

# **EVALUATION REPORT**

## **Request for Proposals for the Provision of Debt Collection Services for the Borough of Fort Lee Municipal Court, County of Bergen, State of New Jersey**

**Prepared for: Borough of Fort Lee**

**By: Borough of Fort Lee Evaluation Team**

**Dated: December 6, 2018**

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## Executive Summary

This Evaluation Report has being provided pursuant to and in accordance with the requirements of the competitive contracting provisions of the Local Public Contracts Law (N.J.S.A. 40A:11-4.1 et seq.). The purpose of this Evaluation Report is to provide the Borough of Fort Lee ("Borough") with an evaluation of the Proposal received, and to provide a recommendation to the Borough of a Respondent for the award of a contract.

The goal of the Borough in utilizing the competitive contracting process was to obtain Proposals from qualified firms capable of providing municipal debt collection services for the Fort Lee Municipal Court ("Collection Services"). The proposed term of the Contract for Collection Services is two (2) years, with the Borough retaining the sole option to renew the Contract for two (2) successive one (1) year periods.

On October 1, 2018, the Borough issued a Request for Proposals ("RFP") to solicit Proposals for the provision of Collection Services, as more particularly described therein, pursuant to the Comprehensive Enforcement Program Fund Act, N.J.S.A. 2B:19-1 et seq., the Supreme Court Procedures Governing the Private Collection of Municipal Court Debt, and the competitive contracting provisions of the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq. Through the competitive contracting process, the Borough sought to enter into a contract with a qualified private collection agency to achieve maximum recovery of debts owed to the Borough for delinquent fees, fines and penalties issued by the Borough's Municipal Court.

Collection Services are expected to be performed in compliance with the New Jersey Supreme Court Procedures Governing the Private Collection of Municipal Court Debt, as well as all applicable federal, state and local laws, rules, regulations and permits, and in accordance with the terms and provisions of the Contract, the terms and provisions of the RFP and in accordance with prudent industry practice. The Borough anticipates cooperating in good faith with the Successful Respondent to facilitate the performance of the obligations set forth in the RFP.

The RFP reflects the procedures and guidelines established by the New Jersey Supreme Court ("Supreme Court") and the State's Administrative Office of the Courts ("AOC") subsequent to the adoption of N.J.S.A. 40:48-5a. Among other provisions, this statute authorizes the governing body of a municipality to enter into a contract with a private collection agency or firm ("Successful Respondent") for the purpose of collecting outstanding municipal court debt and

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assessing an administrative fee, which may not exceed 22% of the amount collected, that is to be paid to Contractor to pay for the cost of collection.

The statute further provides that the use of private collection agencies for these purposes shall be governed by rules and procedures adopted by the Supreme Court, which were formally issued on March 31, 2011 by the AOC. Entitled the "Supreme Court Procedures Governing the Private Collection of Municipal Court Debt under L. 2009, c. 233," this document codifies the procedures for using private collection agencies to collect outstanding municipal court debt. In addition to specifying the procedures to be followed by municipal courts, the document provides guidance for participating municipalities and private collection agencies and firms. The document also outlines procedures to be followed by the AOC.

The statute (N.J.S.A. 40:48-5a) states that the only municipal court cases that may be sent to a private collection agency are those where the municipal court has made a final determination of guilt, the municipal court has exhausted all judicial enforcement remedies, and the Administrative Director of the Courts has authorized private debt collection services.

To evaluate Proposals, the Borough organized an evaluation team comprised of Alfred Restaino, Borough Administrator; and Kevin Conti, Esq., of DeCotiis, FitzPatrick, Cole & Giblin, LLP (collectively, the "Evaluation Team"). The Evaluation Team assisted in developing and implementing the RFP, administered the procurement process, and drafted this Evaluation Report for the Borough.

The procurement and evaluation process was undertaken in accordance with the competitive contracting provisions of the Local Public Contracts Law, and all other applicable law. On October 23, 2018, the Borough received a single Proposal in response to the RFP from TaxServ Capital Services NJ, LLC, McLean, Virginia.

