Participating Entity to receive the services, will be the percentage commission set out in Appendix A- Pricing Proposal.

4.10.3 For victim restitution fines, Contractor's fee will be limited to the 10% administration fee allowed by Penal Code section 1202.4(a) and if authorized by a resolution by a county Board of Supervisors. For direct restitution to victim, Contractor's fee is limited to an

administrative fee of up to 15% of total amount ordered, as allowed by Penal Code section 1203.1(1). Contractor will not be entitled to invoice a Participating Entity for these fees until the victim's restitution has been paid in full.

4.10.4 For the optional services described in Section 4.3, Contractor will invoice the Participating Entity, and will be compensated for collections performed by and received from FTB, at the rate identified in Appendix A-Pricing Proposal, which will be calculated on the amount received from the FTB net of FTB's commission.

4.10.5 Contractor understands that the California Department of Motor Vehicles (DMV), and the California Franchise Tax Board (FTB) under its Tax Intercept Program, will sometimes collect the money due on an Account that has been referred to the Contractor. The DMV and FTB will transmit these monies directly to the Court or County. Absent a specific agreement with the Participating Entity, Contractor shall receive no compensation from those accounts where monies are collected by the DMV or the FTB; i.e., no fee will be paid to Contractor if the debt is paid through the DMV or collected by the FTB.

Appendix A
Pricing Proposal

(Attached as a separate Word file)

Appendix B
Certification Forms

Appendix B-1
Suspension/Debarment/Tax Delinquency

Confidential

I certify that neither _____ (“Proposer”) nor any of its proposed subcontractors are currently under suspension or debarment by any state or federal government agency, and that neither Bidder nor any of its proposed subcontractors are tax delinquent with the State of California. I have listed all contracts with government or commercial customers during the five years preceding submission of this Proposal that have been terminated for cause or default. I have also provided a list of all pending criminal litigation.

I acknowledge that if Proposer or any of its subcontractors subsequently are placed under suspension or debarment by a local, state or federal government entity, or if Bidder or any of its subcontractors subsequently become delinquent in California taxes, our Proposal may be disqualified.

Signature

Printed Name

Title

Date

On separate pages attached hereto:

1. List all Contracts with Government or Commercial Customers during the Five Years preceding Submission of this Proposal that have been Terminated for Cause or Default
2. List all Pending Criminal Litigation

Appendix B-2

DARFUR CONTRACTING ACT CERTIFICATION

Pursuant to Public Contract Code (PCC) section 10478, if a bidder currently or within the previous three years has had business activities or other operations outside of the United States, it must either (i) certify that it is not a “scrutinized company” as defined in PCC 10476, or (ii) receive written permission from the AOC to submit a bid.

To submit a bid to the AOC, you must complete **ONLY ONE** of the following three paragraphs. To complete paragraph 1 or 2, simply check the corresponding box. To complete paragraph 3, check the corresponding box **and** complete the certification for paragraph 3.

1. We do not currently have, and we have not had within the previous three years, business activities or other operations outside of the United States.

OR

2. We are a “scrutinized company” as defined in PCC 10476, but we have received written permission from the AOC to submit a bid pursuant to PCC 10477(b). *A copy of the written permission from the AOC is included with our bid.*

OR

3. We currently have, or we have had within the previous three years, business activities or other operations outside of the United States, but we **certify below** that we are not a “scrutinized company” as defined in PCC 10476.

CERTIFICATION FOR PARAGRAPH 3:

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY, that I am duly authorized to legally bind the bidder to the clause in paragraph 3. This certification is made under the laws of the State of California.

<i>Company Name (Printed)</i>		<i>Federal ID Number</i>	
<i>By (Authorized Signature)</i>			
<i>Printed Name and Title of Person Signing</i>			
<i>Date Executed</i>		<i>Executed in the County of _____ in the State of _____</i>	

Appendix B-3
IRAN CONTRACTING ACT CERTIFICATION

Pursuant to Public Contract Code (PCC) section 2204, an Iran Contracting Act certification is required for solicitations of goods or services of \$1,000,000 or more.

To submit a bid to the Court, you must complete **ONLY ONE** of the following two paragraphs. To complete paragraph 1, check the corresponding box **and** complete the certification for paragraph 1. To complete paragraph 2, simply check the corresponding box.

1. We are not on the current list of persons engaged in investment activities in Iran created by the California Department of General Services (“DGS”) pursuant to PCC 2203(b), and we are not a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person, for 45 days or more, if that other person will use the credit to provide goods or services in the energy sector in Iran and is identified on the current list of persons engaged in investment activities in Iran created by DGS.

OR

2. We have received written permission from the Court to submit a bid pursuant to PCC 2203(c) or (d). *A copy of the written permission from the Court is included with our bid.*

CERTIFICATION FOR PARAGRAPH 1:

I, the official named below certify that I am duly authorized to legally bind the bidder to the clause in paragraph 1. This certification is made under the laws of the State of California.

