



# CITY OF HOUSTON

Administration and Regulatory Affairs Department  
Strategic Purchasing Division

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April 13, 2012

**SUBJECT:** Letter of Clarification No. 5 Delinquent Account Collection  
Services for the Municipal Courts Department

**REFERENCE:** Request for Proposal No. S46-T24217

**TO:** All Prospective Proposers:

This Letter of Clarification is issued for the following reasons:

• **The following questions and City of Houston responses are hereby incorporated and made a part of the Request for Proposal:**

1. What company is currently performing collections for these accounts?

**Answer:** *The City of Houston current vendor is Linebarger Goggan Blair & Sampson, LLP.*

2. What company is currently performing collections for these accounts? What is the total annual gross revenue collected for the last 3 years?

**Answer:** *Texas law allows a penalty of up to 30% to be charged to defendants for delinquent debt owed to the City of Houston-Municipal Court. The vendor(s) awarded this contract will be paid for their services through the imposition of this fee. The gross revenue paid from September 2011 (when the new 90 day terms were established) through the end of the month of February 2012 is \$1,316,621.71.*

3. Is the City going to award to only one vendor, or will there be multiple awards?

**Answer:** *As indicated in Section 1.0 - the Introduction and Objective of the Scope of Work, the City is seeking to identify and enter into a non-exclusive Agreement with one or more capable collection vendors to collect on current and future MCD delinquent accounts.*

4. How many Vietnamese speaking staff should the contractor have or what is the projected call/letter volume of Vietnamese accounts?

**Answer:** *We currently do not send correspondence in Vietnamese and have less than 3% Vietnamese calls*

5. Do vendors have any guarantees that training and procedural information will remain confidential and/or does the City plan on taking recommended policies and procedures and incorporating them into their internal collection efforts?

**Answer:** *The City of Houston respects all legal requirements to maintain the confidentiality of Trademarked, Copyrighted or Patented items. Any materials with this designation need to be clearly marked as such when provided to the City. Beyond existing legal requirements, the City does not provide any further guarantees.*

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6. Does "in person contact" mean a face-to-face contact or simply a phone contact with the defendant?

**Answer:** *"In person contact" refers to a live telephone contact (agent to defendant) versus a voicemail, left message etc.*

7. Regarding the 24-hour follow-up required on all broken promises, what is the expected procedure if the broken promise falls on a Saturday (given that Sunday hours are excluded from hours of operation)? Would the generation of a missed payment letter suffice?

**Answer:** *Follow-up contact with a defendant who has defaulted on his/her promise to pay must be made by the conclusion of the next business day.*

8. "The winning vendor will provide payment kiosks and that they become property of the City." Would the outgoing vendor's old kiosks be available for use or purchase? Is the winning vendor responsible for the daily operation of the kiosks?

**Answer:** *Kiosks currently used by the City are the property of the City and are not available for purchase. The winning vendor will be responsible for funding the maintenance & operation of the kiosks*

9. The Contractor shall instruct the defendant to make payments via specific call centers, web portals, physical locations or mail addresses designated by the MCD Director or Designee"; however, in 7.1.14 we are asked, "Do you provide a self service web portal for defendants to use to view account information, settle accounts, submit disputes or file complaints? Is this a specific requirement and what information does the incumbent provide today?

**Answer:** *No, The City provides an online portal, an IVR system, mailing address and physical locations for citizens to pay. We accept the submittal of disputes and the filling of complaints by email, mail or in person. The incumbent directs citizens to these sources.*

10. These two sections state that vendor is expected to absorb the costs associated with credit card transactions as no added/convenience fees may be added. In Section 3.16.3, vendors are required to direct all payments to the City, so will the merchant account fee be a reimbursable cost or is the vendor expected to obtain a dedicated merchant account for the City of Houston and remit any/all payments immediately upon receipt?

**Answer:** *The vendor is expected to use the City's merchant account and the City will remit the Collection fee to the vendor less any fees associated with credit card transactions.*

11. "The Contractor cannot add any convenience fees or any other fees to the outstanding fines or fees." If the vendor proposes to use a third party to process credit card payments, will the credit card processor be allowed to charge a fee directly to the defendant at the time of the transaction?

**Answer:** *No. No other fees are allowed to be charged to the citizens. The vendor will need to absorb any credit card processing fees.*

12. Is there a cost to the vendor by the Office of Court Administration for the training on the Collections Improvement Program and if so, what is the cost?

