

***Request for Proposals
for
Debt Collection Services
02/28/2020***

City of Sioux Falls, South Dakota

Proposal Request No. 20-0036

PUBLISH: February 28 and March 6, 2020

REQUEST NO. 20-0036

REQUEST FOR PROPOSALS

City of Sioux Falls, SD, requests proposals for Debt Collection Services.

Proposals shall be received at the Customer Service Counter located at Ground Floor, City Hall, 224 W. 9th St., P.O. Box 7402, Sioux Falls, SD 57117-7402, not later than 2 p.m., March 19, 2020. **Proposals will not be publicly read at the opening.**

Request for Proposal and forms that must be used are available from Purchasing at the above address or at www.siouxfalls.org/business. Cite Request No. 20-0036.

The City of Sioux Falls reserves the right to reject any or all proposals, waive technicalities, and make award(s) as deemed to be in the best interest of Sioux Falls, SD.

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Request for Proposals for Debt Collection Services

Section 1 Introduction and Instructions

1.01 Purpose of the RFP

This Request for Proposal (RFP) is issued by the City of Sioux Falls (hereinafter referred to as the "City"). The purpose of this RFP is to establish a contract with a qualified Agency for Debt Collection Services.

1.02 Contact Person, Telephone, Fax Number, and Email

Scott Rust, Purchasing Manager, Finance Department, is the point of contact for this RFP. Unauthorized contact regarding the RFP with other City employees may result in the vendor being disqualified.

Scott Rust, Purchasing Manager, Finance Department

Phone: 605-367-8836

Fax: 605-367-8016

Email: srust@siouxfalls.org

1.03 RFP Schedule of Events

This schedule of events represents the City's best estimate of the schedule that will be followed for this RFP. If a component of this schedule such as the deadline for receipt of proposals is delayed, the rest of the schedule will be shifted by the same number of days.

The approximate RFP schedule is as follows:

- RFP issued: February 28, 2020.
- Deadline for questions: March 11, 2020.
- Proposals due: March 19, 2020, 2 p.m.
- Review of Proposals: March 23–27, 2020.
- Presentations: April 8 and 9, 2020, if necessary.
- Contract Award: April 17, 2020.
- Execute Contract: May 15, 2020.
- Start Work: June 1, 2020.

1.04 Return Mailing Address and Deadline for Receipt of Proposals

Agency must submit one (1) original hard copy (marked "Original"), four (4) hard copies in a sealed envelope or package, and a thumb drive with a PDF file of the proposal loaded onto the thumb drive. The thumb drive will not be returned.

Envelopes or packages containing proposals must be clearly addressed as described below to ensure proper delivery and to avoid being opened by the City before the deadline for receipt. Envelopes or packages must be addressed as follows:

**City of Sioux Falls
City Hall
Ground Floor Customer Service Desk
Attention: Scott Rust
Debt Collection Services
RFP No. 20-0036
224 West Ninth Street
Sioux Falls, SD 57104**

Proposals must be received by the Purchasing Office at the location specified no later than **2 p.m., Central Standard Time, on Thursday, March 19, 2020**. Proposals will not be publicly read at the opening.

Proposals may not be delivered orally, by facsimile transmission, by other telecommunication, or electronic means.

Agency assumes the risk of the method of dispatch chosen. The City of Sioux Falls ("City") assumes no responsibility for delays caused by any delivery service. Postmarking by the due date will not substitute for actual proposal receipt by the City. An Agency's failure to submit its proposal prior to the deadline will cause the proposal to be rejected. Late proposals or amendments will not be opened or accepted for evaluation.

1.05 Questions and Addenda

Questions regarding this RFP shall be submitted in writing to Scott Rust, Purchasing Manager, at srust@siouxfalls.org. Answers to questions will be posted to the City's website. The deadline for questions is 2 p.m. Central Standard Time, Wednesday, **March 11, 2020**.

If deemed necessary, addenda to the RFP will be issued and will be emailed to the proposers. No addenda will be issued after 5 p.m., Monday, **March 16, 2020**.

Responding Agencies are prohibited from communicating in any other manner about this project with any other City employee from the date of issuance of this proposal until the final selection, unless otherwise directed by the Purchasing Manager. Other means of communications or contact may disqualify the submitting Agency.

Section 2 Scope of Services

2.01 Introduction

The City is requesting proposals from qualified Debt Collection Agencies (Agency) to provide debt collection services to the City. The current contract is set to expire on Sunday, May 31, 2020.

2.02 Background

The City's accounts receivable team sends past due accounts to collections after all attempts have been exhausted to obtain payment. Currently, the City has approximately 19 active collection accounts with its current debt collection agency that date back to 2005. In 2019, the City submitted approximately 3,318 unpaid accounts to collections totaling \$133,779. In the last five years, the average number of unpaid accounts averaged approximately 3,000–4,000, excluding parking tickets, which are not including or part of this solicitation.