<i>Company Name (Printed)</i>		<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		
<i>Date Executed</i>	<i>Executed in the County of _____ in the State of _____</i>	

Appendix C
Report Samples

(Discharge from Accountability Report is attached as a separate Excel file)

Appendix D
Collections Reporting Data
(attached as a separate Excel file)

Appendix E

**JUDICIAL COUNCIL OF CALIFORNIA
ADMINISTRATIVE OFFICE OF THE COURTS**

**ADMINISTRATIVE RULES GOVERNING REQUESTS FOR PROPOSAL
(NON-IT SERVICES)**

1. COMMUNICATIONS WITH AOC REGARDING THE RFP

- A. Except as specifically addressed elsewhere in the RFP, Proposers must send any communications regarding the RFP to solicitations@jud.ca.gov (the “Solicitations Mailbox”). Proposers must include the RFP Number in subject line of any communication.

2. QUESTIONS REGARDING THE RFP

- A. If a Proposer’s question relates to a proprietary aspect of its proposal and the question would expose proprietary information if disclosed to competitors, the Proposer may submit the question via email to the Solicitations Mailbox, conspicuously marking it as “CONFIDENTIAL.” With the question, the Proposer must submit a statement explaining why the question is sensitive. If the AOC concurs that the disclosure of the question or answer would expose proprietary information, the question will be answered, and both the question and answer will be kept in confidence. If the AOC does not concur regarding the proprietary nature of the question, the question will not be answered in this manner and the Proposer will be notified.
- B. Proposers interested in responding to the RFP may submit questions via email to the Solicitations Mailbox on procedural matters related to the RFP or requests for clarification or modification of the RFP no later than the deadline for questions listed in the timeline of the RFP. If the Proposer is requesting a change, the request must set forth the recommended change and the Proposer’s reasons for proposing the change. Questions or requests submitted after the deadline for questions will not be answered. Without disclosing the source of the question or request, a copy of the questions and the AOC’s responses will be made available.

3. ERRORS IN THE RFP

- A. If, before the proposal due date and time listed in the timeline of the RFP, a Proposer discovers any ambiguity, conflict, discrepancy, omission, or error in the

RFP, the Proposer must immediately notify the AOC via email to the Solicitations Mailbox and request modification or clarification of the RFP. Without disclosing the source of the request, the AOC may modify the RFP before the proposal due date and time by releasing an addendum to the solicitation.

- B. If a Proposer fails to notify the AOC of an error in the RFP known to Proposer, or an error that reasonably should have been known to Proposer, before the proposal due date and time listed in the timeline of the RFP, Proposer shall propose at its own risk. Furthermore, if Proposer is awarded the agreement, Proposer shall not be entitled to additional compensation or time by reason of the error or its later correction.

4. ADDENDA

- A. The AOC may modify the RFP before the proposal due date and time listed in the timeline of the RFP by issuing an addendum. It is each Proposer's responsibility to inform itself of any addendum prior to its submission of a proposal.
- B. If any Proposer determines that an addendum unnecessarily restricts its ability to propose, the Proposer shall immediately notify the AOC via email to the Solicitations Mailbox no later than one day following issuance of the addendum.

5. WITHDRAWAL AND RESUBMISSION/MODIFICATION OF PROPOSAL

A Proposer may withdraw its proposal at any time before the deadline for submitting proposals by notifying the AOC in writing of its withdrawal. The notice must be signed by the Proposer. The Proposer may thereafter submit a new or modified proposal, provided that it is received at the AOC no later than the proposal due date and time listed in the timeline of the RFP. Modifications offered in any other manner, oral or written, will not be considered. Proposals cannot be changed or withdrawn after the proposal due date and time listed in the timeline of the RFP.

6. ERRORS IN THE PROPOSAL

If errors are found in a proposal, the AOC may reject the proposal; however, the AOC may, at its sole option, correct arithmetic or transposition errors or both on the basis that the lowest level of detail will prevail in any discrepancy. If these corrections result in significant changes in the amount of money to be paid to the Proposer (if selected for the award of the agreement), the Proposer will be informed of the errors and corrections thereof and will be given the option to abide by the corrected amount or withdraw the proposal.

7. RIGHT TO REJECT PROPOSALS

- A. Before the proposal due date and time listed in the timeline of the RFP, the AOC may cancel the RFP for any or no reason. After the proposal due date and time listed in the timeline of the RFP, the AOC may reject all proposals and cancel the RFP if the AOC determines that: (i) the proposals received do not reflect effective competition; (ii) the cost is not reasonable; (iii) the cost exceeds the amount expected; or (iv) awarding the contract is not in the best interest of the AOC.
- B. The AOC may or may not waive an immaterial deviation or defect in a proposal. The AOC's waiver of an immaterial deviation or defect shall in no way modify the RFP or excuse a Proposer from full compliance with RFP specifications. Until a contract resulting from this RFP is signed, the AOC reserves the right to accept or reject any or all of the items in the proposal, to award the contract in whole or in part and/or negotiate any or all items with individual Proposers if it is deemed in the AOC's best interest. A notice of intent to award does not constitute a contract, and confers no right of contract on any Proposer.
- C. The AOC reserves the right to issue similar RFPs in the future. The RFP is in no way an agreement, obligation, or contract and in no way is the AOC or the State of California responsible for the cost of preparing the proposal.
- D. Proposers are specifically directed NOT to contact any AOC personnel or consultants for meetings, conferences, or discussions that are related to the RFP at any time between release of the RFP and any award and execution of a contract. Unauthorized contact with any AOC personnel or consultants may be cause for rejection of the Proposer's proposal.