**Answer:** *There has been no cost for training to the MCD. Costs (if any incurred by a vendor) would have to be made directly to the OCA.*

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13. Liquidated Damages: Have any damages been paid by the current or any previous vendor for failure to meet the Cash Collection Rate? If so, when and in what amounts?

**Answer:** *No damages have been assessed or paid*

14. Unanticipated costs are associated with network connectivity, infrastructure upgrades, programming costs and & any other related expenses.” Section 6.3.2 identifies the limit as \$200K due within 90 days of contract execution and within 90 days of each contract year anniversary. Will the costs associated with section 6.3.1 be limited to the annual lump sum payment of \$200K or in addition to the stated payment? If additional payment sums are expected, will the City provide an estimate of what the costs will be?

**Answer:** *Costs associated with section 6.3.1 may not be limited to the annual \$200k sum. The City will provide cost estimates when these estimates are available. None are available at this time.*

15. The “Proposal Outline and Minimum Content Requirements” on pages 29 through 33 do not exactly match the “Contents (Section 14) on page 33. Does the City have a preference how the proposal should be organized, or is either approach satisfactory as long as all content specified is included?

**Answer:** *Please respond to both. Section 14.0 includes a list of all required exhibits that are required upon your submittal of your RFP response.*

16. Below is the City of Houston response to the following series of vendor questions indicated in **bold**:

Please provide the following information for each of the City’s current vendors performing work that is requested by this RFP:

a. Name **Linebarger**

b. Commission percentage rates where TX CCP 103.0031 does not apply (by case category where they differ) **30%**

c. Number and dollar amount of placements for each case type **Please refer to Section 1.5 and 1.6 of the Scope of Work.**

d. The dollar amount of commissionable collections for each case category for each of the last three years **Please refer to Section 1.5 of the Scope of Work.**

e. The average balance of accounts **Please refer to Section 1.5 and 1.6 of the Scope of Work.**

f. The age of accounts by case type **Please refer to Section 1.5 and 1.6 of the Scope of Work.**

17. Will the City refer accounts previously managed by the current vendor to a new vendor if selected under this procurement? a. Will the liquidated damages section be calculated and include any/all inventory previously managed by the incumbent vendor?

**Answer:** *Yes, please refer to Section 4.3.2 of the RFP – Scope of Work.*

18. Must proposed MWBE subcontractors be certified with OBO at the time of proposal submission or will having submitted their application suffice?

**Answer:** *Yes, your MWBE partner will have to be a certified MWBE subcontractor upon submittal of your RFP response.*

19. What does the City anticipate the annual costs to be for the selected vendor(s) to administer vehicle registration holds?

**Answer:** *Costs will vary upon the details of the program and operational efficiencies. However, the City currently estimates between \$125,000 and \$150,000 a year to administer this program. Details of the program will be defined at a later point and these details may significantly impact the estimated amount.*

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20. For vendors that have not received training from the Office of Court Administration, what would this process entail? Estimated costs?

**Answer:** *This inquiry would have to be made to the OCA directly.*

21. What is the current collection vendor's recovery rate at 12 months?

**Answer:** *Data available at this time indicates an approx. 18% collection recovery rate since vendor contract was amended in September, 2011.*

22. Should vendors provide financial statements for their subcontractor(s)?

**Answer:** *No. As part of the evaluation criteria, the City will only review the financial stability of the prime contractor.*

23. Is Houston assuming the selected agency will be collecting 30% fees? Is this a fixed amount or are you anticipating competing fee bids?

**Answer:** *The 30% is the maximum amount allowed by law. It is fixed*

24. Is Houston assuming the selected agency will be collecting 30% fees? Is this a fixed amount or are you anticipating competing fee bids?

**Answer:** *The 30% is the maximum amount allowed by law. It is fixed*

25. Do you anticipate the agency collecting their fee on top of the 30% fee that Houston is imposing already? Or simply still on the original indebtedness?

**Answer:** *The agency is only allowed to collect 30%.*

26. Can the requirements such as notices be applied by defendant rather than by case, assuming there may be multiple cases already opened on some number of defendants? You suggest an average of 3 cases per defendant, but obviously that will vary widely.

**Answer:** *As long as notices captures all associated cases, then a single notice to a defendant will suffice.*

27. Can the requirements such as notices be applied by defendant rather than by case, assuming there may be multiple cases already opened on some number of defendants? You suggest an average of 3 cases per defendant, but obviously that will vary widely.