2.03 Scope of Services

The extent of debt collection services should include at a minimum, professional services and dedicated personnel to perform the following:

2.03.1

The successful proposer shall maintain the following separate accounts for the City in which the individual's debts will be maintained:

- a) Community Health
- b) Parks and Recreation
- c) Light and Power Division
- d) Utility Billing
- e) Traffic Maintenance
- f) Street Division
- g) Water Reclamation
- h) Environmental Division
- i) Fire Prevention
- j) Police Department
- k) Planning and Development Services

The City will reserve to add additional accounts as necessary.

2.03.2

The successful proposer must be a member of the Association of Credit and Collection Professionals and the South Dakota Collectors Association and the Better Business Bureau.

2.03.3

The successful proposer shall make a minimum of two written or telephone contacts for each account (unless the account clears sooner) within (30) thirty days of receipt of account. All proposers should provide in their proposal's, the detailed steps, policies of the collections process that will be taken once an account is received from the City, including when delinquent accounts will be reported to the three major national credit bureaus, or taken small claims court.

2.03.4

The successful proposer shall make contact with all delinquent accounts under the name of its debt collection agency, not in the name of the City.

2.03.5

The successful proposer shall submit status reports on a monthly basis and an annual report on a fiscal year based on January 1 through December 31, reflecting the activity for the previous fiscal year. These reports shall include data for each account detailing the value of the current debt, money received, charges waived, interest charged, balance due, and date of last payment. A financial summary will also be required showing "period date" and year to date" totals for pertinent information such as receipts, net accounts receivable, total accounts receivable, and collections percentage. In addition, an aging report should be available in summary and in detail. Successful proposer shall provide copies of all available reports as requested or the City to have access to reports through a web-based portal.

2.03.6

Successful proposer shall accept automated (digital) or manual (hard copy) transfer of delinquent payment information from the City. It is expected that the successful proposer will work, at no additional cost, with the City to ensure accurate and timely transmission of data.

2.03.7

The successful proposer shall guarantee the confidentiality, security and safety of all files and documents, computer files and shall agree to enter into a confidentiality agreement.

2.03.8

The successful proposer shall perform all work in accordance with the applicable provisions of the Federal Fair Debt Collection Practices Act, as well as all state and local laws and City staff direction.

2.03.9

The successful proposer shall meet periodically with the City staff to discuss all services. The successful proposer will also provide recommendations on how the City can reduce future bad debt. The City will provide overall feedback on the conduct of the collection service, as it will reflect on the City's policies and reputation. The successful proposer will agree to employ courteous business procedures to the end of maintaining the City's goodwill in the community. The successful proposer shall also provide updates to the City on changes in state and federal laws related to credit and collections.

2.03.10

The successful proposer will be fully responsible for maintaining accurate records of all correspondence, documents, accounting records (in accordance with Generally Accepted Accounting Principles), transactions, and other relative evidence. These records shall remain on file for a period of at least (7) seven years. All records and books shall be made available to the City for review upon request.

2.03.11

Any settlement of principal of charges shall be agreed upon between the successful proposer and the City, prior to acceptance. No legal actions shall be taken against a client without express written consent of the City.

2.03.12

The attorney of record on any accounts requiring litigation must be an active attorney in good standing with the State Bar of South Dakota. The successful proposer must agree that the jurisdiction and venue for collection of any debt referred pursuant to this agreement will lie exclusively with the state and federal courts located in Sioux Falls, SD.

2.03.13

The successful proposer shall instruct all consumers to submit all payments directly to the successful proposer's Agency. Any payments received at the City, the City will notify the successful proposer the amount received and by whom made the payment. The successful proposer shall remit to the City all collections based on a monthly reporting period by the seventh day after the end of the reporting period, accounting for all collections made up to and including the last day of the reporting period. If separate reporting is desirable for a second placement accounts, the remittance and reporting period shall be as directed by the City and may be other than indicated above.

2.03.14

The successful proposer shall allow for or also offer:

- a) Call back of any account available.
- b) Assume all open accounts in collections.

- c) Outstanding Customer Service—provide a direct point of contact and ability to get direct answers quickly. Also, provide at least (2) two in-person visits per year to discuss performance.
- d) Accommodate payments at the City after account is turned over without fee.
- e) Remits full payment to City, City pays successful proposer their fee via ACH deposit.
- f) Share interest on open accounts turned over by City.

2.03.15

The successful proposer shall provide the following insurance to the City:

The Debt Collection Agency shall secure the insurance specified below. All insurance secured by the Debt Collection Agency under the provisions of this section shall be issued by insurance companies acceptable to the City. The insurance specified in this section may be in a policy or policies of insurance, primary or excess. Certificates of all required insurance shall be provided to the City upon execution of this Agreement.