8. EVALUATION PROCESS

- A. An evaluation team will review all proposals that are received by the appropriate deadline to determine the extent to which they comply with RFP requirements.
- B. Proposals that contain false or misleading statements may be rejected if, in the AOC's opinion, the information was intended to mislead the evaluation team regarding a requirement of the RFP.
- C. Cost proposals will be checked only if a technical proposal is determined to be responsive. All figures entered on the cost proposal must be clearly legible.
- D. During the evaluation process, the AOC may require a Proposer's representative to answer questions with regard to the Proposer's proposal. Failure of a Proposer

to demonstrate that the claims made in its proposal are in fact true may be sufficient cause for deeming a proposal non-responsive.

9. DISPOSITION OF MATERIALS

All materials submitted in response to the RFP will become the property of the AOC and will be returned only at the AOC's option and at the expense of the Proposer submitting the proposal.

10. PAYMENT

- A. Payment terms will be specified in any agreement that may ensue as a result of the RFP.
- B. **THE AOC DOES NOT MAKE ADVANCE PAYMENT FOR SERVICES.** Payment is normally made based upon completion of tasks as provided in the agreement between the AOC and the selected Proposer. The AOC may withhold ten percent of each invoice until receipt and acceptance of the final deliverable. The amount of the withhold may depend upon the length of the project and the payment schedule provided in the agreement between the AOC and the selected Proposer.

11. AWARD AND EXECUTION OF AGREEMENT

- A. Award of contract, if made, will be in accordance with the RFP to a responsible Proposer submitting a proposal compliant with all the requirements of the RFP and any addenda thereto (including any administrative or technical requirements), except for such immaterial defects as may be waived by the AOC.
- B. A Proposer submitting a proposal must be prepared to use a standard AOC contract form rather than its own contract form.
- C. The AOC will make a reasonable effort to execute any contract based on the RFP within forty-five (45) days of selecting a proposal that best meets its requirements. However, exceptions taken by a Proposer may delay execution of a contract.
- D. Upon award of the agreement, the agreement shall be signed by the Proposer in two original contract counterparts and returned, along with the required attachments, to the AOC no later than ten (10) business days of receipt of agreement form or prior to the end of June if award is at fiscal year-end. Agreements are not effective until executed by both parties and approved by the

appropriate AOC officials. Any work performed before receipt of a fully-executed agreement shall be at Proposer's own risk..

12. FAILURE TO EXECUTE THE AGREEMENT

The period for execution set forth in Section 11 ("Award and Execution of Agreement") may only be changed by mutual agreement of the parties. Failure to execute the agreement within the time frame identified above constitutes sufficient cause for voiding the award. Failure to comply with other requirements within the set time constitutes failure to execute the agreement. If the successful Proposer refuses or fails to execute the agreement, the AOC may award the agreement to the next qualified Proposer.

13. NEWS RELEASES

News releases or other publicity pertaining to the award of a contract may not be issued without prior written approval of the AOC.

14. ANTI-TRUST CLAIMS

- A. In submitting a proposal to the AOC, the Proposer offers and agrees that if the proposal is accepted, Proposer will assign to the AOC all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act Chapter 2, commencing with Section 16700, of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the Proposer for sale to the AOC pursuant to the proposal. Such assignment shall be made and become effective at the time the AOC tenders final payment to the Proposer. (See Government Code section 4552.)
- B. If the AOC receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this section, the Proposer shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the AOC any portion of the recovery, including treble damages, attributable to overcharges that were paid.
- C. Upon demand in writing by the Proposer, the AOC shall, within one year from such demand, reassign the cause of action assigned under this section if the Proposer has been or may have been injured by the violation of law for which the cause of action arose and (a) the AOC has not been injured thereby, or (b) the AOC declines to file a AOC action for the cause of action. (See Government Code section 4554.)

15. AMERICANS WITH DISABILITIES ACT

The AOC complies with the Americans with Disabilities Act (ADA) and similar California statutes. Requests for accommodation of disabilities by Proposers should be directed to the Solicitations Mailbox..

End of Appendix E

APPENDIX F

FORM OF MASTER AGREEMENT

(attached as a separate Word file)

APPENDIX G

FORM OF PARTICIPATING AGREEMENT

SUPERIOR COURT OF CALIFORNIA, COUNTY OF _____
AND _____

THIS PARTICIPATING AGREEMENT (“Agreement”), is made and entered into as of this ___ day of _____, 200_, by and between the SUPERIOR COURT OF CALIFORNIA, COUNTY OF _____, an entity organized under Article VI of the California Constitution, [address] (“Court”), and _____, a corporation with offices at [address] (“Contractor”).

WHEREAS, Contractor and the Judicial Council of California, Administrative Office of the Courts, on behalf of the superior courts and counties of the State of California, are parties to that Master Agreement No. _____ (“Master Agreement”) for collections services dated _____;

WHEREAS, the Master Agreement sets forth the terms and conditions upon which Contractor will provide collections services to the superior courts, counties, and certain other designated entities in the State of California, should any such party desire to engage Contractor for such services;

WHEREAS, Court pursues initial collection efforts on all accounts it establishes for unpaid fees, fines, forfeitures, penalties and assessments arising from criminal and traffic actions or proceedings;

WHEREAS, Court desires to engage Contractor to perform collection services (“Services”) in accordance with the Master Agreement on selected accounts established by the Court and not fully paid 30 or more days from the date of their assessment or imposition, or on which an installment payment is not fully paid within 30 days of the date such payment was due under an installment payment plan (“Accounts”).