The Evaluation Team conducted a comprehensive evaluation of the Proposal based upon qualifications, experience, approach, financial strength, price and other factors, as set forth in detail in this Evaluation Report. The evaluation of the Proposal was conducted in accordance with an evaluation matrix ("Evaluation Matrix") that is based on a total potential score of 100. The Proposal was evaluated based upon the following criteria and weighting factors:

1. General 20%
  - a. Demonstrated clear understanding of the Borough's goals and objectives;

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- b. Completeness and responsiveness of the Proposal to the requirements of the RFP;
  - c. Evidence of history of satisfactory performance of Collection Services sought; and
  - d. Use of innovative techniques and technologies in the performance of Collection Services.
2. Administrative/Management Criteria 25%
- a. Willingness and ability to meet the Borough's anticipated schedule;
  - b. Demonstrated track record of satisfactory performance of the Services sought without contract compliance issues;
  - c. Record of moral integrity;
  - d. Reliance on in-house personnel; and
  - e. Demonstrated use of business capabilities or initiatives that involve women, the disadvantaged, small and/or minority owned business establishments.
3. Technical Criteria 25%
- a. Evidence of technical qualifications needed to provide the Services sought;
  - b. Demonstrated experience in provision of Collection Services;
  - c. Innovative strategic approach to the provision of Collection Services;
  - d. Evidence of ability to assist with municipal debt collection implementation; and
  - e. Evidence of capacity to provide Collection Services within timeframe proposed by the Borough.

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4. Financial/Performance Security Criteria 15%
    - a. Evidence of financial strength sufficient to meet obligations; and
    - b. Provision of Performance Security required by the RFP.
  5. Cost Criteria 15%
    - a. Relative administrative fee percentage as compared to other Proposals.

After reviewing the Proposal, members of the Evaluation Team scored the Proposal in accordance with the established criteria above and concluded that the sole Respondent was a responsible entity to perform the Services, including the fact that it has satisfactorily performed the services for the past four years.

### **Summary of Benefits**

The objective of the Borough's RFP is to contract with a firm qualified and capable of providing Collection Services, under a two (2) year Contract, with the Borough retaining the sole option to renew the Contract for two (2) successive one (1) year periods.

All of the Proposals received by the Borough will allow it to realize the following benefits:

1. Secure Collection Services from a firm qualified and experienced in the collection of municipal court delinquent fees.
2. Obtain Collection Services at a set fee for a minimum of two years, with the option to extend the Contract for another two years.

### **Overview of the RFP**

The RFP solicited Proposals for the performance of Collection Services pursuant to a Contract to be entered into by and between the Borough and the Successful Respondent. The RFP provided that the Successful Respondent will be responsible to provide Collection Services in accordance with all federal, state and local requirements, laws, rules and regulations, and must meet and implement the following processes and procedures as minimum standards. The

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Borough indicated that it would evaluate Proposals from Respondents for the comprehensiveness and effectiveness of their proposed solutions.

a. Account Placements.

Account placements will be sent in a manner and schedule as specified and/or approved by the AOC.

b. Account Updates and Interface Management.

The Successful Respondent must provide an automated process to handle updates to accounts referred to collections whereby the Borough may continue to receive payments or effect account status changes outside of the collection process. Such a process or system must be approved by the AOC and comply with all schedules as required by the AOC.

c. Account Inquiries.

The Successful Respondent must provide the Borough with secured inquiry access to the collection database. In this case, the system must provide the ability to manage access to functions and data through the use of sophisticated user identification and password control.

d. Collection Notices.

The Successful Respondent must work with the Borough to craft and approve delinquent notices to be generated and mailed to debtors. This will include notice layout, language, and mailing frequency. The Borough must have the right of final approval over all content, including, but not limited to, notice layout, language and mailing frequency.

A custom designed, laser-printed delinquent notice must be mailed to each debtor immediately after the accounts are entered into the collection system. A series of personalized letters must be sent to each account. All letters sent to debtors must be custom designed and laser-printed and must provide the debtor with a toll-free telephone number for obtaining account information to be staffed by the Successful Respondent, a remittance slip bearing the assigned reference number, and a return remittance envelope directing payment to:

Borough of Fort Lee Municipal Court  
309 Main Street  
Fort Lee, New Jersey 07024

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In addition, the Successful Respondent's collection staff must use payment reminder, post-dated check, and broken promises letters to collect the outstanding fines and penalties owed.

e. Call Center Support.

The Successful Respondent must handle inquiries, discrepancies and complaints. This will include defining agreed upon procedures for handling different types of complaints as well as dispute resolution procedures to involve supervisory levels within Successful Respondent's management and the Borough, and account settlement parameters.

f. Account Closure.