1. Workers' compensation insurance providing the statutory limits required by South Dakota law. In addition, it shall provide Coverage B, Employer's Liability Coverage, of not less than \$1,000,000 each accident, \$1,000,000 disease—policy limits. The required limit may be met by excess liability (umbrella) coverage.
2. Commercial general liability insurance providing occurrence form contractual, personal injury, bodily injury, and a property damage liability coverage with limits of at least \$1,000,000 per occurrence, \$2,000,000 general aggregate, and \$2,000,000 aggregate products and completed operations. The required limit may include excess liability (umbrella) coverage. The policy shall by separate endorsement name the City and its representative as additional insureds. If "occurrence form" insurance is not available, "claims made" insurance will be acceptable. The policy shall be maintained for three years after completion of this Agreement.
3. Automobile liability insurance covering all owned, nonowned, and hired automobiles, trucks, and trailers. The coverage shall be as broad as that found in the standard comprehensive automobile liability policy with limits of not less than \$1,000,000 combined single limit each occurrence. The required limit may include excess liability (umbrella) coverage.
4. Professional liability insurance providing occurrence basis coverage for any claim arising from the errors, omissions, failure to render a service, or the negligent rendering of the service by the Debt Collection Agency in the amount of \$1,000,000 each occurrence and \$1,000,000 annual aggregate. If occurrence form insurance is not available, claims made coverage shall be maintained for two years after final completion of the services. The City does not represent that the above coverages and limits are adequate to protect the Debt Collection Agency and assumes no responsibility therefor.
5. Loss or breach of data liability coverage/cyber liability insurance covering third-party (including City employees) privacy liability claims resulting from theft, loss, or

unauthorized display/use of confidential information, such as confidential third-party corporate and/or personally identifiable information in its care, custody, or control (electronically, on paper, or on a laptop). Such insurance must include coverage for a Debt Collection Agency's employee causing the loss or breach. Coverage shall also be provided for liability arising from any confidential information that will be transferred or any transactions that will occur over the Internet (including breach of confidentiality or credit injury to any City customer or vendor arising out of these Internet activities). The aggregate limit shall be \$1,000,000. If coverage is written on a claims-made basis, Debt Collection Agency warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this Agreement; and that continuous coverage will be maintained or an extended discovery period will be purchased for a period of one (1) year beginning when the services under the contract are completed. The City shall be named as an additional insured.

The Debt Collection Agency will provide the City with at least 30 days' written notice of an insurer's intent to cancel or not renew any of the insurance coverage. The Debt Collections Agency agrees to hold the City harmless from any liability, including additional premium due, because of the Debt Collection Agency's failure to maintain the coverage limits required.

The City's approval or acceptance of certificates of insurance does not constitute the City's assumption of responsibility for the validity of any insurance policies, nor does the City represent that the above coverages are adequate to protect any individual/group/business, its consultants' or subcontractors' interests, and assumes no liability therefor.

Section 3 Proposal Format and Content

3.01 Submittal Requirements

The Proposer's submittal must contain the following information in the order listed below.

1. **Cover Letter and Summary.** Provide name and address of the Agency and project contact person with address, telephone number, and email address. Acknowledge receipt of any addenda if applicable. Summarize your understanding of the services requested. Indicate your acceptance of the requirements of this RFP. The cover letter **must be signed** by a duly authorized official of the Agency. Consortiums, joint ventures, or teams submitting proposals must establish contractual responsibility rests solely with one company or one legal entity. Each submittal should indicate the entity responsible for execution on behalf of the proposal team. The firm offer must be good for (90) ninety days.

Provide a detailed summary indicating your ability to provide collection services and meet the requirements listed in the scope of services and the benefits you believe the City would receive from selecting your Agency.

2. **Collections Process.** Provide detailed steps, policies of the collections process that will be taken once an account is received from the City, including when delinquent accounts will be reported to the three major national credit bureaus, or taken small claims court. Also, state your agency's success rate.
3. **Agency Experience Qualifications.** Provide résumés or a listing of information for each person in your Agency that will be providing debt collection services for the City. State the educational background of each individual, years of experience, length of employment with your Agency, and experience providing the Debt Collection Services.
4. **References.** Agency shall provide a current list of clients with contact information that have requested the Agencies Debt Collection Services.
5. **Cost Proposal.** Proposer shall provide percentage that the agency will retain for debt collection services, nonlegal, legal, and accrued interest share-back of accounts collected.

Section 4 Review of Proposals and Selection of Finalists for Interviews

4.01 Selection Criteria

Upon receipt of the proposals, an evaluation team will determine the best proposal deemed most qualified based on the following criteria listed below.

