



**Office of the Administrative Director – Financial Services Division**

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August 31, 2012

MEMORANDUM

TO WHOM IT MAY CONCERN

FROM: Janell Kim   
Financial Services Administrator

SUBJECT: ADDENDUM NO. 1 TO REQUEST FOR PROPOSAL NO. J13080,  
COLLECTION OF ACCOUNTS OWED TO THE JUDICIARY,  
STATE OF HAWAII

Transmitted herewith is Addendum No. 1 for your review. Questions relating to the technical aspects of the Request for Proposals may be directed to Janell Kim of the Judiciary's Financial Services Division at (808) 538-5805 or FAX (808) 538-5802 or Email [janell.m.k.kim@courts.hawaii.gov](mailto:janell.m.k.kim@courts.hawaii.gov); other questions may be directed to Newton Sakamoto in the Contracts and Purchasing Office at (808) 538-5805 or FAX (808) 538-5802 or Email [newton.t.sakamoto@courts.hawaii.gov](mailto:newton.t.sakamoto@courts.hawaii.gov).

ADDENDUM NO. 1

REQUEST FOR PROPOSAL NO. J13080  
COLLECTION OF ACCOUNTS OWED TO THE JUDICIARY

AUGUST 31, 2012

The items listed hereinafter are hereby made a part of the Request for Proposals J13080 for the above-described project and shall govern the work taking precedence over previously issued specifications governing the items mentioned.

1. The PROPSAL DUE DATE, originally scheduled for September 10, 2012, has changed. The new **PROPOSAL DUE DATE** is hereby amended to **WEDNESDAY, SEPTEMBER 19, 2012, 4:00 p.m. HST.**
2. Section 4.2.3, **Cost of Collection Services** on page 18 is amended to read as follows:  
  
“4.2.3 **Cost of Collection Services.** Any fees or costs associated with collection efforts shall be added to the total amount due and retained by the Contractor as its payment. The Judiciary remains sensitive to the potential negative financial impact that additional fees and costs may have on defendants.”
3. **SECTION FIVE – EVALUATION CRITERIA AND CONTRACTOR SELECTION**, pages 21 and 22 is amended to increase the total number of points used to score the proposal to 195, and page 22 adds additional cost criteria and points to the **Costs** section. A replacement **SECTION FIVE** reflecting this changes is attached to this Addendum.
4. Section 7.6 – **FEE SCHEDULE PROPOSAL** on Page OF-10 shall be amended to accommodate the additional fee schedule and costs associated with collection effort. A replacement 7.6 Fee Schedule proposal page OF-10 is attached to this Addendum for your use.
5. Questions submitted and the Judiciary’s response is attached to this Addendum.

## SECTION FIVE – EVALUATION CRITERIA AND CONTRACTOR SELECTION

All proposals shall be evaluated by the Selection Committee using the following criteria and pursuant to Section 4.2 of the Procedural Requirements (Attachment A of the RFP). Best and final offers shall be allowed when applicable. The recommendation for contract award will be made to the responsible offeror whose proposal is determined in writing to provide the best value to the Judiciary, based on the criteria below.

An in-depth analysis and review of all offers will be based on the criteria below and their associated points. The total number of points used to score this proposal shall be **195**.

### POINTS

### CRITERIA

#### Experience and Qualifications of the Offeror (Total Points: 30)

- |    |   |
|----|---|
| 10 | • Past record of performance on contracts with government agencies and private industry with respect to effectiveness and quality of work.  |
| 10 | • Past record of performance on contracts with court systems with respect to effectiveness and quality of work.   |
| 5  | • Size, qualifications and experience of staff in Honolulu, Hawaii. Capacity and capability of the Offeror to perform the work. Specialized experience and technical competence of the Offeror regarding the types of services required. Number and locations of other offices and staff. |
| 5  | • Financial stability of the Offeror and length of experience in the collection business.   |

#### Collection Procedures (Total Points: 35)

- |    |  |
|----|--|
| 20 | • Completeness and reasonableness of the Offeror's plan, including procedures for accomplishing the collection and accounting services. Clear understanding of the work needed by the Judiciary or work to be performed. |
| 10 | • Access to a national database and international contacts to trace out-of-state debtors and the ability to track debtor assets as necessary.  |
| 5  | • Policy and procedures of the Offeror in the event legal proceedings are initiated on any account.  |

#### Technology Capabilities (Total Points: 75)

- |    |   |
|----|---|
| 25 | • An automated system with compatible interfaces to the |
|----|---|

Judiciary's computer system to facilitate the exchange of account placements, payment information, and status reports. System requirements include email, and/or internet capabilities.

