

# **City of Albuquerque**

## **Request for Proposals**

**Solicitation Number: RFP2008-017-JR**

**City-Wide Collection Agency Services**

**ADDENDUM #2**  
**QUESTIONS AND ANSWERS FROM PRE-**  
**PROPOSAL CONFERENCE**



**Due Date: Friday January 25, 2008 NLT 4:00 p.m. (Local Time)**

**The time and date proposals are due shall be strictly observed.**

**City of Albuquerque**  
**Department of Finance and Administrative Services**  
**Purchasing Division**

THE GOAL OF THIS RFP IS TO INCREASE ADDITIONAL REVENUE TO THE CITY WITHOUT INCURRING ANY ADDITIONAL COSTS TO THE CITY.

1. Can the city provide greater detail on how the pricing schedule should be filled out?

*The attached cost proposal schedule is a sample form. The cost proposal format will be at the discretion of the proposer.*

2. How should bidders address Exhibits A & B?

*Those are part of the draft contract and will be used when the contract is negotiated. No action is required by the proposer at this time.*

3. Why is the contract out to bid at this time?

*The City has a large number of receivable accounts and is in need of these services to centralize the collection process.*

4. When is the anticipated contract award date?

*The City would like to have a contract in place by the latter part of February 08.*

5. When is the anticipated contract start date?

*See above. It's difficult to establish an exact start date at this time.*

6. If applicable:

- a. Who are the incumbents?

*There are none.*

- b. How long have the incumbents been providing the requested services?

*N/A*

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

*The City intends to award multiple vendors. The number of vendors awarded will be determined by the proposals received and the expertise and successes of the proposers.*

- d. Has the current contract gone full term?

*N/A*

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

*N/A*

7. Will you also be referring secondary placements, and should bidders provide proposed fees for secondary placements?

*There will not be primary-secondary-tertiary awards. All awarded vendors will be used on the basis of their successes and expertise with various accounts. This will be at the City's discretion and determined on a case-by case basis.*

8. Will the selected vendor be allowed to litigate on your behalf, with approval?

*Yes, with the City's approval.*

9. To the greatest extent possible, please provide the following data:
- a. Total historical dollar value of accounts, including any backlog.  
**See handout.**
  - b. Total historical number of accounts by category, including any backlog.  
**See handout.**
  - c. Total historical average balance of all accounts, by category if relevant or possible. **See handout.**
  - d. Current contingency fees or other fees currently being billed by any incumbent(s), by category.  
*N/A*
  - e. Total historical average age of accounts at placement (at time of award and/or on a going-forward basis), by category if relevant or possible.  
*The backlog of accounts will be distributed to awarded vendors according to their success and expertise at collections. Accounts will be placed with the awarded vendors at 45 days on an on-going basis.*
  - f. Contracted contingency fees and/or actual dollar amounts of monies paid last year to any incumbent(s), if applicable by category.  
*N/A*
  - g. The monthly or quarterly number of accounts expected to be placed with the vendor(s) by category. **See handout.**
  - h. The monthly or quarterly dollar value of accounts expected to be placed with the vendor(s) by category. **See handout.**
  - i. Historical rate of return or liquidation rate either provided by any incumbent(s) or anticipated as a result of this procurement.  
*Historically, there has been no focused collection effort so this has not been established. The competitive environment of this RFP should allow the City to make this determination.*
  - j. Any other relevant statistical data about the portfolio.  
**See handout.**
10. 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, the entire backlog will be moved to the awarded vendors based on their experience and success in collecting various accounts.*

11. When the city turns over businesses or government agencies will the contractor be provided with personal financial guarantees and/or individual contact information?  
*Please elaborate on this question. The City will provide any information available to help the contractor collect the debt, as well as a City contact.*

12. What do you consider the statute of limitations for collections and does it vary from agency to agency?  
*Is there an industry standard which defines this? This can be discussed in negotiations/*

13. Will known bankruptcies be turned over?  
*The City will consult with the Legal Department to determine this.*

14. What is meant by Notice of Violations accounts?  
*It is a \$15.00 fee charged to ground transportation for unloading passengers or cargo in a restricted area at the Sunport.*

