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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, March 30, 2004, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. A contract for the provision of collection services be awarded to TCH International Inc. for two years with an option for a third year.
2. The Commissioner of Finance be authorized to issue a purchase order to TCH International Inc. for the provision of collection services.
3. The Commissioner of Finance be delegated authority to extend option for 3rd year based on satisfactory 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 provider.

3. BACKGROUND

For several years, the Region has used a collection agency 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 some of which were several years old. 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. The agreement with TCH expired in 2003.

A Request for Proposal was prepared and released by the Supplies & Services Branch and six (6) companies submitted proposals:

- Allied International Credit Corporation
- A.R.C. Accounts Recovery Corporation
- Canadian Bonded Credit Limited
- Collectcorp

- NCO Financial Service, Inc.
- TCH International Inc.

4. ANALYSIS AND OPTIONS

4.1 Evaluation Process

Representatives from the Corporate Services Department, Financial Services Branch, Community Services and Housing Department, and 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 three 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. The final stage consisted of presentations / interviews with the top four proponents. Technical ratings were based on the results of the team evaluation and interviews. In rating cost, the lowest proposed fee was awarded the highest score and the other proponents' 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.

Table 1
Evaluation Results

Proponent	Technical Rating	Technical Rating / Cost
TCH International Inc.	64.5	83.2
Canadian Bonded Credit Limited	57.5	77.5
NCO Financial Services, Inc.	53.0	72.9
A.R.C. Accounts Recovery Corporation	44.0	64.0

The evaluation committee recommends that TCH International Inc. is the preferred proponent. Although TCH did not offer the lowest fee, the committee's recommendation is based on the proponent's ability to perform the contract as outlined in the Request for

Proposal document, P-03-21, and its experience in providing collection services to the Region and its understanding of our requirements.

The contract for Collection Services is offered for a period of two (2) years with an option to renew for one (1) additional year, with the mutual consent of the Region and TCH International Inc.

5. FINANCIAL IMPLICATIONS

The Region has used the services of TCH since 2001 and their experience in collecting POA fines has been beneficial to the Region. Over the past three years TCH has collected \$4 million dollars in POA fines, as well as approximately \$75,000 in general accounts, resulting in commissions paid of approximately \$640,000.

There are an estimated 70,000 accounts which are outstanding for over 12 months, for a total estimated amount of \$12,000,000. Individual amounts generally range between \$20 and \$2,000, although it is possible that larger amounts may be assigned. A substantial portion of the outstanding accounts is under \$100. The fee for collection services is 17% of the amount collected.

6. LOCAL MUNICIPAL IMPACT

The area municipalities benefit from the increased revenue generated through the collection effort.

The revenue sharing agreement with the municipalities is currently under review.

7. CONCLUSION

The report recommends TCH International Inc. as the Region's provider of collection services for two years plus an option for a third year with the mutual consent of the Region and TCH International Inc.

The Senior Management Group has reviewed this report.