- 15 • Access to on-line inquiry between the Judiciary and the Offeror.
- 20 • Assurances as to the security and safety of all Judiciary computer files and documents.
- 10 • An adequate back-up system and procedures to accommodate equipment failures.
- 5 • Amount of time it would take to interface with the Judiciary's system and "go-live". The shortest "turn-around time" would garner the highest number of points.

**Cost** (Total Points: 35)

- 15 • Fees or costs associated with the collection efforts to be added to the amount due and retained by the collection agency as its payment. The lowest fee/cost charged to the defendant would garner the highest number of points.
- 10 • Other fees (ie. processing fees) charged to the defendant. The lowest fee/cost charged to the defendant would garner the highest number of points.
- 10 • Fees charged to the defendant if a collection agency takes a defendant to court to recover amounts owed. The lowest fee/cost charged to the defendant would garner the highest number of points.

**MISCELLANEOUS** (Total Points: 20)

- 10 • Management reports such as debtor account status, remittances to the Judiciary and liquidated percentage. Also includes and considers the frequency of such reports.
- 5 • Insurance coverage for liability.
- 5 • Any other services provided by Offeror to benefit the Judiciary in the collection of delinquent accounts.

7.6 – FEE SCHEDULE PROPOSAL

Offeror shall provide the fee schedule and costs associated with collection efforts by the Contractor and which shall be retained by the Contractor as its payment. Please provide all calculations. Use an example of a collection in the amount of \$100.00 referred to the collection agency. Identify: 1) what amount is returned to the Judiciary; 2) what is charged to the defendant in dollar amounts and percentages; and 3) what is retained by the Contractor in dollar amounts and percentages. Use additional sheets as necessary.

**Note: Vendors may charge a different rate for accounts that are older than 5 years. Vendors may submit a fee schedule for either Option 1 OR Option 2.**

A. Option 1:  
One fee schedule for all accounts: \_\_\_\_\_

Option 2:  
Fee schedule for accounts created prior to July 1, 2007: \_\_\_\_\_

Fee schedule for accounts created from current to July 1, 2007: \_\_\_\_\_

B. Identify Other Fees (ie. processing fee) and other costs charged to the defendant, if any. Indicate “0” if charges will not be assessed.

C. Identify fees charged to the defendant if a collection agency takes a defendant to court to recover amount owed, if any. Indicate “0” if charges will not be assessed for this item.

ADDENDUM No. 1

REQUEST FOR PROPOSAL J13080  
ADDENDUM NO. 1 TO REQUEST FOR PROPOSAL NO. J13080  
COLLECTION OF ACCOUNTS OWED TO THE JUDICIARY

AUGUST 31, 2012

The following questions were submitted in writing and/or discussed at the pre-proposal conference in accordance with this RFP. The responses are italicized in boldface.

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

*The current contract will terminate on November 21, 2012.*

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

*This contract will be awarded to a single vendor.*

3. Who are the incumbents, and how long have the incumbents been providing the requested services?

*The current contractor is Municipal Services Bureau. They have been providing services since 2005.*

4. Has the current contract gone full term?

*Yes.*

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

*Yes.*

6. What collection attempts are performed or will be performed internally prior to placement?

*In general, once an account is delinquent, the account is referred to the collection agency. Internal collection efforts on delinquent accounts would only occur on delinquent restitution accounts. This type of account would be forwarded to the collection agency after review and concurrence of the respective Probation Officer.*

*With regards to traffic accounts: the defendant has either 90 or 180 days to make payment in full before the account is determined to be delinquent and sent to a collection agency (refer to #16 of this Addendum).*

7. What current contingency fees or other fees are currently being billed by the incumbent(s), by category?

What is the current commission rate with the current vendor for accounts paid during the collection process?

