



CITY OF HOUSTON

Administration and Regulatory Affairs Department
Strategic Purchasing Division

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June 6, 2012

SUBJECT: Letter of Clarification No. 3 Delinquent Parking Citations
Collection Services for the Administration and Regulatory Affairs Department

REFERENCE: Request for Proposal No. S46-T24314

TO: All Prospective Proposers:

This Letter of Clarification is issued for the following reasons:

• **To revise the above referenced solicitation as follows:**

1. Page 15, Section 1.0 Introduction and Objective shall be revised to read as follows:

1.1 The City of Houston ('City') Administration and Regulatory Affairs is issuing this Request for Proposal (RFP) for Delinquent Parking Citation Collection Services. The Administration and Regulatory Affairs' Parking Management Division (PMD) has oversight of this collection services contract. **The purpose of this RFP is to identify and enter into a non-exclusive Agreement with one or more capable collection vendors to collect on current and future PMD delinquent parking citation accounts.**

Remove Page 15 and replace with attached Page 15 marked Revised – June 6, 2012.

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

1. What are the performance expectations for the current delinquent collections vendor?

Answer: 40% collection rate, 45% closure rate to be averaged over the last 30 months of the initial term

2. If there are performance expectations, has the current delinquent collections vendor ever failed to meet the performance expectations?

Answer: The performance standards will be determined over the last 30 months of the initial term of the current contract.

3. Is credit bureau reporting performed by the current delinquent collections vendor?

Answer: Yes

4. What is the cash collection rate for the past three (3) years for **delinquent** accounts.

Answer: 25% from December 2009 - December 2011

5. What is the cash collection rate for the past three (3) years for **current** (prior to turnover to delinquent collection) accounts?

Answer: 45% from September 2009 - May 2012

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6. Contingency fee paid in the last 12 months or calendar year

Answer: \$808,791

7. Fees charged (if any other than the 30% allowed by law)

Answer: None

8. Recovery rate (and the formula used to determine rate)

Answer: Please refer to page 14 of the RFP, in the Definition Section for the recovery formula and Attachment D for number of recalled citations

9. Current liquidated damages schedule (Section 4.10)

<i>Answer:</i>	Goal	99% Achieved	90%-98% Achieved	Less than 90%
	40% collection rate	n/a	\$50,000	\$75,000
	45% collection rate	n/a	\$50,000	\$75,000

10. How many lawsuits (or other litigation techniques), if any, were filed by your current vendor during the course of the contract for the account types indicated in the City's RFP?

Answer: None

11. Do you have a minimum dollar value for accounts to be submitted to a credit bureau?

Answer: \$25

12. Do you have a minimum dollar value for an account to be handled through litigation?

Answer: Not at this time

13. Section 3.8.1 "live telephone contact". Will it qualify as meeting requirement if we have made 6 "live person" calls but we do not reach responsible party?

Answer: Yes

14. Section 4.0: Are you asking for answers to these subsections or are you listing the elements that will be involved with review meetings?

Answer: Listing the elements

15. Did the City impose liquidated damages on the current contract? If so, please give details surrounding the reason and the dollar amount.

Answer: Not at this time

16. Are there any account types that would be referred that do not qualify for the 30% add-on fee?

Answer: No

17. Section 6.1 asks for SAS 70 compliance but this audit has been replaced by the SSAE 16 audit. May we provide this information to be compliant and timely with current audit standards?

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Answer: Yes

18. Will the City provide additional detail regarding types of debt, average balance, and age of those cases eligible for referral under this section?

Answer: The period to submit questions ended 5/30/12. Additional information can be provided during contract negotiations with the selected vendor

19. Will the City expand upon this requirement? What efforts are they expecting to occur via this media?

Answer: Contractor should use the method when applicable

20. Will the City expand upon this requirement? What would be the nature of anticipated revisions?

Answer: Interface modifications may be required due to system upgrades. Parking Management will work closely with contractor to provide the required data to maintain the interface.

21. Please define "coincides;" what is the window of time to meet this definition?

Answer: Timing and terms of required phone calls will be agreed upon with the selected vendor

22. Is this requirement only when no contact has been had with the account holder?

Answer: Yes

23. Will the city allow a 3 day grace period to account for due dates that may fall on weekends and/or holidays?

Answer: Yes

24. Will the city allow a 3 day grace period to account for due dates that may fall on weekends and/or holidays?

Answer: Yes

25. Will the city allow a 3 day grace period to account for due dates that may fall on weekends and/or holidays?

Answer: Yes

26. What is the methodology to determine the number of required calls?

Answer: Terms of required phone calls will be agreed upon with the selected vendor

27. Will the City supply what these fees run historically?

Answer: At this point, the total amount (100%) of lockbox fees for the year is \$84,000.

