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AWARD OF COLLECTION SERVICES CONTRACT

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, December 5, 2006, from the Commissioner of Corporate Services:

1. RECOMMENDATIONS

It is recommended that:

1. Contracts for the provision of collection services be awarded to both Canadian Bonded Credits Limited and Nor-Don Collection Network Incorporated Limited for a period of one year with an option to renew for two additional twelve month periods, based on performance.

2. The Commissioner of Corporate Services be authorized to issue a purchase order to both Canadian Bonded Credits Limited and Nor-Don Collection Network Incorporated Limited for the provision of collection services.

3. The Commissioner of Corporate Services be delegated authority to determine whether future options should be taken, based on performance.

2. PURPOSE

The purpose of this report is to inform the Finance and Administration Committee and Regional Council of the results of the Request for Proposal for the provision of collection services and to recommend the preferred service providers.

Section 7.12 of the Purchasing By-Law (A-0353-2004-089) requires that Regional Council approval is required where a contract is valued at more than $500,000.

3. BACKGROUND

For several years, the Region has been using collection agencies as authorized under By-law No. A-0184(a)-2003-064, to assist in the collection of delinquent accounts.

In July 1999, the responsibility for the collection of fines under the *Provincial Offences Act* was devolved from the Province of Ontario to the Region. This transfer of responsibility brought with it a very high volume of unpaid fines. To assist in the collection of these fines, the Region issued a Request for Proposal and as a result awarded the collection contract to The Collection House (TCH) in March 2001 and subsequently to TCH, again through a separate RFP in March 2004. The agreement with TCH expired in 2006.

4. ANALYSIS AND OPTIONS

4.1 RFP Process

A Request for Proposal was prepared and released by the Supplies & Services Branch and eleven companies' submitted proposals:

Alliance One Limited (formerly TCH)
ARO Incorporated
Canadian Bonded Credits Limited
Collect Canada Limited
Collect Com Credit Incorporated
NCO Financial Services Incorporated
Nor-Don Collection Network Incorporated Limited
NuComm Credit Services Incorporated
Partners in Credit Incorporated
ReoverCorp Incorporated
The ARC Group.

4.2 Evaluation Process

Representatives from the Corporate Services Department, Financial Services Branch, Community Services and Housing Department, and the Supplies and Services Branch, evaluated the proposals in a three stage process according to the following criteria:

- Qualifications
- Relevant experience on similar projects
- References
- Responsiveness and completeness of the submission
- Demonstrated understanding of Regional requirements
- Service provided within York Region
- Approach/Methodology/Timeline Guarantee of Services
- Innovation of solution offered (value added)
- Ability to provide services specified and meet timelines
- Costs

The evaluation was conducted in a two stage process. The initial stage was an evaluation conducted individually by the members of the evaluation team. The team then met as a whole to perform the second stage evaluation in order to arrive at a consensus. The point system used in the evaluation was weighted based on the importance of each criterion. In rating cost, the lowest proposed fee was awarded the highest score and the other proponent's fees were awarded points on a percentage basis. The technical and cost scores were then added together to arrive at the results in Table 1.

4.3 Evaluation Results

Table 1
Evaluation Results

Proponent	Overall Score	Technical Score	Commission Fee
Canadian Bonded Credits Limited	86.9	62.0	15.90%
Nor-Don Collections Network Inc.	84.8	59.8	15.85%
ARO Incorporated	80.8	56.8	16.50%
NCO Financial Services Inc.	78.0	54.5	16.85%
AllianceOne Limited	76.3	53.0	17.00%
NuComm Credit Services Inc.	72.7	48.5	16.40%
Partners In Credit Inc.	68.8	45.5	17.00%

The evaluation committee recommends that Canadian Bonded Credits Limited and Nor-Don Collection Network Incorporated Limited are the preferred proponents. The committee's recommendation is based on the proponent's ability to perform the contract as outlined in the Request for Proposal document, P-06-79, and their understanding of our requirements.

The contract for Collection Services is to be offered for a period of one year with an option to renew for two additional twelve month performance based periods with the mutual consent of the Region and Canadian Bonded Credits Limited and Nor-Don Collection Network Incorporated Limited.

5. FINANCIAL IMPLICATIONS

The Region has been using the services of TCH/Alliance One since 2001 and their experience in collecting POA fines has been beneficial to the Region. Over the past five years TCH/Alliance One has collected approximately $6.8 million dollars in POA fines, as well as approximately $100,000 in general accounts, resulting in commissions paid of approximately $1.1 million.

However, by awarding the collection services contract to two proponents the Region hopes to encourage a more competitive environment for collections while maximizing total outstanding dollars collected.

The fee for collection services for Canadian Bonded Credits Limited and Nor-Don Collection Network Incorporated Limited are 15.90% and 15.85% of the amount collected respectively. Depending on their success in collecting the outstanding debts, it is projected that a total of approximately $900,000 would be paid to the vendors during the next three years.

6. LOCAL MUNICIPAL IMPACT

The area municipalities will benefit from the increased revenue generated through the collection effort. The revenue sharing agreement with the municipalities is currently under review.

7. CONCLUSION

This report recommends both Canadian Bonded Credits Limited and Nor-Don Collection Network Incorporated Limited as the Region's providers of collection services for a period of one year with an option to renew for two additional twelve month performance based periods with the mutual consent of the Region and Canadian Bonded Credits Limited and Nor-Don Collection Network Incorporated Limited.

Collection agencies are used by the Region primarily for the purposes of collecting the high volume of fines and other costs associated with the Provincial Offences Courts. However, collection agencies have also been used to recover a small number of other debts to the Region in the past and it is expected that this will continue to apply in a limited number of situations in the future.

The Senior Management Group has reviewed this report.