***The fee retained by the collection agency is 17.50% of the gross amount collected. Processing fees vary between \$10 to \$20, depending on the amount owed.***

8. What estimated or actual dollars were paid last year, last month, or last quarter to any incumbent(s)?

How much did the Judiciary pay its current collection provider each of the past two years?

***In accordance to the contract, the Judiciary DOES NOT pay the vendor for services. As per the statute cited in #13, "...fees or costs associated with the collection efforts shall be added to the amount due and retained by the collection agency as its payment..."***

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

***As stated on page in Section 3.1, page 7 of the RFP, "A minimum volume of judgments shall not be guaranteed."***

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

***As stated on page in Section 3.1, page 7 of the RFP, "A minimum volume of judgments shall not be guaranteed."***

11. 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?

***Life to date recovery rate from 2006 to 04/2012 is approximately 30.93%.***

***As stated on page in Section 3.1, page 7 of the RFP, "A minimum volume of judgments shall not be guaranteed." As such, recovery rates remain dependent on the efforts of the collection agency.***

12. 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?

If the contract is awarded to a different vendor than the current vendor, will you be recalling the accounts previously listed with them and forwarding those accounts to the new vendor for collections?

If yes, of the \$72 million dollars and 464,000 accounts referred to in the RFP on page 6 what portion of these accounts (number of accounts and total dollars) do you anticipate would be referred for collections to the new vendor?

***At the end of the current contract, all accounts that remain uncollected shall be returned to the Judiciary. These accounts may then be forwarded to the vendor that has been selected in response to RFP J13080.***

13. Can you provide some additional information regarding the type and amounts of accounts to be referred under the resulting contract?

***In accordance to §601-17.5, Hawaii Revised Statutes:***

***“The judiciary may contract with a collection agency bonded under chapter 443B or with a licensed attorney to collect any delinquent court-ordered penalties, fines, restitution, sanctions, and court costs, including restitution and juvenile monetary assessments. Any fees or costs associated with the collection efforts shall be added to the amount due and retained by the collection agency as its payment; provided that no such fees or costs shall exceed fifty per cent of the amount collected.”***

***Be advised that juvenile monetary assessments are not included in the scope of this RFP. Also, with regards to restitution, only those restitution accounts determined to be delinquent by the respective Probation Officer shall be forwarded for collection.***

***Primarily, delinquent traffic and parking fines and fees are referred to the collection agency. A handful of criminal and family court accounts have been manually forwarded to the collection agency.***

***As the remaining modules for the Judiciary Information Management System (JIMS) project come on-line, the associated accounts shall also be forwarded for collection when determined to be delinquent (i.e., civil fines/fees; criminal fines/fees). The anticipated completion date of the JIMS project is 2015.***

***As stated on page in Section 3.1, page 7 of the RFP, “A minimum volume of judgments shall not be guaranteed.”***

14. Does this contract cover the collection of delinquent traffic, parking, photo enforcement (red light camera), tolls – any or all of the above?

***Of the examples provided, this contract includes the collection of delinquent traffic and parking fines and fees. The State of Hawaii no longer has photo enforcement nor does it administer toll charges.***

15. Does this contract include penalties, fines, sanctions, fees, surcharges, costs, delinquent restitution and other monetary sanctions imposed by the courts at the local level? For example, would it cover a delinquent traffic or parking ticket within the City of Honolulu?

***The State of Hawaii has a unified, statewide court system. A traffic ticket is generally issued by the City and/or County Police Department. It is then adjudicated and subsequently processed by the Judiciary.***



16. At what point in time are the various types of accounts considered eligible for referral to the selected collection provider?

**Traffic accounts: 1) if the judgment is \$500 or less, the referral time is 90 days from the judgment date; and 2) if the judgment is greater than \$500, the referral time is 180 days from the judgment date. Therefore, a defendant has either 90 or 180 days to make payment before the account is referred to a collection agency.**

**Criminal and Family accounts – manual transmission, Fifth Circuit only: Date of court order or judgment.**

17. How many delinquent accounts representing what amounts were referred to the Judiciary's current collection provider each of the past two years?