**Answer:** *As long as notices captures all associated cases, then a single notice to a defendant will suffice.*

28. Would any costs associated with the warrant roundup, registration holds, drivers license holds, etc. be included in the required minimum of \$25K per month to be spent for "non-traditional" collection methods? Can you identify what some of these items cost or at least where we can find that information?

**Answer:** *Yes, the monthly 25k would include warrant round-up activities. Examples of other activities completed in the past include: 1) airtime on local media, 2) pamphlets hung on doors, 3) video for public service announcement, 4) off-duty officers, 5) additional notices and 6) a license plate recognition program. The cost for these methods may be obtained by researching and contacting vendors who provide the goods and services.*

29. Is there to be an initial drop of accounts that are currently outstanding? If so, what are the account volumes and dollar volumes of such please?

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**Answer:** *Please refer to page 15 of the RFP, section 1.5*

30. If there is an initial account drop how will this figure into the minimum recovery rate expectations?

**Answer:** *Yes. Refer to 4.3.2 in the RFP*

31. Is litigation a part of this contract? If so is this part of a separate or additional add-on fee? What is the cap on that?

**Answer:** *Yes, litigation is part of the contract. Compensation is set forth in Section 5.0 (page26).*

32. When is the annual \$200K that is to be paid to the city expected to be paid?

**Answer:** *As indicated in Section 6.3.2 of the Statement of Work, the Contractor agrees to make annual lump sum payments to the City in the amount of \$200,000. The first payment shall be made within the first ninety (90) days after the Effective date of the awarded Agreement. Each year thereafter, the payment shall be made within ninety (90) days after the anniversary of the Effective date of the original awarded Agreement until the contract is terminated.*

33. Is the use of e-mail mandatory in the collection efforts?

**Answer:** *MCD encourages the use of collection efforts when contact information is available.*

34. Can you provide more information regarding your expectation around drug compliance and urine tests? When and how often are you looking for this information? Have you considered that this is potentially a compliance issue for your selected agency?

**Answer:** *As part of the solicitation process, each vendor is required to complete Exhibit VII – Attachment “B” Drug Policy Compliance Declaration and return it with your RFP response. Additionally, upon notification of intent to award, vendors are required to provide a copy of their company's official drug policy.*

35. What are the expected consequences should an outage limit of more than two days occur?

**Answer:** *The expected consequences will be defined during contract negotiations.*

36. Do you have any past liquidation numbers to estimate from? What are those numbers?

**Answer:** *The expected consequences will be defined during contract negotiations.*

37. Do you have any past liquidation numbers to estimate from? What are those numbers?

**Answer:** *No.*

38. How do you plan to determine what is an approved payment plan?

**Answer:** *Only a Judge may approve a payment plan and different Judges may have different payment plan parameters.*

38. Can you provide any more details around the required two kiosks that are to be provided please?

**Answer:** *Our current vendor for payment kiosks is Pay-Ease. Information may be found at [www.pay-ease.com](http://www.pay-ease.com).*

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39. Is Credit Reporting also an add-on?

**Answer:** *Vendor assumes cost for credit reporting*

40. What percentage of defendants would you guess speak Spanish? Vietnamese?

**Answer:** *Spanish-25%, Vietnamese-Less than 3%*

41. What percentage of the accounts does Houston work internally during the first 90 days?

**Answer:** *100% of all accounts are done through some combination of autodials, live calls, and correspondence*

42. Are we to assume with the slippage of the pre-proposal meeting buy 2 weeks, that the due date for the proposal will slip as well, or will it be the same delivery date?

**Answer:** *As indicated in Letter of Clarification 3 posted to the e-bid site; all RFP responses are due to the City of Houston by Friday, April 20, 2012 at 2PM CST.*

43. Does the City intend to extend the written question deadline (March 28) on the above referenced RFP considering the pre-proposal conference has been pushed until this Friday (March 30)?

**Answer:** *As indicated in Letter of Clarification 3 posted to the e-bid site; all vendor questions are due to the City of Houston by Monday, April 9, 2012.*

44. How do you plan to determine what is an approved payment plan? Can you please provide an example?

**Answer:** *MCD encourages the use of collection efforts when contact information is available.*

45. Can you provide details around the costs to be expected for blocking a defendant's ability to register a vehicle and/or renew their drivers license? Where can information on these costs be found?

**Answer:** *Costs associated with the Scofflaw program (blocking vehicle registration) include, but may not be limited to, a) sending notices and b) sending data to the State. Data transmissions costs with the State are \$23 per file plus \$.12 a record within the file. The City anticipates an initial effort including 200,000 records with an additional 1,000 per week. Additional information may be found by contacting Vehicles and Title registration division of the Texas Department of Transportation.*

46. Is there to be an initial drop of accounts to be placed? If so, can you please provide any essential numbers around those, including dollars outstanding, number of accounts, number of defendants and amount of time they have been worked already? Or are those staying with the current provider indefinitely?