The Successful Respondent must have the ability to support account closure based on rules defined by the Borough. This shall include, but will not be limited to, closing an account, discontinuing collection, and returning the account to the Borough. The Successful Respondent must also have the ability to provide account closure and return debt that is recalled by the Borough.

g. Licensing and Fair Debt Collection Protection Act ("FDCPA") Compliance.

The Successful Respondent must be a licensed collection agency permitted to practice Collection Services in the State of New Jersey, and all Collection Services shall properly follow FDCPA guidelines.

Each member of the Successful Respondent's collection staff will be required to pass an FDCPA examination prior to performing any Collection Services and to retake and re-pass the FDCPA examination on an annual basis. Successful Respondent will be required to show evidence of FDCPA examination compliance prior to the award of the Contract.

h. Technical Solutions Requirements.

The Successful Respondent must provide evidence of technology solutions that are in compliance with the requirements outlined below:

(i) Proven Information System.

The Successful Respondent must use a proven and fully developed delinquent account collection system and related tools. The system must include full audit functionality for each collection activity as well as timely backups and

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effective recovery procedures. The Successful Respondent shall provide an information technology system that allows for flexibility within the application for any future changes required by the Borough.

(ii) Facility.

The Successful Respondent shall provide a facility, including all equipment communications and resources necessary to perform the required Collection Services. Successful Respondent shall make available its facilities, including its information system, for audit or inspection by the Borough at *any* time.

(iii) Security.

The Successful Respondent shall develop and provide physical and systems security.

(iv) Project Management and Implementation.

The Successful Respondent must provide a structured approach and plan for transition as well as an ongoing operation, and must provide a comprehensive approach for testing. Testing of interfaces and data exchanges should be coordinated with the appropriate AOC offices and personnel.

The Successful Respondent shall provide the required staff, management, and supervision necessary to successfully fulfill the Contract, and shall participate in project status meetings as may be required by the Borough.

The Successful Respondent and the Borough will enter into a Contract for a term of two (2) years, with the Borough retaining the sole option to renew the Contract for two (2) successive one (1) year periods. Pursuant to the terms of the RFP and Contract, the Successful Respondent will be compensated for its performance of the Collection Services based upon a fee to be paid by persons owing fines, penalties cost, etc. to the Fort Lee Municipal Court, which fee is a fixed percentage of the amount collected.

Proposals were to be evaluated on the basis of established criteria, in accordance with competitive contracting provisions of the Local Public Contracts Law, and other applicable law.

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## **Pricing Proposal**

The RFP requested Respondents provide in their Proposals an administrative fee to be assessed by a private collection agency to pay for the costs of collection as authorized by N.J.S.A. 40:48-5a. The administrative fee is authorized by a municipality, not to exceed 22% of the amount collected.

The Borough indicated that it is required pursuant to applicable procurement law to award a contract to the lowest, responsible and complying bidder and, therefore, intends to consider in awarding a contract for Collection Services, among other criteria, the amount proposed by each Respondent for the administrative fee. The Borough also believes that a lower administrative fee will facilitate the collection of outstanding debts as it will reduce the total amount due.

### **Form of Proposals and Required Forms**

Proposals were required to include the following information about each Respondent:

- General Information
- Administrative Information
- Financial Qualifications
- Proposal and Performance Security
- Technical and Project-related Information, including experience.

Proposals were also required to include the following:

- Proposal Pricing Information specified in Appendix C of the RFP.
- Bonding requirements consistent with Article 4 of this RFP.
- Insurance Requirements consistent with Section 4.5 of the RFP.
- Contract Quotation Sheet
- Respondent Information/Cover Letter
- Proposal Security
- Consent of Surety
- Ownership Disclosure Statement
- Non-Collusion Affidavit
- Consent to Investigation
- Statement of Respondent's Qualifications
- Acknowledgement of Receipt of Addenda
- Affirmative Action Compliance/Mandatory EEO Language
- Proposal Checklist
- Disclosure of Investment Activities in Iran

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## **Evaluation Process**

To evaluate the Proposals, the Borough organized the Evaluation Team and developed an Evaluation Matrix prior to the issuance of the RFP. The evaluation of the Proposals involved a two-part process:

- The first part consisted of a review of the documents submitted with each Proposal to determine if the Respondent included all documentation and information in its Proposal required by the RFP. Once all submittal requirements have been satisfied, a Respondent qualifies for the second phase of the evaluation process.
- The second part of the process entails a weighted rating of the value provided by the Proposal across several categories (financial benefits, technical approach, Respondent experience and financial strength, and cost) and evaluation of factors within those categories.