<u>Fiscal Year</u>	<u># Cases Submitted</u>	<u>\$ Amount Collected</u>
July 1, 2011 - June 30, 2012	6,286	\$1,033,932
July 1, 2010 - June 30, 2011	10,369	\$1,470,190

18. What operating system is the Judiciary using for the collection agency interface?

**The collections interface provides an automated daily file transfer process between the State of Hawaii Judiciary and the collections agency. An outbound interface generates files from JIMS to be retrieved by the collection agency for collections processing. An inbound interface retrieves files from the collection agency and applies collections updates to JIMS.**

**Both the database and application server are Unix. An internal JSP website is used by technical staff to monitor processing on a Windows 2000 server. Data files (XML) are FTP'ed to a Windows server where it is encrypted and sent to another Windows server that the collection agency can access.**

**Please note that the vendor is not responsible for maintaining any of the Judiciary's infrastructure.**

19. What is the reason for having a local office?

- a. What functions does the Judiciary require the vendor's Oahu office to perform?

**A local office is required as immediate point of contact for the Judiciary. It also provides a place where the public can access the collection agency.**

- b. Does all collection work (calling, skip-tracing, etc.) on account where the debtor resides in Hawaii have to be done at the Oahu office or can all accounts be worked by collectors from other offices as stated in 3.3.9 Other Office Locations?

**Collection efforts can be performed in an office(s) other than the one located on Oahu.**

- c. If not, can a vendor have "work at home" collectors that reside in Oahu or does the collection staff have to be physically located in an Oahu office?

***Yes, a “work-at-home” module is acceptable as long as security issues are appropriately addressed and resolved to the Judiciary’s satisfaction. It is not necessary for collection staff to be physically located in the Oahu office.***

- d. Does the Oahu office have to take walk in payments from debtors that reside in Hawaii?

***There is nothing in the RFP that prohibits the vendor from accepting walk-in payments in the Oahu office, that is an operational decision.***

- e. Is this a current contractual requirement of the current vendor or is this a new requirement for this RFP?

***It is a current contractual requirement.***

- f. Does the Judiciary know if MSB currently has a collection office on Oahu?

***Yes.***

- g. Does the office have to be in operation prior to award of the contract?

***The office must be operational upon award of the contract.***

20. The RFP requires five (5) references, however, there is space for only three (3) references? What is required?

***Five (5) references are required. Additional lines or sheets may be added to the form.***

21. Does the Hawaii Compliance Express (HCE) certification need to be submitted with the proposal or upon award of the contract?

***The HCE certification must be provided upon award of the contract.***

22. Are the vendors allowed to charge additional fees if there is a necessity to take a defendant to court to recover amounts owed?

Since legal action on accounts by the collection vendor is permissible by the Judiciary will the Judiciary allow a separate legal contingency fee to be charged that is higher than the normal collections fee to allow the collection vendor to cover their legal costs and attorney fees to file suit on accounts?

***There is nothing in the RFP that prohibits the charging of additional fees if the vendor deems it necessary to engage judicial proceedings.***

What is the current commission rate contracted with the vendor for accounts paid that are approved for legal action by the Court?

***No accounts have been approved for legal action by the Court.***

23. Is it permissible to charge a different rate for older accounts?

***The RFP will be amended to allow for two options as follows:***

***Option 1: Fee Schedule for all accounts***

***Option 2: Fee Schedule for accounts created prior to July 1, 2007***

***Fee Schedule for accounts created from July 1, 2007 to current***

***As of 08/2012, there are approximately 140,500 accounts currently at collections that were created prior to July 1, 2007.***

***Please note that changes have been made to the RFP: 1) page 22 of the Evaluation Criteria; and 2) page 40 of the Fee Schedule Proposal.***