15. 1.12 -- Is there a cap on the allotted funds available to complete each task?  
*Please elaborate on this question. This is something that may be part of the vendor's cost proposal.*

16. 1.18.4- When will the type of contract be determined?  
*This will be a percentage of amount collected contract.*

17. 2.2.2 Does the city prefer all costs (collection/ commission fees) be billed to the city or be deducted from the gross monthly collections?  
*Payment should be taken from the gross monthly collections. The City will require a reconciliation of amounts collected to amounts retained by the contractor.*

18. What is meant by charges to collect each type of account (what are the types of accounts?)  
*There are different types of debts owed to the City. NSF Checks, Building Permits, red light citations, etc. Some are business accounts some are personal or individual accounts.*

19. 3.3 -- What type of on-site training is being requested?  
*The contractors will present their processes to the City's user group and advise the City in establishing a centralized collection process.*

20. 3.9.1 a.) Is this preliminary collection phase (which begins at day 45) to be worked in the city's name as an extension of the city's business office (an extended business office program) or as a third party collection account where a letter must be generated prior to other means of collections in order to be in compliance with the FDCPA (Fair Debt Collection Practices Act)?  
*Whichever will keep the City in compliance with FDCPA. Please explain what will be needed to maintain this compliance.*

21. Please clarify in this section when the third telephone attempt is to be made-it states the first, second and fourth.  
*The letter is considered the third contact so the "fourth" telephone call is the fourth contact.*
22. How many written notices are required while in the preliminary stage?  
*One.*
23. What is considered a good phone number? Are these numbers verified as good and will they also include numbers other than resident phones? What steps are requested when there aren't any good phone numbers?  
*The City will provide the contractor with all available information. It will be up to the contractor to skip trace if this information proves inaccurate. See pg. 17 3.9.10.*
24. In the preliminary and the bad debt collection phase, how will the city notify the contractor of payments made directly to the city?  
*This will be determined in negotiations.*
25. 3.9.3 What is meant by automated data transfer?  
*Electronic image transfers.*
26. 3.9.7 Would there be parameters in place to determine if an account is eligible to be recalled by the city (ei. Referred in error, paid prior to listing the account, etc.)  
*Yes, this will be determined in negotiations.*
27. 3.9.10 How often is new address updates to be forwarded to the city?  
*This is negotiable and the City will rely on the experience of the contractor to determine the frequency.*
28. Will offerors be given a breakdown by the different portfolio types (ei. Planning and Zoning, Fire and Police Fees, Parks and Recreation Fees, etc.) prior to the proposal deadline date to include the number of accounts, average balances and average age, etc. of the anticipated monthly placements?  
*Not prior to the proposal due date. This will be determined in negotiations.*
29. Will the account balances turned over be the principle balance or are there going to be additional monies added such as interest or late fees? If there are additional monies added will the contractor be given an itemized breakdown of these figures at the time of list?  
*The City's Administrative Instruction allows the City to charge these fees. The waiver of these fees may be used as a negotiating tool by the contractor. The City will provide a breakdown of this information if this is implemented.*
30. Will the accounts be sent to the contractor by one central office or will the individual agencies be turning their own accounts over?  
*A central office will provide the accounts for collection.*

31. Will all accounts go through the preliminary phase of collection activity prior to being placed in the regular bad debt collection phase?

*The City sending out the invoice and the statement 30 days later is the pre-collection.*

32. It appears that the city is requesting two separate phases of collection services and if so, are offerors suggested to submit two separate technical and cost proposals?

*No. Break down your charges/percentages according to the activity on the same cost proposal.*

33. Will all accounts turned over for collection activity be 45 days old or will there be accounts placed that are over 90 days delinquent (hence, bypassing the preliminary phase and placed directly into regular collections)? If there are aged accounts that are going directly into regular collections, will offerors be given the information on these placements with regards to age, dollar value, number of accounts and type of accounts for each category?

*Initially, the entire backlog of accounts will be distributed to the contractors. After that, accounts 45 days late will be referred to the contractors.*

34. How will accounts be turned over (electronically, manually, etc.) and when they are turned over will there be the nature and validation of the debts included at the time of listing the accounts?

*Filenet (electronically) and manually.*

35. Are any of the city agencies involved currently using a collection agency or have any of the accounts being considered for collections ever been placed with an outside agency?