AGREEMENT

NOW, THEREFORE, the parties agree as follows:

1. Participation of Court/Employment of Contractor. Court engages Contractor to perform additional collection services on Accounts transferred to Contractor by Court according to **Schedule A** hereto, and Contractor will provide such services to Court, on the same terms and conditions and as if such services were provided by Contractor under the Master Agreement,

except where specifically stated herein. Terms defined in the Master Agreement will have the same meaning when used herein.

2. Scope of Services. Accounts transferred to Contractor for collection services under this Agreement will qualify for Services.

- a. *Collection Services.* Contractor will perform collections activities on the Accounts transferred to it as set forth in Section(s) _____ of the Master Agreement.
- b. *Court Ordered Debt Program.* Contractor will refer Accounts it receives to the FTB Court Ordered Debt (“COD”) Program, liaise with FTB regarding such Accounts, and administer such Accounts under the terms and conditions set forth in Section of the Master Agreement.
- c. Contractor will refer to the FTB COD Program Accounts that meet the criteria set forth in Revenue and Taxation Code Section 19280, and all of the following criteria:
 - i. The remaining balance owed on the case is [\$100] or more;
 - ii. Court records regarding the Account indicate that, during the past [six (6) months, no payments have been received, no new payment plan has been agreed to by the defendant, and no adjustments have been made by the Court on the Account; or
 - iii. the Account has been rejected by the FTB COD Program for any reason, or returned to the Court as uncollectible.
- d. *Tax Intercept Program.* In addition to other Services provided hereunder, Contractor shall prepare an electronic file transfer for those accounts forwarded from Court that are eligible for the FTB Tax Intercept Program. Court will forward eligible Accounts to the FTB, liaise with FTB regarding such Accounts, and perform the equivalent administrative functions regarding such Accounts as that set forth in Section _____ of the Master Agreement. Court staff will integrate the file with Court records also being sent. Court staff will assist with written instructions and procedures as necessary, which Contractor will follow.

Contractor will forward to Court by the 5th day of each calendar month during the term of this Agreement via electronic transfer or remittance check

representing the total amount of funds received by Contractor on Accounts during such period, with accompanying statements.

3. Contacts. Each of the Court and the Contractor will appoint a Project Manager, who will be authorized to make day-to-day decisions related to the implementation of this Agreement that do not substantially limit rights or expand the responsibilities of the Court or the Contractor, subject to paragraph 12 below. The respective Project Managers and their contact information is as follows:

Court Project Manager

Contractor Project Manager

Name: _____

Name: _____

Title: _____

Title: _____

Address: _____

Address: _____

Phone: _____

Phone: _____

Email: _____

Email: _____

4. Payment and Pricing Structure. Contractor shall invoice Court on a monthly basis for Commission Fees charged for its collections services under this Agreement, which will be the following percentage, calculated each month on the total funds collected during such month on all Accounts transferred to Contractor under this Agreement.

5. On-site personnel. Contractor [is/is not] required to perform services under this Agreement on-site at Court locations.

6. Reporting Requirements. Notwithstanding the required reports and schedule of reports set forth in Section _____ of the Master Agreement, the parties hereto agree that Contractor will provide reports on the following schedule:

Contractor will provide additional reports upon request by the Court.

7. Term. The respective duties and obligations of the parties hereto shall commence on the date first written above, and shall automatically renew for the option periods described in Paragraph 1 of the Coversheet of the Master Agreement unless the options to extend are not renewed by the AOC or the Master Agreement is earlier terminated. Notwithstanding the foregoing, either party may terminate all or any of the services under this Agreement by giving ninety (90) days written notice to the other party. In addition, this Agreement is expressly

conditioned upon the ability of the Court under currently applicable California state law and policy to pay Contractor for services hereunder from revenue collected by Contractor on the Accounts. If any applicable law or policy is amended or enacted such that the revenue under this Agreement may not be applied to Court's obligations under this Agreement, the Court may, by written notice, terminate this Agreement on the effective date of such amended or enacted law or policy.

8. Credit Reporting. Contractor will be able to report outstanding receivables on behalf of the Court to the three nationally available credit history reporting databases (credit bureaus). There will be no additional fee for this service.

9. Independent Contractor. Contractor is, for all purposes, an independent contractor and shall not be deemed an employee of the Court.

- a. The Contractor specifically acknowledges that it controls the manner and means by which the product is accomplished, agrees to hold itself out as an independent contractor, and waives any rights to claim that it is an employee of the Court under the common law agency test, the economic realities test, or any other legal test.
- b. It is expressly understood and agreed that the Contractor shall in no event, as a result of this contract or any work performed under this contract, be entitled to any benefits to which Court employees are entitled, including but not limited to overtime or other pay differentials, retirement benefits, social security benefits, disability insurance benefits, unemployment compensation or insurance, workers' compensation benefits, and injury, vacation, sick, or other leave or employment benefits. The Contractor expressly agrees that all legal recourse for performance and severance of the relationship between it and the Court is set forth in this Agreement, and not in any statutes or case law relating to rights of employees.
- c. The Contractor agrees to notify its own employees that they are not employees of the Court and are not entitled to any benefits to which Court employees are entitled, as set forth above. The Contractor furthermore agrees to indemnify, defend and hold harmless the Court, its judges, subordinate judicial officers, officers and employees, from any such claims made by employees of the Contractor.