**Answer:** *Please refer the City' response to Question 28.*

47. Would any costs associated with the warrant roundup, registration holds, drivers license holds, etc. be included in the required \$25K per month minimum expenditure for "non-traditional" collection methods? Can you please identify what some of these items cost, or at a minimum where to find that information?

**Answer:** *Please refer the City' response to Question 27.*

48. What are the expected consequences to be incurred by the collections partner should an outage of more than two days occur?

**Answer:** *The expected consequences will be defined during contract negotiations.*

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49. What will the new RFP due date be?

**Answer:** *As indicated in Letter of Clarification 3 posted to the e-bid site; all RFP responses are due to the City of Houston by Friday, April 20, 2012 at 2PM CST.*

50. What will the new questions cut off date be?

**Answer:** *As indicated in Letter of Clarification 3 posted to the e-bid site; all vendor questions are due to the City of Houston by Monday, April 9, 2012.*

51. "Does the City of Houston contract with Omnibase.com to meet the requirements of this section? If so, does the City of Houston want the contractor to subcontract with Omnibase.com for these services or does the City want the contractor to enter into a new contract with the State, County or City and provide like services? I have reviewed the Omnibase.com contract and it does not provide for subcontracting?"

**Answer:** *The City contracts with Omnibase. The contractor will not need to contract with Omnibase as all case updates will be made in the City's case management system which will notify Omnibase.*

52. Again as in 3.3 above does the City of Houston contract with Omnibase.com to meet the requirements of this section? If so, does the City of Houston want the contractor to subcontract with Omnibase.com for these services or does the City want the contractor to enter into a new contract with the State, County or City and provide like services? I have reviewed the Omnibase.com contract and it does not provide for subcontracting?"

**Answer:** *The City contracts with Omnibase. The contractor will not need to contract with Omnibase as all case updates will be made in the City's case management system which will notify Omnibase.*

53. re Kiosks: "Specifically what services does the City expect the Kiosks to provide? I.E. ATM transactions for dispensing of monies? On-line payments for parking, traffic, misdemeanor and other types of court debts? Court filing fees? Will the city provide the telephone lines free of charge to support the Kiosk operation? Will the City coordinate with the contractor and provide computer access for the contractor's kiosks to transmit monies to the City? Will the City's insurance provide coverage for the kiosks operation during the term of the contract?"

**Answer:** *The City requires the kiosk to allow for the payment of Court cases (which may include providing change) but not an ATM. The Court at this time does not accept payments for anything beyond case payments (e.g. case filing fees) with the kiosk. The vendor will need to pay for the phone/data lines required or any other associated costs with the ongoing maintenance/support of the kiosk. The City will coordinate to allow the passage of information to update cases and the transmission of monies.*

54. Non Traditional Collection Efforts: "Can the City provide copies of the policy/procedures for the hiring of off duty officers to serve warrants etc? How many officers, total hours paid, and dollars paid under the current contract? Will the City allow the contractor to impose booting/towing of vehicles within the first 30 days of an account being assigned for collection services?"

**Answer:** *Current vendor is completely responsible for and handles all aspects of hiring warrant officers and vendor will continue to do so under new contract.*

55. Please provide the name of the current contractor(s) that provide debt collection services? What are the contingency fee rates charged by the contractor(s)? How many accounts/dollars have been assigned to the current contractor(s) program to date? How many dollars have been collected by the contractor(s) program to date? What is the overall liquidation/recovery rate by the current contractor(s) program to date? Please provide a copy of the last annual year-to-date performance report provided by the current contractor(s)?

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**Answer:** *Texas law allows a penalty of up to 30% to be charged to defendants for delinquent debt owed to the City of Houston-Municipal Court. The vendor(s) awarded this contract will be paid for their services through the imposition of this fee. The gross revenue paid from September 2011 (when the new 90 day terms were established) through the end of the month of February 2012 is \$1,316,621.71. Questions concerning liquidation rates are addressed in section 4.3.2 of the RFP.*

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

**Answer:** *Vendor can subcontract with a law firm as long as it is done under the rules and regulations of COH/ARA/SPD.*

57. Can the City pay additional monies for booting/towing services? If so how much?

**Answer:** *No.*

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

**Answer:** *The 91st day following delinquency.*

58. Insurance and Other Security.” Will the City allow amending language because: “Bonds held by agencies in the collection industry are surety bonds in place for trust accounts. These surety bonds are held to satisfy State regulatory requirements. In the State of Texas the statutory requirement is for a bond of \$5,000. AIC has had a continuous bond in place since October 30, 2007. AIC has a Commercial General Liability Policy in place. AIC has \$11M per occurrence under our umbrella policy. Within this umbrella AIC has crime insurance which includes employee fidelity coverage and client coverage. The limit for this is \$10M. This also includes professional liability with a \$5M limit?”

