

PASCO COUNTY, FLORIDA
INTER-OFFICE MEMORANDUM

TO: Honorable Chairman and
Members of the Board of
County Commissioners

DATE: 1/05/10

FILE: PU10-051

THRU: Michael Nurrenbrock
OMB Director

SUBJECT: Selection and Award for Debt Collection
Services—
NCSPlus, Inc.

FROM: Scott P. Stromer
Purchasing Director

REFERENCE: RFP No. 09-154
All Commission Districts

It is recommended that the data herein presented be given formal consideration by the Board of County Commissioners (BCC).

DESCRIPTION AND CONDITIONS:

On August 28, 2009, the Purchasing Department solicited proposals for comprehensive debt collection services. To improve the County's collection efforts, the Purchasing Department initiated a review of its current collection approach as well as other available methodologies. Working with the Florida Association of Counties (FAC), staff developed a scope of work to maximize payment recovery and minimize out-of-pocket expense to secure such recovery. The solicitation was advertised in the *St. Petersburg Times* on August 29, 2009. All provisions of the *Purchasing Ordinance* have been met.

In any given year, the Emergency Services Department (Ambulance Billing Section) estimates that between 9,000 and 10,000 bad debt accounts are referred for collection each year at an estimated value of between \$3.6 and \$4.2 million. It is estimated that only seven percent (7%) of the value of these bad debts is collected annually using the current collection methodology. The County's current debt collection firm retains seventeen percent (17%) of whatever they collect. Using a new methodology, the County would pay a low flat fee (\$5.53 to \$13.50—depending on the volume) for each account referred with 100% of collected funds being sent directly to the County. At a minimum, staff anticipates doubling the amount of recovered funds using this new methodology.

Nine (9) vendors were mailed Requests for Proposals; two (2) from Pasco County. On October 2, 2009, five (5) responses were received and publicly opened with only the names of the responding offerors being read. Responses were received from (in alphabetical order): NCSPlus, Inc. (Orlando, FL); Oxford Management Services (Fort Pierce, FL); Penn Credit Corporation (Harrisburg, PA); Sequoia Financial Services (Jacksonville, FL); and Transworld Systems, Inc. (West Palm Beach, FL). Copies of the proposals are attached.

The Purchasing Department and the Emergency Services Department, reviewed the proposals and found NCSPlus, Inc., and Transworld Systems, Inc., to have submitted the two best proposals for the subject services. On October 26, 2009, staff entertained presentations and interviewed both firms. On October 27, 2009, both firms were asked to submit best and final pricing as well as answers to additional clarifying questions. Both firms were found to be similarly qualified and experienced with a good understanding of the required services and proposed methodology. After careful consideration, the Purchasing Department and Emergency Services Department found NCSPlus, Inc., to have submitted the best proposal for the subject debt collection services. A summary comparison of the offers from NCSPlus, Inc., and Transworld Systems, Inc., is attached.

The Phase I service offered by Transworld Systems, Inc., does not appear to meet the requirements set forth in the issued Request for Proposals due to the absence of telephone calls and credit reporting. NCSPlus, Inc., offered two (2) levels of Phase I service. The "Level I" service offered by NCSPlus, Inc., appears to meet the requirements set forth in the issued Request for Proposals. The "Basic" service offered by NCSPlus, Inc., most closely matches the lesser service level offered by Transworld Systems, Inc. The pricing offered by NCSPlus, Inc., for the specified "Basic" services is more favorable considering both the quantity and cumulative discounts offered.

The resulting program will be sponsored by FAC and made available to other public entities throughout Florida. Because the Pasco County took the lead on this innovative program, FAC will share the administrative fees that are derived from the program. FAC will actively promote and market the resulting program and assist entities where necessary. To assist, the resulting contract will also be promoted through the *Florida Local Government Purchasing Network (FLGPN)*, which was created by the Purchasing Department over one (1) year ago. This will be the third contract offered through *FLGPN*.

ALTERNATIVE AND ANALYSIS:

1. Approve staff's recommendation.
2. Disapprove staff's recommendation and direct discussions with another offeror.
3. Disapprove staff's recommendation, reject all responses and re-solicit.

RECOMMENDATION AND FUNDING:

The Purchasing Department, with concurrence from the Emergency Services Department, recommends award to NCSPlus, Inc., for the subject debt collection services. Award will begin on the date of BCC approval and continue through for three (3) years. The attached Master Agreement includes provisions for two (2) additional one (1) year extensions if agreed to, in writing, by both parties. It is anticipated that at least \$2,700.00 will be expended annually; however, as the program matures this amount could exceed \$25,000.00 as more accounts are referred to the service provider.

The Purchasing Department recommends that the BCC approve the attached Master Agreement for Debt Collection Services, authorize the Chairman to execute the two (2) original documents provided, and direct Board Records to date the agreement as of the date of execution, and distribute the documents as follows: one (1) original to be retained by Board Records; one (1) copy to the Emergency Services Department, Land O' Lakes; and (1) one (1) original contract mailed to:

NCSPlus, Inc.
117 East 24th Street
New York, NY 10010
Phone: (212) 213-3320

The Purchasing Department recommends that the BCC approve the attached Compensation Agreement between FAC and Pasco County, authorize the Chairman to execute the two (2) original documents provided, and direct Board Records to date the agreement as of the date of execution, and distribute the documents as follows: one (1) copy to the Purchasing Department, New Port Richey; and one (1) original contract mailed to:

Florida Association of Counties, Inc.
100 S. Monroe Street
Tallahassee, Florida 32301
Phone: (850) 922-4300

Due to the presence of Health Insurance Portability and Accountability Act (HIPAA)-related issues, the Purchasing Department further recommends that the BCC approve the attached HIPAA Business Associate Agreement, authorize the Chairman to execute the one (1) original document provided, and direct Board Records to distribute the document as follows: one (1) original to be retained by Board Records; one (1) copy to the Emergency Services Department, Land O' Lakes; one (1) copy to Barbara DeSimone, HIPAA Chief Privacy Officer, New Port Richey; and one (1) copy mailed to:

NCSPlus, Inc.
117 East 24th Street
New York, NY 10010
Phone: (212) 213-3320

Funds are available in Account No. B001-640800-33400 of the 2009-10 Fiscal Year Budget and will be requested in subsequent budgets for the term of the agreement contingent on the BCC's approval of such budgets.

ATTACHMENTS:

1. Proof of Publication
2. Summary Proposal Comparison—NCSPlus, Inc./Transworld Systems, Inc.
3. Agreement w/ Exhibits (Two Originals)
4. HIPAA Business Associate Agreement (One Original)
5. Compensation Agreement (Two Originals)
6. Proposal Copy—NCSPlus, Inc.
7. Proposal Copy—Oxford Management Services
8. Proposal Copy—Penn Credit Corporation
9. Proposal Copy—Sequoia Financial Services
10. Proposal Copy—Transworld Systems, Inc.
11. Solicitation Document (RFP 09-154)

SPS/ss

cc: Daniel R. Johnson, Assistant County Administrator (Public Services)
Anthony F. Lopinto, Emergency Services Director
Thomas G. Supeau, Administrative Division Manager (Emergency Services)