10. Indemnification. Contractor shall indemnify and save harmless Court and its respective judges, subordinate judicial officers, officers, agents and employees from and against any and all loss, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, resulting directly or

indirectly from Contractor's performance of this Agreement, including, but not limited to, the use of Contractor's facilities or equipment provided by Court or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on Court, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of Court and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee.

11. Entire Agreement. This Agreement and the incorporated documents constitute the entire understanding between the parties and supersede any and all prior understandings and agreements, oral or written, relating to the subject matter of this Agreement. Each party acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not included in this Agreement, and no other agreement, statement, or promise not contained in this Agreement shall be valid or binding.

12. Amendment. No alteration or amendment to the terms of this Agreement shall be valid unless it is made in writing and is signed by the parties, and no oral understanding or agreement shall be binding on the parties.

13. Assignment. Inasmuch as this Agreement is intended to secure the specialized services of Contractor, Contractor may not assign, transfer, delegate or sublet any interest herein without the prior written consent of Court.

14. Governing Law. This Agreement will be construed under the laws of the state of California, without regard to its conflict of law provisions.

15. Waiver. Any waiver by either party of a breach of any of the terms of this Agreement will not be construed as a waiver of any succeeding breach of the same or other term of this Agreement.

16. Further Assurances. Each party hereto agrees to cooperate with the other, and to execute and deliver, or cause to be executed and delivered, all such other instruments and documents, and to take all such other actions as may be reasonably requested of it from time to time to effectuate the provisions and purposes of this Agreement.

17. Severability. If any part of this Agreement is held unenforceable, all other parts remain enforceable.

18. Time. Time is of the essence in the performance of services under this Agreement.

19. Counterparts. This Agreement may be executed in counterparts, each of which is considered an original.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the day and year first above written.

SUPERIOR COURT OF CALIFORNIA, _____

County of _____

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT 14

RESPONSES TO BIDDER QUESTIONS

- Question 1:** Please confirm the due date for this procurement is **11/1/2013**
- AOC Response:** **Yes, the current Proposal Due Date is November 1, 2013.**
- Question 2:** To how many vendors are you seeking to award a contract?
- AOC Response:** **This is unknown at this time and depends how well proposers meet the requirements of the RFP. The solicitation in 2004 resulted in 4 awards. The solicitation in 2008 resulted in 7 awards.**
- Question 3:** Have all options to extend the current contract been exercised?
- AOC Response:** **Yes, all options to extend the current master agreements have been exercised.**
- Question 4:** What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category?
- AOC Response:** **This information is unknown. Please see Section 4.9, Historical Data.**
- Question 5:** What estimated or actual dollars were paid last year, last month, or last quarter to any incumbent(s)?
- AOC Response:** **In FY 2011-12, private vendors were paid a total of \$28,222,241, in commission fees. The total amount includes commission fees paid to private vendors that are not under the Master Agreement.**
- Question 6:** What is the monthly or quarterly number of accounts expected to be placed with the vendor(s) by category?
- AOC Response:** **This information is unknown. Please see Section 4.9, Historical Data.**
- Question 7:** What is the monthly or quarterly dollar value of accounts expected to be placed with the vendor(s) by category?
- AOC Response:** **This information is unknown. Please see Section 4.9, Historical Data.**
- Question 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?
- AOC Response:** **Please see Section 4.9, Historical Data.**

Question 9: What is your current internal process if you determine the debtor may be deceased?

AOC Response: **Internal processes vary between each Participating Entity.**

Question 10: What is your current process if any external collection agency vendor informs you the debtor may be deceased?

AOC Response: **See Response to Question 9.**

Question 11: In the third paragraph of Section 1.1, who are the “other governmental or regulatory entities identified for inclusion by the AOC”? See 1.1 Issuing Body and Coordinated Procurement.

AOC Response: **Superior Courts of California, California Counties and the California State Bar are currently using the Master Agreements. One of the appellate courts is currently in discussion with three Master Agreement vendors. Other entities are not yet identified; however, this provision has been added to allow them to utilize the Master Agreements resulting from this solicitation.**

Question 12: Have any “other governmental or regulatory entities identified for inclusion by the AOC” contracted with Private Collection Agencies under the current MSA? If yes, what government or regulatory entities utilized this MSA? See 1.1 Issuing Body and Coordinated Procurement.

AOC Response: **This information is unknown as these entities are not yet identified.**

Question 13: Are superior courts and counties required to contract with Private Collection Agencies using this MSA? Or can they conduct their own procurement / contracting process? See 1.1 Issuing Body and Coordinated Procurement.

AOC Response: **Stated in the fourth paragraph of Section 1.1 of the RFP, Participating Entities may have in-house collection resources. Superior courts and counties are not required to utilize any of the Master Agreements resulting from this solicitation; superior courts and counties may conduct their own procurements.**

Question 14: What is the overall volume of accounts (number of accounts and total dollars) that you anticipate referring to each vendor for collections?

AOC Response: **See Section 4.9, Historical Data.**

Question 15: What is the average balance of the accounts Participating Entities will refer for collections?

AOC Response: **This information is unknown.**

Question 16: What is the average age of the accounts you will Participating Entities for collections?