28. Are there any accounts in inventory that the infraction occurred prior to June 18, 2003?

Answer: No

29. Since there are many ways in which to calculate this, will the city define how they want it calculated so that there can be a valid comparison?

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Answer: Provide the starting number of customer service reps on January 1, 2009 and the ending number of those same reps that remained with your company on December 31, 2011.

30. In section 3.6.2 , what would be normal criteria for manually skipped accounts? Dollar amount? etc. How have you handled that in the past with your Agency?

Answer: No minimum dollar amount

31. In section 3.7.1, for this requirement, does this apply to only new submissions or to the new submissions and the aged inventory of accounts?

Answer: Yes

32. Are the accounts to be initially placed for collection currently, or in the past, been assigned to a private collection firm? If so:

Answer: Yes

33. When does (did) the contract expire?

Answer: A three year contract began on September 22, 2009 with two one-year options

34. Who is (was) the collection firm? If more than one firm provided services in the past three (3) years, please list the names of each firm.

Answer: Professional Account Management, LLC dba Duncan Solution, Inc.

35. Has the ARA been satisfied (or dissatisfied) with the past performance?

Answer: The contractor's total performance will be evaluated at the end of the three year contract.

36. Will the winning bidder have access to the previous collection efforts made by the outside firm?

Answer: No

37. How was the previous collection firm paid (i.e. contingent fee based on collections)?

Answer: Please refer to section 7.2 of the RFP

38. What was/is the fee charged by the provider?

Answer: Please refer to section 7.1 of the RFP

39. Please provide a schedule of monthly collections reported by prior vendor for the past three (3) years.

Answer: Please refer to Attachment A – Monthly Payment; posted to the e-bid site

40. Please provide a schedule of monthly placements showing number of accounts and dollar receivable amount as placed during the past three (3) years of the present contract.

Answer: Please refer to Attachment B – Transfers; posted to the e-bid site

41. What is the statute of limitations (or limitations of collectability) of the debts to be placed?

Answer: None

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42. Please indicate each data point of account information that will be provided to the chosen provider as to each account.

Answer: This will be established during the interface development with the selected vendor

43. For the past three (3) years, please provide a monthly schedule of returned mail by number of pieces, number of accounts represented and dollar amount of accounts represented by the returned mail.

Answer: N/A

44. Special Instructions to Offeror(s), Page 3, Part 7.1 and 7.2, Would the City consider a proposal that provides different levels of collection service based on the amount due on the account (while still working all accounts) to be a non-conforming bid that would need to be explained in a separate section of the response and that would be negatively scored under the evaluation criteria?

Answer: No

45. Specifications / Scope of Work, Page 16, Part 3.1, would the City consider a proposal to meet the requirements of this section (as to the recommendation of alternative solutions or approaches), if it provides different levels of collection service based on the amount due on the account (while still working all accounts)?

Answer: No

46. Specifications / Scope of Work, page 18, Part 3.7.3.2, is the offeror to interpret the language in this section to mean that of the three (3) total mandated letters that one of these three may be the first notice related to credit reporting?

Answer: Yes

47. Specifications / Scope of Work, Page 19, Part 3.11, what types of litigation has the ARA previously approved? And for what percent of those recommended for litigation were approved?

Answer: None at this time

48. Specifications / Scope of Work, Page 27, Part 12.4, how many accounts are related to the \$86.5 million that are delinquent and what is the average balance of the accounts?

Answer: Estimate 1.3 million

49. Page 26 9.0- "To assist in the processing of payments the Contractor agrees to remit monthly payments to the City for recovery of lockbox fees. Contractor is responsible for 50% of the lockbox fees for the duration of the contract. This fee may be paid monthly or annually." What has been the historical experience with lockbox fees?

Answer: See question 27

50. Page 26 9.0- The solicitation also makes reference to the fact that the Contractor must absorb fees accessed to facilitate use of registration holds and driver's license renewal blocks that aid in the collection process. Does the City possess historical data related to the fees associated with registration holds and driver's license renewal holds? If so, please provide.

