



ADDENDUM #2

To: All Companies Interested in Submitting a Proposal
From: Diane Muench, CPPB, Purchasing Agent
Proposal: Debt Collection Services, RFP #PUR0517-230 Dated: May 17, 2017
Subject: Addendum #2 (2 pages)
Date: May 30, 2017

Please note the following specification changes/additions/clarifications relative to the above Request for Bid.

- 1) **Question:** Who is your current vendor? Has the current contract gone full term and have all the extensions been exercised?
Answer: Harris & Harris Ltd. The contract is currently in its second 3-year term (initial term + one extension).
- 2) **Question:** What is the estimated volume and value of initial placements of each debt type and monthly placements?
Answer: See Attachment D for the number of outstanding invoices and the dollar value outstanding by Account Type. This represents the maximum volume and value that would be considered for the initial placement. At a minimum, the outstanding Automated Traffic Citations would be included in the initial placement. See Addendum #1, Question #3 & #4 for estimated monthly placements.
- 3) **Question:** What is the average age of the accounts to be placed? What is the age of the oldest accounts? What is the average balance?
Answer: See Attachment D for the aging of current outstanding invoices. Average age will vary based on the Account Type, with the majority greater than 365 days outstanding. The exception would be Utilities, with the majority of outstanding invoices less than 180 days old.
- 4) **Question:** What are the commission rates charged by the current vendor?
Answer: 19% of primary & secondary debt collected.
- 5) **Question:** Do you want prospective bidders to bid rates for both primary and secondary collections?
Answer: If separate rates are not listed, we will assume the same rate for both.
- 6) **Question:** Does the current contract have a minority woman owned business requirement?
Answer: No. The City has a Buy Local preference for vendors in Linn County, Iowa who have registered with the City but does not have a minority or woman owned preference.
- 7) **Question:** What is the collection fee added by the City per 4.4.2? Is this amount generally the same as the amount charged by the vendor?
Answer: The fee is intended to cover reasonable costs of collection incurred by the City. This fee has not yet been defined.
- 8) **Question:** Please clarify the collection fee process. Will the City add their fee before the account is assigned? If so and a vendor chooses the collection fee option, is that amount invoiced from the gross receipt? As an example: \$100 debt; City were to charge 33.33% and

assign a balance of \$133.33 to the vendor and the vendor charged a 25% collection fee. Would the 25 percent be charged off of the full \$133.33 balance which would actually have the invoice of \$33.33 or would the vendor get 25% of the initial amount of \$100 which would equal \$25.00 leaving the City with a surplus of \$8.33.

Answer: Our collection fee has not yet been defined – may be a percent, may be a flat fee. If the vendor’s proposed rate is 25%, you would receive 25% of any payment recovered from the debtor which, if paid in full, would include the collection fee regardless of whether the fee was added prior to, or after assignment.

- 9) **Question:** Please provide clarification of your invoicing process. In 3.3.2, it states that the invoice must be received by the last day of the month of the current month being billed. In 3.3.4 the ACH must be received no later than the 5th of the month following the end of the collection period. Is it acceptable to submit an invoice at the time the ACH is transmitted as a payment report is generally sent with an ACH which coincides with the invoice?

Answer: The invoice date should be the last day of the month being billed (e.g. 4/30/17), but it may be submitted along with the ACH (e.g. no later 5/05/17).

- 10) **Question:** What does the City deem as the value of the contract for the Buy Local Program?

Answer: See Pages 28-30 of the RFP for an explanation of how the Buy Local Program is applied to this RFP.

All addenda that you receive shall become a part of the contract documents and shall be acknowledged and dated on the bottom of the Signature Page (Attachment B). The deadline for sealed proposals is Thursday, June 8, 2017, before 3:00 pm CDT at the Office of the City Clerk, 101 First Street SE, Cedar Rapids, IA 52401.