AOC Response: **We cannot predict which accounts a Participating Entity may refer to an outside collection agency.**

Question 17: If the contract is awarded to a different vendor than currently contracted, will Participating Entities be recalling the accounts previously listed to the current vendor and forwarding those accounts to the new vendor?

If yes, what is the overall volume of these accounts (number of accounts and total dollars), that you anticipate would be referred for collections?

If yes, will these accounts be allowed to be bid at a different rate, since these are what the collection industry calls “seconds” and are not primary-placed accounts?

AOC Response: **We cannot predict what a Participating Entity may do. For existing Master Agreements, there are Transition Services which a Participating Entity may use.**

Question 18: What is the age of the oldest accounts Participating Entities will refer for collections?

AOC Response: **We cannot predict the age of accounts a Participating Entity may refer to an outside collection agency. See Section 4.9, Historical Data.**

Question 19: How many agencies will you be awarding to for this MSA?

AOC Response: **This is unknown at this time and depends how well proposers meet the requirements of the RFP. The solicitation in 2004 resulted in 4 awards. The solicitation in 2008 resulted in 7 awards.**

Question 20: Please define “Non-Forthwith Gross Revenue.” See 4.9 Historical Data.

AOC Response: **The definition is court-ordered debt that is at least one day delinquent (one day after failing to appear in court or adhere to a court order to pay or comply) and the associated amounts collected under an installment payment or accounts receivable plan from delinquent accounts by a collections program prior to any reductions.**

Question 21: In the evaluation, will any preference be given for vendors that propose to use a call center located in California, as opposed to a call center located in another state? If yes, how many points is a California-based call center worth in the evaluation, compared to a call center located outside of California? See 2.4 Evaluation Criteria.

AOC Response: **No, the solicitation does not state any requirements regarding a call center, and we do not have points associated with a call center. See Section 2.4 of RFP for the evaluation criteria and weighting.**

Question 22: A. How is each of the debt-type categories in Appendix A – Pricing Proposal weighted for evaluation purposes? Or are they all weighted equally?
B. How is each of the age categories (i.e., Newly Delinquent, Up to 1 Year Old, 1 to 2 Years Old, etc., weighted for evaluation purposes? Or are they all weighted equally? See 2.4 Evaluation Criteria

AOC Response: **We will weigh prices for electronically submitted accounts at a higher percentage than for manually submitted accounts to reflect the differences in volumes for each. We will also weight the costs for the different fees based on the differences in volumes for each. In the past we have weighted the costs due to age equally; however, that has not yet been decided for this solicitation, and will be finalized no later than the proposal due date. The AOC does not plan on publishing the weighting factors other than what is stated in Section 2.4.**

Question 23: In the Executive Summary it states: “The description must list all of its California locations...” QUESTIONS: A) Is there any requirement that the call center work be performed in California? B) Are vendors with California locations favored over contractors that do not have a California location(s)? See 3.3.1 Executive Summary.

AOC Response: **No, the RFP does not state any requirements for a call center to be located in any particular place. Proposers will be evaluated solely based on the evaluation criteria listed in Section 2.4.**

Question 24: How many Participating Entities required on-site personnel under the current MSA? Which counties or superior courts currently require on-site personnel? See 4.2 On-Site Personnel (At Option of Participating Entity).

AOC Response: **The AOC does not have this information.**

Question 25: By county, how many FTEs on-site personnel did Participating Entities require? See 4.2 On-Site Personnel (At Option of Participating Entity).

AOC Response: **The AOC does not have this information.**

Question 26: We note that the “Programs and Vendors List” shows some collection agencies that, to our knowledge, do not have current MSAs. Are Participating Entities free to contract with collection agencies outside of this MSA? See Programs and Vendors List.

AOC Response: **Yes. Use of the Master Agreements resulting from this solicitation is not mandatory for any judicial branch entity.**

Question 27: Per Penal Code section 1463.007, one of the components of a comprehensive collection program is “(a) Monthly bill or account statements to all debtors.”
QUESTIONS: A) We assume this component applies only to those debtors with valid addresses and those on payment plans. Is that correct? B) Do any Participating Entities currently require monthly bill or account statements to all debtors? See 2.3.3 Minimum Qualifications, #1.

AOC Response: **(A) PC 1463.007 has been amended; one of the five mandatory components requires that program (B) *Notifies delinquent debtors for whom the program has an address in writing of their outstanding obligation within 95 days of delinquency.* As part of the optional selection, programs are required to (E) *Sends monthly bills or account statements to all delinquent debtors.***

(B) Yes, there are Participating Entities currently requiring monthly bill or account statements be mailed to all debtors.

Question 28: Will Participating Entities be placing accounts with judgments? If yes, are there any fees associated with executing a judgment in the form of wage or bank garnishment? If so, can the fees be added to the judgment amount? See Appendix E, section 14. B. ANTI-TRUST CLAIMS

AOC Response: **Yes, Participating Entities will be placing accounts with judgments. Please refer to the Enforcement of Judgment Laws, which is codified at California Code of Civil Procedure, sections 680.-10-724.260, and which governs virtually all monetary judgments in California. Note: The reference to Appendix E, section 14.B. ANTI-TRUST CLAIMS appears to be incorrect as it relates to the question.**

Question 29: For vendors that are awarded Master Agreements, are they then responsible for marketing / soliciting their services to the various Participating Entities in order to be awarded Participating Agreements with specific Participating Entities? See 4.8 Procurement Process – Use of Master Agreement.

