

RAILROAD COMMISSION OF TEXAS

CONTRACT MANAGMENT

ADDENDUM #1

DATE: 10/1/2020

RFP#: 455-20-1018

TITLE: DEBT COLLECTION SERVICES

PROPOSAL DEADLINE: Tuesday, October 13, 2020 at 3:00 PM Central Time

Addendum Item #1:

Purpose of this Addendum is to publicize submitted questions with answers:

No.	QUESTIONS	ANSWERS
1	What is the estimated size of the existing portfolio for the initial placement in terms of both the number of accounts and the dollar amount outstanding?	Approximately \$3 million 3,000 accounts
2	What is the average age of the accounts in the portfolio? What is the oldest account in the portfolio?	Average age will be <1 year Oldest would be 4 years old
3	What is the estimated size, in terms of both the number of accounts and dollars outstanding, of annual referrals going forward (i.e. new/future placements)?	\$1.4 million 200 accounts
4	What is the anticipated age of accounts for future placements?	Between <1 year up to 4 years old
5	What are your in-house collection methods (e.g. number of mailings, calls, etc.) used on the referred accounts prior to referral to your collection provider?	There is no current collection provider. Depending on the business area, there may be between 1-3 mailings.
6	How will account/collection information or data be communicated to the successful bidder (i.e. electronic via an FTP site)?	RRC intends to use an electronic format to provide account information, such as Microsoft OneDrive. Format to be determined after award in consultation with vendor.
7	What is the anticipated award date for this contract?	RRC anticipates a November award date, but that is an estimate only.
8	Related to Attachment 3, pg. 39, we consider our financial statements and bank account information to be confidential, proprietary, trade secrets of the firm. Would the RRC permit us to upload our financials and bank account information to a third-party secure website (SmartRoom) for the RRC's authorized reviewers to access and review this information?	No, we are currently unable to accommodate that request. Please follow procedures in section 2.6.2 CONFIDENTIAL INFORMATION; PUBLIC INFORMATION ACT DISCLOSURES. In order to submit a confidential response.
9	What is the average account balance that will be sent to the Contractor?	Approximately \$2,000.

10	How long would the collection agency retain the accounts? Would we return them at some point, or just at the end of the contract?	RRC POC and Vendor POC, on a reoccurring basis, shall evaluate significantly outstanding and/or uncollectable accounts, as deemed necessary. RRC intends to allow the vendor to retain the accounts for as long as is necessary in order to achieve payment. Once efforts are exhausted, or upon request, vendor would return accounts according to <i>Attachment 1 section 2.1.12.</i>
11	What collection activity is performed prior to submitting account to collection agency such as letters, phone calls, or voicemail?	Debtors will have been notified 1-3 times in writing.
12	Do you require unpaid accounts to be reported to the credit bureaus?	Yes.
13	What is the existing volume of delinquent accounts for the Railroad Commission of Texas?	Approximately 3,000.
14	What is the historical liquidation for the Railroad Commission of Texas?	Unknown, but approximately 12% with amounts large enough to refer to the OAG.
15	What percentage of account holders pay delinquent accounts via check/mail?	Unknown.
16	What percentage of account holders pay delinquent accounts via bank draft?	Unknown.
17	What percentage of account holders pay delinquent accounts via debit or credit options?	Unknown.
18	Who currently has the Contract for Collections for RRC at this time? How many years have they been working on this contract?	There is no current contract or vendor for these services.
19	Is there more than one Vendor working this business currently?	No.
20	Why is the Railroad Commission of Texas going out for bid on this contract?	RRC does not currently possess adequate staff or resources to perform these functions.
21	Accounts are Fees, penalties, fines?	Yes, and reimbursements for state funds expended for plugging or site remediation.
22	Will you require Credit Reporting on these accounts?	Yes.
23	At what frequency do you plan to place accounts?	Monthly.
24	Will more than one vendor be selected for this RFP?	RRC looks to award a single vendor from this solicitation.
25	How will the inventory of accounts be split if more than one Vendor is selected?	N/A.
26	Please provide the average number of accounts and the average dollar amount per account you will be turning over?	Approximately 3,000 accounts between \$500 and \$5,000. Estimated average of \$2,000
27	What is the average age of the accounts?	One business area has accounts up to 4 years old. All other areas will be new debts on a going forward basis.
28	Will there be a backlog of accounts to submit to the new Vendor (s)?	Yes.
29	Please confirm if Settlement Authority will be given to the Vendor?	No. Vendor must seek prior settlement authorization from RRC to settle any debts less than stated amount.