**Answer:** *No; The language cannot be amended; the coverages must be as specified.*

59. The State and County tax authorities charge a fee to private companies who impose driver's license and vehicle registration holds. In consideration that the vendor is responsible for imposing the license/registration hold on the assigned cases, would the City consider and agree to let the vendor recoup this expense from the defendant/scofflaw?

**Answer:** *No fees may added by the vendor for any reason.*

60. If the Municipal Courts Department selects more than one collection vendor to assist in collecting its delinquent cases, what process will the MCD use in determining the selection of cases assigned to each vendor?

**Answer:** *A specific process has not yet been established*

61. Please provide what specific sections are being referenced with “Scope of Work”. We want to ensure we are responding to all required sections of the RFP. Should we provide an answer to each section of 1.0 – 7.7 (pages 15 – 27) of the Scope of Work section?

**Answer:** *Please provide a response in both sections.*

62. Will the City require drug testing? If so, is it only for employees who work on the City's accounts or all employees?

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**Answer:** *No, each vendor is required to complete Exhibit VII – Attachment “B” Drug Policy Compliance Declaration and return it with your RFP response. Additionally, upon notification of intent to award, vendors are required to provide a copy of their company's official drug policy.*

63. Will we be using the City's online payment system or ours for payments taken over the phone? Can we also accept payments by mail, Western Union, Money Gram etc.?

**Answer:** *Payments via each of these methods is allowed, but citizens must be directed to use the existing City payment avenues including online, IVR, mail, kiosk and in person.*

64. Will vendor have secure access to MCD's case management system to update information? Or, does MCD want an established real-time feed which transfers information updates to the case management system as updates occur (including payments, adjustments, etc)?

**Answer:** *The vendor will have secure access to MCD's case management system to update information.*

65. In regards to this requirement, may we state that we will be trained by OCA by the time contract is executed? We have reached out to the OCA and they will not be having a seminar before the proposal submission deadline. We are certainly familiar with the OCA program, have multiple clients who have to abide by the Collections Improvement Plan, attended conferences that taught the program, etc.

**Answer:** *Yes. As long as the vendor has received the OCA training by the contract execution date it can state the future date of training*

65. Since the RFP did not specify exactly what types of services the Kiosks would provide I simply asked the questions for the services that our Kiosks currently provide

**Answer:** *The City of Houston Responses are indicated below in bold.*

1. Automated Teller Machine (ATM) dispensing of monies? - **No**
2. On-line payments for parking, traffic, misdemeanor, and other types of court debts? – **Traffic & Non-traffic cases (not Parking). No other types of debts.**
3. Information/directory? - **No**
4. Telephone line support for the operation of the Kiosks? – **The kiosk does require a data line to work and we expect the vendor to address these costs.**
5. What is the maximum “convenience fee” that the contractor can charge and pass onto the consumer for ATM/payment transactions under Texas law? – **The question of whether the city will allow a convenience fee to be charged, if authorized by law, and any maximum amount, will be discussed during contract negotiations.**
6. Will the City coordinate with the contractor and provide computer access for the contractor's kiosks to transmit monies to the City? - **Yes**
7. Will the City coordinate with the contractor and provide access to software related issues to insure payment processing from the Kiosks to the City? - **Yes**

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When issued, Letter(s) of Clarification shall automatically become a part of the proposal documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. All revisions, responses, and answers incorporated into the Letter(s) of Clarification are collaboratively from both the Strategic Purchasing Division and the applicable City Department(s). It is the responsibility of the proposers to ensure that it has obtained all such letter(s). By submitting a proposal on this project, proposers shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this proposal.

If you have any questions or if further clarification is needed regarding this Request for Proposal, please contact me.

*Eric Alexander*

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**Council Members:** Helena Brown Jerry Davis Ellen Cohen Wanda Adams Mike Sullivan Al Hoang Oliver Pennington Edward Gonzalez  
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