*No. This is a new process for the City. The City is looking to contractors to assist in establishing a centralized collection process.*

36. Would an offeror qualify for local preference if its corporate office address is in another state but all of the collection activity will be done at its greater Albuquerque site which has been doing business in Albuquerque for over 4 decades?

*If the primary business office is located within the Albuquerque metro area the vendor will qualify for the preference.*

37. What are the projected monthly placements, number of accounts and dollar value, under the new contract?

**See handout.**

38. The Required Services described in sections 3.9 and 3.10 does not match the services listed in Attachment A-1 or A-2. Generally collection services for both Preliminary and Secondary Collection Services are priced on a Contingency Fee basis. The Contractor is only paid upon successful collections. Please provide a further explanation of the pricing structure.

*The purpose is to increase revenues to the City without increasing expenditures.*

39. What is the annual projected number of NSF's and their dollar value to be placed with the Contractor?

**See handout**

40. Is the Contractor to add on the cost of collection to the balance of the NSF?

*Yes. See 3.10.3*

41. What is the difference between the "preliminary collection process" and the "collection process"? Does one fee structure apply to both processes?

*See section 3.9.1 a and b, and 3.9.2.*

42. How many days does the collection agency have to collect on returned checks-utility checks , other checks?

*90 days. However the collections for utility checks will not be part of this contract.*

43. Does the City want to be electronically reimbursed daily or weekly?

*This can be determined in negotiations with the awarded contractor(s).*

44. How do you prefer reporting, e-mail or fax?

*E-mail is preferred however it is desirable to have both methods available in case of problems with the e-mail system.*

45. How many returned checks does the City receive a month?

*The City receives an average of 30 returned checks per month.*

46. How much is the City going to allow the collection agency to charge as a collection fee to the check writer?

*The City has not determined any limit on these fees, however if there is a limit as to how much may be charged per state or federal statute, the contractor is expected to abide by those limitations.*

47. Why can't the collection agency be allowed to proceed with its collection efforts after 45 days of the past due account?

*This is to maintain compliance with the City's Administrative Instruction.*

48. What is the oldest receivables the City will refer for collections.

*There will be a large amount of receivables referred at the beginning with a variety of dates/ages. The oldest will be from 1998.*

49. What is the average age of receivables to be referred?

*This information is not available.*

50. In item 2.1.2.1, the City has requested information on “three (3) projects of similar scope and size which are now complete”. Can the firm provide information on projects completed for current clients to meet this requirement if we have completed at least the initial contract term?

*Yes.*

51. In item 2.2.1, the City has requested that the cost proposal be submitted in a spreadsheet format. The firm’s services are provided for on a contingency fee basis. Can the firm submit its cost proposal in a narrative format?

*Yes.*

52. Since the law firm has an office in Albuquerque for collection licenses purposes, will such an office meet the requirement described in Item 3.6?

*Yes it would appear that this would meet the requirement, but if proposers have need of clarification regarding this regulation it is highly advised that the proposer contact the New Mexico Regulation and Licensing Department’s banking division.*

53. Is the contractor required to have an established office in New Mexico prior to submitting a response to this RFP?

*Yes.*

54. In item 3.6, the City states that “Contractor’s office must be under the active charge of a Collection Agency Manager licensed in the State of New Mexico; who is physically present at the licensee’s office at least seventy-five percent of the time during which the office is open for business; per State Statute.” Does the firm’s Collection Agency Manager (retained for the purpose of holding a New Mexico Collection Agency License) have to be an employee of the firm prior to submitting a response to this RFP.

*Proposers should clarify the status of individuals handling the collections process. (Employee, sub-contractor, etc.) And provide their credentials.*

55. On an ongoing basis, where will most accounts be referred from.

*The largest volume of accounts/invoices will be referred by the City’s Accounts Receivables section.*

56. Will any accounts date back to 1994 or prior?

*Not if this date exceeds the statute of limitation on collecting these accounts. The City will rely on awarded contractor(s) advice in this area.*

57. When the contractor(s) get an NSF check is it eligible for representation to the bank?

*No. At that point the check will have already been presented three times and is now eligible for collection action.*