The evaluation team will rely on the qualitative and quantitative information contained and presented in the proposal, the reference checks made, and the ability to select the most qualified Agency to provide debt collection services for the City. Selection criteria will be based on:

Evaluation Criteria (100 Point Potential Score)

- Understanding and ability provide debt collection services—**30 points**
- Debt Collections Process—**20 points**
- Agency Experience and Qualifications—**20 points**
- References—**10 points**
- Cost Proposal—**20 points**

4.02 Contract Award

It is the City's intent to enter into a contract with an Agency who best demonstrates the ability to provide Debt Collection Services for the City. After review of the proposals, if the City decides to not enter into contract, the City will notify all Agencies.

Upon review of the proposals, the City will score the proposals and may short list and interview the highest-ranking Agencies. Upon completion of the interviews, the highest-ranking Agency may be asked to enter into contract negotiations with the City. If an agreement cannot be reached with the highest ranked Agency, the City may move to the next highest ranked Agency. The same process will be repeated with the other ranked Agencies if no such agreement can be reached. The City reserves the right to not select an Agency as part of this process if an agreement cannot be reached or for any other reason.

4.03 Special Conditions

Excluding proprietary information, the successful Agency's proposal and contract are deemed public records and shall be available to the public upon request. In addition, the City shall maintain a "Register of Proposals for this Contract," which shall contain the names of companies who submitted a proposal and the name of the company who was awarded the contract; however, the proposals of the submitting Agencies not awarded the contract are nonpublic records and will remain confidential.

Section 5 Standard Proposal Information

5.01 Authorized Signature

An individual authorized to bind the Agency to the provisions of the RFP must sign all proposals.

5.02 City Not Responsible for Preparation Costs

The City will not pay any cost associated with the preparation, submittal, presentation, or evaluation of any proposal.

5.03 Conflict of Interest

Agencies must disclose any instances where the Agency or any individuals working on the contract has a possible conflict of interest and, if so, the nature of that conflict (e.g., employed by the City). The City reserves the right to cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the Agency's proposal. The City's determination regarding any questions of conflict of interest is final.

5.04 Proposer's Certification

By signature on the proposal, the Agency certifies that it complies with:

- The laws of the state of South Dakota.
- All applicable local, state, and federal laws, codes, and regulations.
- All terms, conditions, and requirements set forth in this RFP.
- A condition that the proposal submitted was independently arrived at without collusion.
- A condition that the offer will remain open and valid for the period indicated in this solicitation and any condition that the Agency and/or any individuals working on the contract do not have a possible conflict of interest (e.g., employed by the City).

If any Agency fails to comply with the provisions stated in this paragraph, the City reserves the right to reject the proposal, terminate the contract, or consider the contractor in default.

5.05 No Contact Policy

Any contact with any City representatives, related officials, or representatives other than those outlined in the RFP is prohibited. Such unauthorized contact may disqualify your Agency from this procurement.

5.06 Indemnification

To the fullest extent permitted by law, the provider, its subcontractors, agents, servants, officers, or employees shall indemnify and hold harmless the City, including but not limited to, its elected and appointed officials, officers, employees, and agents, from any and all claims brought by any person or entity whatsoever, arising from any act, error, or omission of the provider during the Agency's performance of the Agreement or any other agreements of the Agency, entered into by reason thereof. The Agency shall indemnify and defend the City, including, but not limited to its elected and appointed officials, officers, employees and agents, with respect to any claim arising, or alleged to have arisen from negligence, and/or willful, wanton or reckless acts or omissions of the Agency, its subcontractor, agents, servants, officers, or employees and any and all losses or liabilities resulting from any such claims, including but not limited to, damaged awards, costs and reasonable attorney's fees. The indemnification shall not be affected by any other portions of the Agreement relating to insurance requirements. The Agency agrees that it will procure and keep in force at all times at its own expense insurance in accordance with these specifications.

5.07 Special Conditions

The City reserves the right to reject any and all proposals, to waive formalities, and to select the proposal and developer(s) that, in the City's sole discretion, are in the best interests of the City of Sioux Falls, SD.

The City reserves the right to:

- a) Amend, modify, or withdraw this RFP.
- b) Revise any requirements under this RFP.
- c) Require supplemental statements of information from any responding party.
- d) Extend the deadline for submission of responses hereto.
- e) Negotiate or hold discussions with any bidder to correct insufficient responses that do not completely conform to the instructions contained herein.
- f) Waive any nonconformity with this RFP.
- g) Cancel, in whole or in part, this RFP if the City deems it is in its best interest to do so.
- h) Request additional information or clarification of information provided in the response without changing the terms of the RFP.
- i) Waive any portion of the selection process in order to accelerate the selection and negotiation with the top-ranked Agency.
- j) Not award a contract as a part of, or result of, this RFP process.

The City may exercise the foregoing rights at any time without notice and without liability to any bidder, or any other party, for expenses incurred in the preparation of responses hereto or otherwise.