24. What is required on the Job Status Report?

***The Job Status Report identified on page 15 of Section 3.4.1 (c) of the RFP is no longer required. An internal Job Status Webpage has been developed to provide general information on inbound and outbound collections. Information includes, but is not limited to case submission, case recall, case reject, and payment processing.***

25. With regards to Section 3.4.1 and 4.5 of the RFP: "Such documents, as clarified or amended in the addenda, shall not be altered in any way when an offer is submitted and any alterations or exceptions made by Offeror to the terms, conditions, or requirements contained in said documents may result in rejection of the offer.", and, "Exceptions to RFP Requirements/Specifications/Provisions – "Offeror shall list any exceptions taken to the terms, conditions, specifications, or other requirements listed herein. Offeror shall reference the RFP section where exception is taken, a description of the exception taken, and the proposed alternative, if any. The Judiciary reserves the right to accept or not accept exceptions." Are exceptions permitted? If so, do they weigh poorly on the vendor? Please clarify.

***As indicated, exceptions are permitted but need to be specifically and separately identified in the response to the RFP. These exceptions may OR may not weigh poorly on the vendor, depending on the content, purpose and any effect on the Judiciary.***

26. Offer Submission.

a. Please clarify the format of the proposal that is expected. Are we required to submit the entire packet as is, including all documents and forms with our responses entered directly into the RFP document?

***Responses shall be on the Offer Forms, pages OF -1- to OF-11-. You may provide additional information, as necessary.***

- b. Is it acceptable to copy and paste the proposal questions only in our own format, cover page, etc. as long as we include all required forms, set as long and keep the numbering the same?

**Yes.**

- c. Do we need to respond to the each entry in the scope of services in addition to the questions in section four of the RFP?

***It is not necessary to respond to each entry in the Scope of Services or Section Four of the RFP. However, be aware that these are requirements of the contract and must be performed in accordance to the requirements identified in the RFP.***

27. Offers via Electronic Submittal. As another option to submitting hard copies of the entire Offer Packet, Offers may be submitted no later than the date and time indicated in the Significant Dates section of this RFP to the above Purchasing Specialist via email or facsimile. Please confirm that if submitting electronically via email or fax that additional hard copies are not required.

***If submitting electronically via email or fax, an additional hard copy is NOT required. However, you are responsible for ensuring that the Judiciary has received and can open all documents by the date and time identified in the RFP.***

28. In reference to, "A signed offer, together with an offer guaranty, if required, and any other certificates required to be submitted by offeror, shall be submitted in a sealed envelope plainly identifying the bid or proposal number, the item or items to which the offer relates, and offeror's business address and telephone number. Offers shall be received until the hour and date set in the solicitation and shall be received by Judiciary no later than the time indicated, whether mailed or hand delivered...". Are you referring to the proposal response or pricing? Please clarify.

***The proposal response shall contain your pricing proposal. The only certificate not required at the time of proposal submission is the Hawaii Compliance Express certification. This certification shall be provided at time of contract award (Refer to item 21 of this Addendum).***

29. Could we have a copy of the current contract.

***A copy of the current contract and related Addendums are attached as a separate document. The RFP J13080 and the awarded proposal shall be attached by reference and become a part of the new contract.***

30. Is it possible to receive this RFP in a word Doc?

***The Offer Forms have been attached as a Word document.***

31. What is the average balance of the accounts you will refer for collections?

***The average monthly dollar amount sent to the vendor from January 2010 to July 2012 is***

***\$88,380, however, as stated on page in Section 3.1, page 7 of the RFP, "A minimum volume of judgments shall not be guaranteed."***

32. What is the average age of accounts at placement (at time of award and/or on a going-forward basis), by category?

What is the average age range of the accounts you will refer for collection?

***The average age of all traffic accounts currently at collections is 1,601 days. Going forward, as new accounts become eligible for collection, they shall be forwarded accordingly (i.e., refer to #16).***

33. What is the age of the oldest accounts you will refer for collections?

***The oldest case sent to the current vendor for collections was initiated on 08/11/1983.***

34. What percentage of the accounts referred have already been reduced to judgment?

***Currently, all traffic accounts referred for collections have been through the adjudication process of the courts.***