Answer: No, holds are currently not included in Texas legislation

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51. Who is the current vendor?

Answer: Duncan Solutions, Inc.

52. What are their fees and how are they invoiced?

Answer: Please refer to section 7.0 and 8.0 of the RFP

53. Does a collection fee get added to their parking system before the ticket is sent to collections?

Answer: Yes

54. How long have they been providing the services?

Answer: Contact began September 22, 2009

55. Will the debts in this RFP be for secondary placement?

Answer: Yes

56. What is the cities overall recovery rate for delinquent parking citations?

Answer: Please refer to page 14 for formula and Attachment D for number of recalled citations

57. does the city currently send notices in Spanish and Vietnamese? If so, can a copy of these notices be provided?

Answer: The city currently sends notices in Spanish, Please refer to Attachment C – Delinquent Notices; posted to the e-bid site

58. How many citations has the city recalled in the last year without a monetary charge?

Answer: Please refer to Attachment D – Recalls; posted to the e-bid site , monetary value not available

59. How many litigations has the current vendor had in the last year on behalf of the city?

Answer: None

60. Explain what information currently is sent from the current vendor to SAP and in what format and how often?

Answer: The current vendor does not interface with SAP

61. Would the city entertain the option for the vendor to offer their own lockbox services for delinquent collection payments?

Answer: Yes

62. Does the current vendor have any relationships with counties or state to block the defendants ability to register a vehicle? If so, which ones?

Answer: We do not know. At this time, Texas does not permit this.

63. What are the specific fee amounts that have been added?

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Answer: See <http://www.houstontx.gov/parking/violationcodes.htm> for the citation base amount and the delinquent fee assessed after 30 days. The 30% fee is added total amount due after 60 days delinquent.

64. Of the debts that make up the 4+ years how old are the oldest debts and what is the breakdown for the 4+ years?

Answer: 2004, 4Y \$53.7 mil, 4Y+ years \$3.9 mil

65. When will the question be answered?

Answer: June 6, 2012; please refer to Letter of Clarification 3 – S46-T24314

66. Will there be any extension given?

Answer: Yes, please refer to Letter of Clarification 2 – dated June 5, 2012

67. The SSAE 16 report is lengthy and highly confidential. For the proposal phase, would the City accept the independent auditor's report summarizing the findings?

Answer: Yes, we will accept a summarization of SSAE 16 findings for the proposal phase. However, it is expected that the selected vendor is be able to provide such documentation as requested upon contract award or as requested for auditing purposes.

68. Please provide a copy of the prior vendor contract.

Answer: Posted to the e-bid site as Exhibit 1 – Current Parking Citation Contract.

69. Uniform Instructions to Offeror(s), Page 5, Part 4.0, would the offeror's financial statements and IRS tax returns be considered a Trade Secret for purposes of this section?

Answer: No.

70. Special Terms and Conditions, Page 12, Part 6.1, should the Hire Houston First Affidavit be submitted under separate cover to the Office of Business Opportunities prior to offeror's response submission? Or, must it be included in the response submission? Or, both?

Answer: The Hire Houston First Affidavit needs to be submitted directly to the Office of Business Opportunities.

71. Uniform Instructions to Offeror(s), Page 6, Part 21.0, what does prior to award mean in relation to submittal of any response? Does it mean that an offeror may provide the required State of Texas Business Certificate of Registration after notification of award but before contract signing, or must it be provided as part of the response submission? Should the phrase "Certificate of Registration" read "Certificate of Authority"?

Answer: The Offeror has to be registered to do business in the State of Texas. If selected for contract award, the City of Houston will require a copy of this certification.

72. Is there a formalized substitution process for M/WBEs after contract award?

Answer: Response will be posted in Letter of Clarification 4.

73. Will the City please define Exempt employee status for the POP 2 form?

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Answer: An exempt employee is one who has been approved through the formal process of submitting a POP-8 Form. In order for the employee to be considered for exemption they must meet one of the following:

1. Less than 18 years old
2. Have other health coverage such as through spouse or parents, Medicare/Medicaid, or military.

Note: If the employee has other insurance supporting documentation will be required. (insurance card and or invoice of payment) All documentation is subject to audit.

