



REQUEST FOR PROPOSALS

2012 THIRD PARTY COLLECTIONS

SOLICITATION NO: R-11-018-MF

ADDENDUM #1 | September 14, 2011

CHANGE TO INSURANCE REQUIREMENTS: REQUEST FOR PROPOSALS

Page 17 of 36, 1.A.2 Commercial/Business Automobile Liability (AL)

Requirements for this coverage are being deleted from the contract.

END CHANGE TO INSURANCE REQUIREMENTS: REQUEST FOR PROPOSALS

No other items, dates, or deadlines for this RFP are changed.

END ADDENDUM #1

Questions and Answers for:
2012 THIRD PARTY COLLECTIONS
SOLICITATION NO: R-11-018-MF

September 14, 2011

(Similar questions have been grouped together.)

Q. What is the date by which you will answer these questions?

A. September 15, 2011

Q. When is the anticipated contract start date?

A. Anticipated start date of February 1, 2012

Q. How many current vendors are utilized for debt collection?

A. Two (2).

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

Q. Will your company be using more than one collection agency for these written off accounts? If so, what is the proposed logic in dividing the accounts?

Q. Do you anticipate awarding this contract to more than one agency?

Q. How many agencies does SAWS plan on utilizing for debt collection?

A. SAWS has not yet decided how many firms are to be utilized. There is no set logic in dividing the accounts at this time. It could be 50/50 or another division, but this would be determined once the decision to use multiple agencies is made.

Q. Has the current contract gone full term?

A. Yes.

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

A. Yes.

Q. 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?

A. All accounts will be primary placements. No need to provide proposed fees for secondary placements.

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

A. There is no backlog. The accounts that are being placed in September total \$255,417.09.

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

A. There is no backlog. There are 1,294 accounts being placed in September.

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

Q. Can you please provide the anticipated average monthly volume of accounts?

Q. Can you please provide the average account balance?

Q. I was reviewing the RFP and was wondering if you could provide further clarification on the volume of accounts, such as number of monthly placements and average balance?

Q. Please convey the number of accounts and dollar amounts of estimated monthly.

Q. What do you expect the monthly referrals to be in dollars and accounts?

Q. What is the average balance per account?

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

Q. How many accounts do you anticipate sending to collections on a monthly basis?

Q. Do you know what the volume of work would be and if there would be any forward flow of accounts after the initial batches are placed; and if so, what that forward flow would be?

Q. What is the monthly or yearly placement volume, dollar amount and age of accounts?

- A. The accounts are not separated by category. The average number of accounts assigned monthly in 2011 is 1383 and the current approximate average balance for the accounts placed in September is \$197.39. New accounts are assigned at the beginning of each month for accounts charged off the previous month. The majority of the accounts were closed 6 months prior to assignment, but changes in the current system may allow SAWS to place the accounts after being closed for 3 months.
- Q. What estimated or actual dollars were paid last year, last month, or last quarter to any incumbent(s)?**
A. The actual amount paid to the agencies last year was \$23,965.08 and paid this year-to-date is \$19,365.48.
- Q. What is the monthly or quarterly dollar value of accounts expected to be placed with the vendor(s) by category?**
A. The approximate monthly average value of accounts assigned in 2010 was \$293,638.01 and is \$261,151.01 for 2011.
- Q. 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?**
A. The historical average rate of return provided by the incumbents for 2010 was 3.398% and is 4.4506% for 2011.
- Q. 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?**
A. No, accounts will not be moved to a new vendor and there is currently no backlog.
- Q. What is the current internal collection process for SAWS?**
Q. What is the age of account before disconnect?
Q. How long are accounts worked internally for collections before disconnect? Are calls made and a series of letters sent?
Q. Please articulate what collection steps are initiated in house and for what duration prior to outsourcing to contractors.
Q. Can you describe the process accounts follow before being charged off? How many statements sent? Are phone calls made? Etc.
A. Under our current procedures, we turn-off the water when an account has become 2 months or more past due. The account can be closed at any time after that as a result of customer request, collection actions or may be kept open and water turned back on, based on the circumstances. When accounts are finalized (closed), up to 6 final bills are mailed to the account address. We do not generally make outbound calls on closed accounts. Prior to charging off the accounts, a search is done to locate other accounts under that customer's name and if an open account is found, then the balance is transferred instead of being written off. Accounts where no current account is found are charged off and then assigned to the agency.
- Q. Are you currently using a third party collections agency? If so, what is the recovery rate you are experiencing with them? What is the contingency rate they are charging?**
Q. What is the current contingency rate charged by the incumbent vendors?
Q. What is the current recovery rates of the accounts that are placed?
Q. Can you share the 12-month rate of recovery?
Q. What is the gross recovery rate?
Q. What is your current commission rate for standard collection?
Q. Please convey what the current collection contingency rates are for the various SAWS contractors.
A. Yes, we are currently using two different agencies. For 2011, the recovery rate for agency A is 4.1430% and the contingency rate is 19% and the recovery rate for agency B is 4.7582% and the contingency rate is 21%.
- Q. Will the location of the collection agency play a role in the award process?**
A. No.
- Q. Would SAWS be agreeable to a mutual Non-disclosure agreement prior to the submission of the RFP?**
A. No – SAWS is subject to FOIA (Freedom of Information Act), so we cannot agree to this.
- Q. Is SAWS is agreeable to any amendments to the contract or provisions in the Exhibit:**
1. A provision reflecting no transfer of any intellectual property is contemplated by provision of services;

A. All interested firms are encouraged to state any exceptions noted to the draft contract in their submittals to SAWS.

2. A mutual limitation of damages relating to special damages;

A. All interested firms are encouraged to state any exceptions noted to the draft contract in their submittals to SAWS.

3. The contract provides we are responsible for all taxes related to services-- is SAWS exempt from income tax for money we collect from them and is SAWS exempt from paying sales tax on the collection services we provide them?

