



CITY OF HOUSTON

Administration and Regulatory Affairs Department
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July 25, 2012

SUBJECT: Letter of Clarification No. 4 - Delinquent Account Collection Services for Finance Department

REFERENCE: Request for Proposal No. S46-T24329

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

Answer It is the City of Houston intent to award this contract to one or more qualified proposers. All responses will be reviewed by the City of Houston evaluation committee and the award will be based upon the evaluation criteria set forth in the RFP.

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

Answer This solicitation was issued requesting service for the following three (3) City of Houston Delinquent Account Collection Service revenue streams.

Scope of Work	Incumbent	Length of Service
Part 1 – False Fire Alarms	Linebarger, Goggan, Blair and Simpson	2
Part 2 Emergency Medical Service	N/A	New Requirement
Part 3 – False Burglar Alarms	N/A	New Requirement

3. Has the current contract gone full term?

Answer No.

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

Answer The terms of the current contract that outline this option have been addressed

5. 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 Please see RFP for revenues streams that are first place and those that are secondary placement. Debts placed for HFD False Fire alarms will be primary placement (page 32), debts placed for EMS transports will be secondary placement (page 33), and debts placed for Burglar

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Alarms will be secondary placement (letter of Clarification #3). Additional debts covered under this RFP could be either secondary or primary placement.

6. What current contingency fees or other fees are currently being billed by any incumbent(s), by category?

Answer Please refer to response in questions 8 and 11 below.

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

Answer The HFD False Fire Alarms are currently being collected by Linebarger, Goggan, Blair and Simpson and the COH paid \$128,000 over the past year. EMS Secondary: There is currently no EMS Secondary collections. There is no incumbent secondary collector for burglar alarms.

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?

Answer The historical cash collection rate for HFD False Fire alarms has been in the range of 35-40% after the debt has been with the vendor for 12-14 months. The cash collection rate for Burglar Alarm citations has been around 67-70% 12 months after billing. You are asked to submit your target collections rates as part of the RFP response.

9. 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?

Answer Placement of accounts for secondary collections will be sent upon contract start-up and in regular intervals as accounts become eligible for secondary placement. It is expected that all debts currently placed with the incumbent for HFD False Fire alarms would be moved to the winning proposer(s) after a reasonable wrap-up time period is provided.

10. Please let us know whether you have received this email, and when and how answers will be provided.

Answer All response for questions received are posted in Letter of Clarification 4

11. Do you currently have contracts in place for any of the three account types listed in the RFP? If so, please provide the following for each: Name of Vendor; Commission paid over 12 mos (or last calendar year); Fee charged, Recovery Rate

Answer EMS primary billing and collections are performed by Xerox. They charge a fee of 11.96% and recover 55% of the billed amounts. In FY2012, Xerox was paid \$3.8 million. EMS does not have a secondary collections vendor. HFD false fire alarms collections are performed by Linebarger, Goggan, Blair and Simpson. They get paid a fee of 30% and recover between 35-40%. In FY2012, they were paid \$128K. Burglar alarms billing and collections are performed by PMAM. They charge sliding scale fee and recover around 60-70%. There is currently no Burglar Alarms secondary collections vendor.

12. The RFP states "The Vendor will be responsible for any credit card processing fees they incur" Is this prohibiting us from passing the costs to the debtors or only prohibiting us from charging the City?

Answer The City will not assume such fees, and depending on the structure of the payment acceptance by the vendor, the vendor may be able to pass on the fees.

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13. The RFP states: City encourages vendors to suggest a lesser percentage or performance based rate". Are you requesting that we don't use the 30% add-on applicable by Texas statute? Or you wanting us to add a fee of less than 30%? If the latter, is this allowed under 103 of Texas Code of Criminal Procedure?

Answer The Contract(s) to be awarded shall NOT be considered "contracts under subsection (a)" of Texas CCP 103.0031, as referred to in subsection (g). For False Fire Alarm accounts, the City adds the 30% collection fee authorized for a collection program performed by City employees. This Employee Collection Program ("ECP") will include various collection methods including, among others, internal processing and collection efforts for at least 61 days, and subsequent transfer of remaining debts to collection vendors selected in this RFP process. The collection vendors will propose a fee for their services, which must not exceed the ECP 30% that the City will have added to the debt on day 61 of delinquency. The city intends to award contracts to collection vendor(s) based in part on the lowest collection fee proposed.

14. Can you provide what information is available on the red light citations regarding the debtor (i.e. address, license plate number, etc)?

Answer Debtor information include; Name, Address, City; State; Zip Code, outstanding amount, Vehicle license Plate#, and Vin#, violation location, offense date and time, and account number.

15. As a MWDBE is it possible for my company to bid on just a section of the proposal or do I have to fall under the Prime? (i.e.: Legal services, administrative/hr services)

Answer For services that are supportive in nature for the collections activity as a component of the MWDBE inclusion by the Primary need to be under the Prime contractor.

16. In the above solicitation, I didn't notice a specific work location for collections staff. Is there a requirement for collection staffs to be local in Houston? Or can they work from a remote location to perform collection activities?

Answer They City prefers local support as outlined in the Hire Houston First Ordinance, however the City will consider remote staff support (on-shore).

17. Please clarify if the EMS accounts referenced in the RFP are second placements, i.e. sent to another collection vendor before they are sent to the vendor the City of Houston will hire as a result of this RFP?

Answer They will be second payment in that the current billing vendor will also initiate some collections activity before placing with the secondary collections vendor.

18. Will the City of Houston allow the EMS collection vendor hired as a result of this RFP to file an insurance claim if it discovers third-party insurance information while working the account?

Answer No. Should such insurance information be found, it is to be returned to the billing vendor for filing the claim. [optional inclusion: The collections vendor will still be paid if the amount is collected.]

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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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END OF LETTER OF CLARIFICATION 4

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