30	What is the Smallest amount you will be submitting for collections? Do you write off balances at a certain dollar amount?	The smallest amount should be \$500; however, if an existing payment plan is breached, it could possibly be less. RRC does not write off balances based on the dollar amount.
31	What level of diligence of calls and letters occurs by the RRC prior to placement for collections?	Depending on the account, 1-3 letters sent may have been sent.
32	Will Collection Letters sent to the consumers' need to show the RRC mailing address for payments?	Yes.
33	On a monthly basis, what is the number of accounts RRC anticipates placing with the vendor?	Approximately 25, but it will vary.
34	On a monthly basis, what is the total dollar value of the accounts to be placed with the vendor?	Unknown.
35	Based on historical data, what is the liquidation rate for the debt in question?	Unknown, but approximately 12% with amounts large enough to refer to the OAG.
36	Please provide a breakdown, by percentages, of the various debt types to be placed. In other words, how many of the accounts are fines, how many are reimbursements, and how many debts have other sources?	70% penalties 30% reimbursements Fees unknown
37	As a percentage, how many accounts are from businesses or other entities versus individuals?	Predominately businesses.
38	Has this debt been collected by a vendor before? If so, what was the contingency fee charged by that vendor?	No.
39	The process of undergoing a good faith effort to find a HUB subcontractor may be time consuming. Would RRC consider a short extension of the deadline to allow for a thorough vetting of HUBs?	The Submission deadline for Responses is extended in Addendum Item #2 of this Addendum No. 1.
40	What is the volume (number and dollar value) of accounts available for immediate placement?	Approximately \$2,000, average dollar amount estimated to be \$1,500-\$2,000
41	What is the expected monthly forward flow (number and dollar value)?	Estimated amount of 25, but it will vary.
42	What is the average balance?	\$1,500 to \$2,000
43	What is the mix (%) of debts owed by individuals, businesses, and government entities?	Predominately businesses.
44	How many agencies does RRC intend to award?	RRC looks to award a single vendor from this solicitation.
45	Who is currently providing collection services for RRC? How long have they been servicing RRC and what are their contingency fee rates?	There is no current contract or vendor for these services.
46	<u>2.5.1</u> HUB Subcontracting Plan – Has RRC's current collection agency received fees exceeding the \$100,000 threshold, which would warrant the requirement of a HUB subcontracting plan for this bid?	There is no current contract or vendor for these services. An HSP is required once a contract has exceeded \$100,000.00. RRC anticipates that a contract resulting from this solicitation could require an HSP be filled out and provided.
47	<u>2.5.1.3</u> Preliminary HSP Review – A deadline for preliminary HSP review is not listed in Table 1: Schedule of Events. Please advise if a deadline will be posted.	Due to the shortened timeframe of this solicitation, there will not be an HSP courtesy review.
48	<u>2.10.2</u> Evaluation Criteria – HSPs are not listed as a scored criterion. How will an agency's HSP factor into our overall evaluation/responsiveness?	The HSP must be filled out properly, per the instructions included, signed and returned to be deemed responsive.

49	<u>Attachment 1, 2.1.5.</u> In addition to mailed-in payments, what other payment methods does RRC accept? Given the prevailing preference for electronic payment methods, will agencies be permitted to accept payments by phone or online and then remit collected funds to RRC?	Payments should be made directly to the RRC via, check, or card, or electronically via card or ACH via the RRC's Online Payment Portal.
50	Why is the Commission releasing this RFP at this time?	RRC does not currently possess adequate staff or resources to perform these functions.
51	Who is the current vendor for this service?	There is no current contract or vendor for these services.
52	How long has the current vendor worked with the commission?	There is no current contract or vendor for these services.
53	What is the current liquidation rate for the vendor on this project?	There is no current contract or vendor for these services.
54	What is the current backlog of accounts that can be placed with selected vendor?	Estimated amount of \$2M.
55	What is the estimated forward flow of accounts for the selected vendor?	Estimated 25 per month, however this will likely vary.
56	What is the account average balance for accounts placed with vendor?	\$1,500-\$2,000.
57	What is the average age of the accounts placed with the vendor?	One business area has a four-year backlog, all others will be on a going forward basis.
58	What is the frequency of account placement with the vendor?	Monthly.

Addendum Item #2:

REVISED DEADLINE FOR SUBMISSION OF PROPOSALS BELOW:

Revise Deadline for Submission of Proposals Date and Time:

From: Thursday, October 8, 2020; 3:00pm CT

To: Tuesday, October 13, 2020; 3:00pm CT

All other aspects of the **RFP# 455-20-1018** remain as is.

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