AOC Response: **Participating Entities interested in outsourcing collection services have traditionally asked for presentations from 3 or more Master Agreement holders before selecting a firm.**

Question 30: Appendix F – Form of Master Agreement, section 6.3 Child Support Compliance Act, page F-6 and F-7, states that “Contractor provides the names of all new employees to the New Hire Registry maintained by the California Department of Labor and Industry.” QUESTION: Our company submits the names of all new employees to the New Hire Registry maintained by the Pennsylvania Department of Labor and Industry, which then distributes the names to the New Hire Registry in the appropriate states, including California. Is that process acceptable?

AOC Response: Yes, this process is acceptable.

Question 31: (m) on RFP p. 9 – “Percent of turnover of client service staff in the division or department that would be responsible for the services described in this RFP during each of the last three (3) years...” QUESTION: Can you please define “client service staff” as used in this sentence? (Does this include collection staff, too?)

AOC Response: As stated in (m), we’re requesting the turnover for client service staff who are “responsible for the services described” in the RFP.

Question 32: 4.7 (b) under “Transition Services” in the RFP states that “Upon expiration or termination of a Master Agreement or Participating Agreement, Contractor will delete all electronic account information from its computer systems, including backup copies.”

In Appendix F – Form of Master Agreement, 7.6 says: “Return of Client Data. From time to time and upon the Participating Entity’s request, Contractor will return, in a form acceptable to the Participating Entity, or destroy Client Data.”

Also in Appendix F – Form of Master Agreement, 10.1 states: “Upon expiration or termination of a Master Agreement or Participation Agreement, Contractor shall provide to the Participating Entity proof of destruction of hard copy information of accounts transferred to Contractor for collection; all electronic account information must be deleted from Contractor’s computer systems, including backup copies.”

QUESTION: Due to regulatory requirements, our company may retain electronic account information backups beyond contract expiration or termination. Our company’s practices and policies with regard to destruction of data are that information sent to our company by a client in an intangible or electronic format cannot 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 the MSA. Our position is that

the receiving party may retain an archival copy of any document for its permanent records to the extent required by applicable law or regulation or the receiving party's document retention policy. The rights and obligations of the parties under the Agreement will survive any return, destruction or retention of Confidential Information.

Would this be acceptable to the AOC as it applies to the RFP section 4.7 (b) and MSA sections 7.6 and 10.1?

AOC Response: **Yes, if there is an applicable law or regulation which requires retention of the electronic record longer than that required by Appendix F. Proposers who are taking exception to this requirement should submit the specific law or regulation in their proposal.**

Question 33: What is the estimated size of the existing portfolio (the backlog) in terms of number of accounts and the dollar amount outstanding? What is the age of the oldest accounts in the portfolio?

AOC Response: **This information is unknown. Please see Section 4.9, Historical Data.**

Question 34: What is the estimated size (accounts/dollars) of annual referrals going forward (new/future placements)?

AOC Response: **This information is unknown. Please see Section 4.9, Historical Data.**

Question 35: Who is the current vendor?

AOC Response: **See Programs and Vendors List.**

Question 36: If applicable, how long has the current vendor been under contract?

AOC Response: **We don't have the length of contracts for agreements outside of the existing Master Agreements. The term of the current Master Agreements is the same as the proposed term. See Section 1.1, third paragraph which states, "The Master Agreement(s) will be for an initial two-year term with three one-year options to extend the agreement(s)."**

Question 37: If applicable, what is the current vendor's overall recovery rate?

AOC Response: **This is not applicable as there are multiple vendors providing collection services (see Programs and Vendors List) and we have not created a definition of "recovery rate."**

Question 38: If applicable, what is the fee (%) charged by the current vendor?

AOC Response: **There are multiple vendors providing collection services (see Programs and Vendors List). Fees charged by existing Master**

Agreement holders vary, and are at
<http://www.courts.ca.gov/partners/collections.htm>

Question 39: If applicable, how much has been paid annually to the current vendor in fees (dollars) for their services since contract inception?

AOC Response: **This is not applicable as there are multiple vendors providing collection services (see Programs and Vendors List). See Response to Question 5.**

Question 40: How many dollars have been collected by the current vendor and over what period of time?

AOC Response: **See Section 4.9, Historical Data.**

Question 41: Will accounts held by the current vendor (backlog) be moved to the selected vendor?

AOC Response: **A current Participating Entity may or may not decide to move accounts to a new Master Agreement holder.**

Question 42: Why are proposals being sought at this time?

AOC Response: **Current Master Agreements are at the end of their term and all available extensions have been exhausted.**

Question 43: At what point in time (e.g. 60 days past due) will new/future accounts be placed with the selected Service Provider?

AOC Response: **Varies by Participating Entity. See fourth paragraph of Section 1.1 of the RFP.**

Question 44: Does the current vendor provide legal/litigation services? Are those services desired?

AOC Response: **There are several “current vendors” (see Programs and Vendors List). The services required are those specified in the RFP.**

Question 45: What is the anticipated start-up date for the contract?

AOC Response: **The anticipated start date for the new Master Agreements is the first week of February.**

Question 46: What is the anticipated award date for the contract?

AOC Response: **See Section 2.1 of the RFP.**

Question 47: What are the in-house collection methods (e.g. number of mailings) used on the referred accounts prior to turnover to the selected vendor?