The Respondent with the top ranking in the second part of the evaluation process is then recommended for award of a contract as the Successful Respondent.

## **Proposal in Response to the RFP**

The following is a brief summary of the Proposal from the Respondent:

### **1. TaxServ Capital Services NJ, LLC (“TaxServ”)**

TaxServ was previously known as TaxServ Capital Services MD, LLC, which was formed in September 2005, and has operated under its present business name since September 2011. The change in the business name was to accommodate the performance of Collection Services in New Jersey after the adoption of the “Supreme Court Procedures Governing the Private Collection of Municipal Court Debt under P.L. 2009, c. 233.” The sole member of TaxServ is TaxServ, LLC, which has been in business since 2003. TaxServ’s primary business office is in McLean Virginia, and it does not currently maintain a business office in New Jersey.

TaxServ was formed to specifically meet the needs of municipalities for the collection of receivables. As a member of ACA International, the Northeast Regional Tax Collectors Association, and the Bergen County Tax Collectors Association, TaxServ has provided Collection Services in more than eight hundred billing jurisdiction in twenty-three states. TaxServ has contracted with a number

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of municipalities in the tri-state area, including the municipalities of Livingston, Cherry Hill, Ewing, Elmwood Park, Englewood Cliffs, Trenton, and West Orange in New Jersey. In addition, TaxServ has performed Collection Services for the Borough for the past four years. Since 1998, TaxServ had performed extensive tax collection work in New Jersey in over five hundred municipalities for such private sector clients as AIG Insurance Company, MBIA Insurance Company, Price Waterhouse Coopers, Sun America Insurance company, and U.S. Bank, National Association.

The TaxServ team assembled to provide Collection Services for the Borough is led by Roger Blain, President, who will serve as Project Manager. Mr. Blain has more than sixteen years of collections experience with TaxServ and will manage a Project Team that has an average of more than twenty years of municipal collections experience.

TaxServ has completed work with the AOC to connect to the mandatory AOC secure FTP system and the process and loading of accounts to its collection system. The TaxServ Asset Information Management collection system provides a platform for the FTP transmittals of the AOC but also for the Borough to interface with the collection system through a secure Citrix connection affording real-time access on a 24-hour basis.

All of TaxServ's collection staff are trained and operate under the provision of the Fair Debt Collection Practices Act and the Fair Credit Reporting Act. All of TaxServ's policies and procedures are in compliance with the requirements of both of these laws.

At the Borough's option, TaxServ offered two optional programs at no cost to the Borough or its municipal court. The first involves collection of motor vehicle related debt through a License Plate Recognition and Booting Program. The second program involves the establishment of payment kiosks in Borough facilities such as Borough hall, libraries, etc.

TaxServ represented that it has not and does not have any significant legal or administrative actions, claims or litigation pending that would affect its ability to perform the Collection Services, and that its officers and principals have never been disqualified or prevented from completing a federal, state or local government contract.

TaxServ submitted a combined balance sheet and statement of income for TaxServ Capital Services, LLC as the sole member of TaxServ; TaxServ Capital Services DM-CT, LLC; and TaxServ Capital Services HD-CT, LLC for calendar year

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2013 as affiliated entities, accompanied by an accountant's compilation report. The financial statements reveal that ACS has had positive net income in 2013.