IN CASES WHERE THE EMPLOYEE DECLINES INSURANCE BECAUSE OF OTHER REASONS (this requirement does not apply to employees who have accepted insurance. There are separate requirements for this outlined in EO 1-7 5.4)

The employee that declines insurance because of cost or reasons other than previously stated will be exempt however, if the employer does not offer the employee health benefits at a rate of \$40.00 or less per month, then the employer will be required to follow the "Pay guidelines" on behalf of the employee. An employer is deemed compliant if they offer health benefits at a rate of less than \$40.00 per month (in cases where insurance has been declined for other reasons).

74. In Exhibit X the "Pay or Play" clause under Section B "Program Elements", item #3 states to pay \$1.00 per hour per employee working on this project. That is, if 7 collectors work on the Houston Portfolio for 3 hours per day, the Collection Agency would pay each of those employees \$1.00 per hour for the hours worked on the portfolio. So in this example we would pay a total of \$21.00 for the day to the 7 employees correct? If not please explain.

Answer: Covered employees – This program applies to employees of a covered contractor or subcontractor, including contract labor, who are over age 18, work at least 30 hours per week and work any amount of time under a covered City contract or subcontract.

First the employee must work a cumulative of 30 Hours with the contractor per week. If John Smith works 35 hours with ABC Parking and only 10 of those hours are captured for the COH Project the total due is \$10.00. The answer is Yes, \$1.00 per hour is paid for each covered employee (under pay option).

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

EA
Eric Alexander
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Attached Revised Page: 15

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1.0 INTRODUCTION AND OBJECTIVE

- 1.1 The City of Houston ('City') Administration and Regulatory Affairs is issuing this Request for Proposal (RFP) for Delinquent Parking Citation Collection Services. The Administration and Regulatory Affairs' Parking Management Division has oversight of this collection services contract. The purpose of this RFP is to identify and enter into a non-exclusive Agreement with one or more capable collection vendors to collect on current and future PMD delinquent parking citation accounts.
- 1.1 The scope of work outlines the services the City expects the Contractor to provide during the contract term. Offerors' responses should clearly identify their project management approach to the implementation and support of the Delinquent Parking Citation Services Contract. The City of Houston reserves the right to select services from more than one offeror in whole or in part.
- 1.2 The City of Houston (hereinafter referred to as the City or COH, through the Administration & Regulatory Affairs Department (ARA), desires proposals from qualified contractors to provide delinquent parking citation collection services. The purpose of this RFP is to solicit the most responsive and cost-effective proposals to provide such services.
- 1.3 Pursuant to Article 103 of the Texas Code of Criminal Procedure, a municipality that enters into a contract with a private attorney or private contractor under this article may authorize the addition of a collection fee in the amount of 30 percent on each delinquent item.
- 1.4.1 At the Director's discretion, one or more delinquent accounts from other City departments which are currently being entrusted to a third party vendor for collection may become part of this contract.
- 1.4.1.1 The City's current third party collections Contractors are to make every effort to either collect or resolve any issues related to a particular municipal fee, fine and/or penalty. If a dispute concerning an amount owed is unresolved and efforts concerning resolution of the dispute are ongoing, collection efforts related to the disputed amount will be held in abeyance until a final determination has been made by the contract manager acting under the direct supervision of the Director or designee.

2.0 POLICIES AND PROCEDURES:

- 2.1 ARA engages in internal collection efforts through the first 90 days of the citation life. The current internal collections approach is outlined below:

Citation Issued Day 1	Courtesy Notice Mailed Day 15	Delinquent Notice Mailed Day 31	Final Notice Mailed Day 61	Citation Assigned to Delinquent Collections Vendor Day 91
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- 2.2 All services provided must be in compliance with the City of Houston Code of Ordinances, all state and federal debt collection laws, rules and regulations and other state and federal laws as applicable.
- 2.3 All services provided must follow the City's Accounts Receivable and Collections Policy, AP4-4 (<http://www.houstontx.gov/adminpolicies/4-4.pdf>) and any subsequent relevant Administrative Procedures put into place. All Administrative Procedures are subject to amendment from time to time.
- 2.4 All services provided must strictly adhere to the City of Houston Code of Ordinances. Below are select sections relevant to each City service (revenue stream / debt category) specifically enumerated in this RFP. These sections should not be considered comprehensive; they are provided for your reference. See: www.houstontx.gov/codes/index.html for access to the full Code of Ordinances.
- 2.4.1 Chapter 26 - PARKING
- 2.4.2 Chapter 16 – MUNICIPAL COURTS

Revised June 6, 2012

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END OF LETTER OF CLARIFICATION 3

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