AOC Response: **Methods vary by Participating Entity. See fourth paragraph of Section 1.1 of the RFP.**

Question 48: How will account/collection information or data be communicated to the successful bidder, i.e.- electronic to a secure FTP site, email, paper files, etc.?

AOC Response: **This varies by Participating Entity. Most information is transmitted electronically; however, some Participating Entities may transmit paper copies.**

Question 49: Please identify each participating entity that requires on-premise staffing/personnel.

For each participating entity identified, please state the number of staff/personnel and the job function of each person.

AOC Response: **This varies by Participating Entity; we do not collect this data.**

Question 50: Section 3.3.2, Financial Viability and Stability, item (j), requests financial information that we consider proprietary and confidential. Can one copy of this confidential financial information be provided in hard copy format only?

AOC Response: **No. At a minimum, the financial information needs to be provided in an Adobe pdf format.**

Question 51: What are the alternatives to submitting the entire gross collections if a participating entity case management system cannot accept gross revenue and pay commission costs? See Page 14- 4.1.1 (h)-Required Account Services

AOC Response: **If the Participating Entity agrees, net collections may be remitted. However, gross collections should be submitted along with an invoice for commission fees. Participating Entities shouldn't be put in the position of having to request that funds be submitted because of an error in a Master Agreement vendor calculating the "net".**

Question 52: Page 15 4.3 FTB Transfer Services: if for both, are the contractors/vendors expected to remain responsible for adjusting, canceling, as well as answering inquires? Is it expected that the same % fee for transferring to both FTB programs be indicated on page A2?

AOC Response: **Yes, upon referral of an account to the FTB, the contractor/vendor remains responsible for canceling and adjusting all accounts.**

Yes, the proposed percent of commission fee or the flat fee for FTB Transfer Services should be included in A-2.

Question 53: Do the statements regarding reporting mean participating entities that are not courts only require one report? See Page 16 Reporting Requirements (c).

AOC Response: **No, the number of reports will vary from entity to entity.**

Question 54: Does the term bail and/or fine in this and other sections refer to the total base bail or base fine, including all penalties and assessments, but not including civil assessment? See Page 16-4.5.1 Account Payment History (c).

AOC Response: **The term "bail and/or fine" as referred to in section 4.5.1 does not include civil assessment.**

Question 55: The daily adjustment report section states that the adjustment reason code is 2-3 characters. Is there a standard code? See Page 18 Daily Adjustment Code 4.5.4-Assigned to Public Work Service (3) - adjustment reason code.

AOC Response: **No, there is no standard adjustment reason code. The Participating Entity may amend sample reports to fit their reporting needs.**

Question 56: Who at the AOC shall be notified? The Project Manager? See Page 19 4.5.9- Notification.

AOC Response: **Yes, the AOC Project Manager shall be notified.**

Question 57: Does assessment in the fourth column refer to "civil assessment?" See Page C3.

AOC Response: **The fourth column titled, "Assessments," may refer to civil assessment or any state assessment. The Participating Entity may amend sample reports to fit their reporting needs.**

Question 58: This document states that newly delinquent accounts are, "Accounts not fully paid 30 days past its stated due date." Are the participating entities

allowed to change their definition of newly delinquent? For example, could it be the day after a bail or fine is due? See Appendix A.

AOC Response: **For the purpose of the Pricing Proposal only, the definition CANNOT be changed. However, a Participating Entity may change the time frame in which newly delinquent accounts are referred to collections through its Participating Agreement.**

Question 59: Page A2 indicates, "Collection of this debt is not at the option of the Contractor." What is this referring to? The commission fee is not at the option of the Contractor, or the collection of the debt is for victim restitution fine or direct restitution to the Victim is not at the option of the Contractor? See Appendix A, page A2

AOC Response: **Contractor's fee for the collection of Victim Restitution Fines is set by law at 10% and is not negotiable. Contractor's fee for the collection of Direct Restitution to the Victim is set by law at 15% and is not negotiable.**

Question 60: Which forms in Appendix C are samples that can be changed by a participating entity? Which ones are mandatory and have been approved by the Judicial Council? See Appendix C

AOC Response: **The reports have to be in the form noted in Appendix C unless a Participating Entity agrees otherwise in its Participation Agreement. See Section 4.5 (b) of the RFP.**

Question 61: Can the AOC please provide additional information as to the average gross recovery rate (collection rate) of current collection contractors for the two most recent reporting years? We are most interested in getting a better understanding as to the collection metrics for the existing contractor's area of responsibility compared to the overall gross recovery rate for the individual courts, which may include collections through other means such as through the DMV and/ or FTB. See Section 4.9 Historical Data, page 21

AOC Response: **The only information the AOC has is listed in Section 4.9, Historical Data.**

Question 62: On average, what percent of the account volume managed by contractors are collected through the DMV and FTB tax intercept program?

AOC Response: **The AOC does not have this information.**

Question 63: Approximately what percent of the courts require on-site staffing and, on average, how many staff are typically required to meet their service needs?

AOC Response: **The AOC does not have this information.**

Question 64: Where should cost for optional on-site personnel be included?

AOC Response: **The costs for on-site personnel may be included as part of the percentage commission fee or a time and material cost and submitted on the Pricing Form (Appendix A) or submit on a separate form if based on an hourly rate.**

END