## **Proposal Evaluation Matrix**

TaxServ's Proposal was evaluated in accordance with the process defined in the RFP. The evaluation was conducted pursuant to the Evaluation Matrix, which is based on a total potential score of 100. The Evaluation Matrix is broken into the following criteria and weighting factors

### General (20%)

- Demonstrated clear understanding of the Borough's goals and objectives
- Completeness and responsiveness of the Proposal to the requirements of the RFP
- Evidence of history of satisfactory performance of Collection Services sought
- Use of innovative techniques and technologies in the performance of Collection Services

### Administrative/Management Criteria (25%)

- Willingness and ability to meet the Borough's anticipated schedule
- Demonstrated track record of satisfactory performance of the Services sought without contract compliance issues
- Record of moral integrity
- Reliance on in-house personnel
- Demonstrated use of business capabilities or initiatives that involve women, the disadvantaged, small and/or minority owned business establishments

### Technical Criteria (25%)

- Evidence of technical qualifications needed to provide the Services sought
- Demonstrated experience in provision of Collection Services
- Innovative strategic approach to the provision of Collection Services
- Evidence of ability to assist with municipal debt collection implementation
- Evidence of capacity to provide Collection Services within timeframe proposed by the Borough

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Financial/Performance Security Criteria (15%)

Evidence of financial strength sufficient to meet obligations  
Provision of Performance Security required by the RFP

Cost Criteria (15%)

Relative administrative fee percentage as compared to other Proposals.

The Evaluation Matrix scoring is provided in **Attachment 1**. The following sections of this Evaluation Report provide a review of the evaluation criteria with respect to the Proposal received.

**A. General**

TaxServ demonstrated that it clearly understood the Borough's goals and objectives with regard to the provision of Collection Services. Its Proposal was complete and addressed all of the requirements of the RFP, including that it possessed the necessary experience in performing Collection Services similar to those sought by the Borough, and over the course of the past four years for the Borough. TaxServ also proposed to use collection techniques and computerized technologies in performing Collection Services that more than met the minimum requirements in this evaluation criterion.

**B. Administrative/Management**

Similar to the General criterion, TaxServ provided evidence that it was capable of meeting the Borough's anticipated schedule for performance of the Collection Services. It indicated that it had no contract compliance issues in providing similar services in the past, and there was nothing to suggest any issues involving moral integrity. TaxServ will utilize in-house personnel who will be responsible to perform the Collection Services and have demonstrated diversity in its workforce.

**C. Technical**

The scoring of the Proposal for this criterion reflects more so than any other criterion that TaxServ has shown through its Proposal that it is more than capable of furnishing the Collection Services. TaxServ has demonstrated that it has the requisite technical qualifications, experience, and a strategy for the provision of Collection Services within timeframe proposed by the Borough.

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## **D. Financial/Performance Security**

TaxServ submitted consolidated financial statements for the years 2015 through 2017. In each year, the statements revealed that TaxServ had positive net income. In addition, TaxServ provided the necessary Proposal and performance security from surety companies authorized to do business in New Jersey.

## **E. Cost**

Respondents were required to provide in their Proposals an administrative fee to be assessed against and paid by the debtor pursuant to N.J.S.A. 40:48-5a. The administrative fee is authorized by a municipality, not to exceed 22% of the amount collected. As indicated earlier in this Report, in response to a question with respect to the administrative fee, the Borough indicated that it intends to consider the amount of the administrative fee in awarding a contract for Collection Services as it is the Borough's position that a lower administrative fee will facilitate the collection of outstanding debts by reducing the total amount due.

The fee proposed by TaxServ was a flat fee of 18% for all four years, which is considerably less than the maximum administrative fee of 22% established under N.J.S.A. 40:48-5a.

## **Recommendation – Successful Respondent**

In recommending that a Contract be awarded to TaxServ as the Successful Respondent, the Evaluation Team reviewed TaxServ's Proposal for legal compliance, as well as technical, experience, qualifications and financial strength requirements set forth by the RFP.

TaxServ's Proposal averaged 96 points out of a possible 100 points on the Evaluation Matrix. The Evaluation Team believes that TaxServ has assembled a quality project team with the experience and technical capability, and financial wherewithal to work as a partner with the Borough to efficiently and effectively provide Collection Services sought under the RFP.

Accordingly, the Evaluation Team recommends that Mayor and Council of the Borough award a two-year contract to TaxServ for the performance of Collection Services.

## Attachment 1 - Proposal Evaluation Matrix

Borough of Fort Lee Municipal Court Debt Collection Services Proposal Evaluation Matrix Average Evaluation Team Scoring			
Evaluation Criteria	Weighting	Evaluation Team	
		A. Restaino	K. Conti
General	20	18	19
Administrative/ Management	25	22	23
Technical	25	24	23
Financial/Performance Security	15	12	14
Cost	15	13	15
<b>Total</b>	<b>100</b>	<b>89</b>	<b>94</b>