A. SAWS is exempt from sales taxes.

4. Will we remit net or gross?

A. Gross

Q. Will the collection accounts include residential & commercial accounts?

A. Yes

Q. What information is obtained when account is opened? SS #, Cell #?

A. A name and billing address. To open an account now, the customer must also provide a DL or ID and the information is entered in the system along with their DOB. However, this information was not required previously, so many of the accounts assigned do not currently have this information. Also, we request a phone number, but this information may or may not be included with the account and may not be current (unless the customer has provided the updated information).

Q. Does your company require a security deposit for residential or commercial accounts under any circumstance?

A. Yes, a deposit is required, unless waived due to good pay history from another utility. The deposit is applied to the final bill when the account is closed.

Q. Will the Agency have the authority to reduce balance by an agreed percentage to settle in full?

A. The agency has the authority to accept any proposed settlement for 80% of the assigned balance, as long as the reduced amount is being paid in one lump sum payment.

Q. Will Agency have access to Client's system for balance disputes?

A. No – if the balance is disputed, the Agency will need to contact the Client to get an itemization of the account.

Q. What reports are required from the Client monthly?

A. The agency will need to send a report at the beginning of each month acknowledging the accounts and balances assigned. At the end of each month, the agency will need to provide a report with the gross collection proceeds of the month, showing the amounts collected, the account numbers, customer names, assigned balances, payment amounts, payment dates and the remaining balances.

Q. Please clarify the references....by completed contracts do you mean clients lost?

A. It can be a client that was lost or where the contract has concluded and the agency is no longer actively collecting for that client.

Q. Personal and Advertising injury is specifically covered in our \$2 million aggregate limit. Would the aggregate limit be sufficient for the RFP stated coverage of Personal and Advertising injury, which is listed as a separate \$1 million limit?

A. SAWS will accept that the Personal & Advertising limits are contained within their policy's Aggregate Limit.

Q. Is it necessary to provide the commercial automobile insurance policy for consideration, due to the scope of services, for this RFP?

A. The Auto Liability coverage requirement will be waived for this RFP. Please review the addendum in full.

Q. Please convey the anticipated collection duration of outsourced accounts to future contractors.

- A. We anticipate accounts are placed with the agency and remain there until the balance is collected or SOL expires, whichever occurs first.
- Q. Please convey if SAWS will allow contractors to credit report.**
- A. Yes.
- Q. Please convey if SAWS will require both a hard copy and internet or soft copy of the deliverables outlined in section I. B. Deliverables.**
- A. We require both.
- Q. Please convey if we can add interest to the balance of the files.**
- A. No, we require the agency comply with any and all laws, statutes and regulations regarding the collections and SAWS practice is to not charge interest.
- Q. Please convey if and when the chosen vendor would be able to Beta test files to begin programming.**
- A. Beta testing would be permitted only once the contract is approved, which would not be until after the December 6th, 2011 board meeting.
- Q. Are incumbent vendors under consideration to continue providing services?**
- A. Yes.
- Q. What is your current commission rate for legal collections?**
- A. We have not currently paid for legal collections.
- Q. Can we provide the electronic copy of our RFP on a flash drive vs. a CD?**
- A. No, the proposals must be submitted as stated in the RFP.
- Q. We are solely owned by a white male and do not outsource any services. If we can't meet the SMWB % and don't intend on outsourcing to a subcontractor, will our proposal even be considered?**
- A. Yes, however, those firms that attempt to meet the aspirational SMWB goal will receive points based upon their SMWB participation percentages. You are still required fill out the Good Faith Effort Document and explain why you will not attempt to meet the goal. Failure to include the Good Faith Effort document will render your proposal "non-responsive".
- Q. Please convey the proposed format of data.**
- A. All data will be sent electronically at the beginning of each month, being placed on the agency's server by the 5th of each month.
- Q. What is the annual dollar volume sent to collections on an annual basis?**
- A. The annual amount assigned to the agencies for 2011 YTD is \$2,344,625.17.
- Q. How many accounts are sent to collections on an annual basis?**
- A. Approximately 17,000 are assigned annually.
- Q. Please convey who the current collection contractors are that SAWS outsources to and are you at liberty to share actual performance evaluation mechanisms.**
- A. SAWS may provide the incumbent info to the firm or firms that are selected from this RFP process and are awarded a contract for services. We evaluate performance taking the total assigned to the agency, divided by the amounts collected.
- Q. Please convey the recovery rates by number of accounts and dollar amount for internal collection efforts as well as external contractors by month and year if possible.**
- A. The number of accounts and dollar value of internal collections are not tracked. The information for the external contractor(s) may be made available to the firm or firms that are selected from this RFP process and are awarded a contract for services.