

Clause No. 22 in Report No. 6 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting on November 21, 2013.

**22**  
**OUTSTANDING FINE COLLECTION SERVICES**  
**REQUEST FOR PROPOSAL P-13-47**

**Committee of the Whole recommends adoption of the following recommendations contained in the report dated October 30, 2013 from the Commissioner of Corporate Services:**

**1. RECOMMENDATIONS**

It is recommended that:

1. Council approve the award of contracts to ARO Inc. and Collectcents Inc. for the provision of fine collection services on the following terms:
  - a) the term of each agreement be for two (2) years, commencing on January 1, 2014 with the option to renew for three additional 12-month periods contingent on satisfactory performance.
  - b) the Region pay ARO Inc. and Collectcents Inc. a commission fee of 23% and 24.5% respectively for each dollar collected, excluding HST;
2. The Commissioner of Corporate Services be authorized to execute the agreements with ARO Inc. and Collectcents Inc. on behalf of the Region, and to exercise the option to extend either or both of the agreements for three additional 12-month periods on the same terms provided that the contractors have performed the services to the satisfaction of the Commissioner.

**2. PURPOSE**

This report seeks Council authorization to retain the services of ARO Inc. and Collectcents Inc. for the collection of defaulted *Provincial Offences Act* (POA) fines that have been outstanding for longer than one year and that may have been listed previously with a “first placement” collection agency.

The new contract will provide collection services, known as “second placement” services which involve more intensive searches for defaulters who have proved difficult to locate and may be particularly unwilling to meet their obligations.

The Region’s Purchasing Bylaw requires Council authorization to award Request for Proposals (RFP) where a contract is valued at more than \$500,000.

### **3. BACKGROUND**

#### **Collection agencies are used to assist with the collection of outstanding fines under the *Provincial Offences Act***

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. Collection agencies have been used on an ongoing basis to assist with the collection of delinquent accounts. Currently the Region has two First Placement collection agencies and one Second Placement collection agency under contract.

#### **The Region manages the collection of Provincial Offences defaulted fines in accordance with an established Regional policy**

Council previously approved the Collection Policy for Provincial Offences Act (POA) Defaulted Fines on November 20, 2008 through the adoption of Clause No. 7 of Report No. 9 of the Finance and Administration Committee. The Collection Policy outlines the procedures related to the listing of defaulted fines with a collection agency as a first assignment and that the fine may be listed with another collection agency as a second placement. It also establishes the practice of adding a collection agency recovery fee to the defaulted POA fine.

#### **A strategy was developed to maximize default collection efforts and potentially increase collection revenues**

In order to maximize default collection efforts, a strategy has been developed to place fines that have been outstanding for more than one year and that may have previously been listed with a first placement agency with a second placement agency. This process will assist in ensuring that the Ministry of Attorney General Provincial guidelines are recognized and adhered to and that all collection efforts are exhausted accordingly.

#### **4. ANALYSIS AND OPTIONS**

##### **Eight collection agencies submitted proposals in response to the Request for Proposal**

Request for Proposal P-13-47 was prepared by the Corporate Services Department in conjunction with the Supplies and Services Branch and released in accordance with corporate policies and procedures.

The following proponents submitted proposals:

- A1 Credit Inc.
- Action Credit
- Allied International Credit
- ARO Inc.
- Collectcents Inc.
- Excel Collection Inc.
- Gatestone Inc.
- Groupe Solution Inc.

##### **Proposals were evaluated using a two-envelope system**

The Request for Proposal detailed the scope of work required and proposals were evaluated by representatives from the Corporate Services, Financial Services, Community and Health Services Departments, and Supplies and Services Branch in accordance with the following criteria:

- Qualifications
- Relevant experience and familiarity 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

Any agency currently under contract for collection services within the Region was not considered for this RFP. No other restrictions were imposed on potential bidders. Proponents were required to achieve a minimum technical score of 48 points out of a possible 80 points in order to qualify their financial proposal. Five of the 8 Proponents met the minimum technical score.

**The evaluation summary revealed ARO Inc. and Collectcents Inc. as the two successful proponents**

Supplies and Services Branch reviewed the evaluation summary and issued their internal report confirming ARO Inc. and Collectcents Inc. as the successful overall proponents for the Second Placement Collection Services outlined under Request for Proposal P-13-47. Table 1 below provides the complete evaluation results.

**Table 1  
Evaluation Results**

<b>Name of Company</b>	<b>Technical Score</b>	<b>Financial Score</b>	<b>Weighted Score</b>	<b>Total Price 2-year Contract Exclusive of HST</b>
ARO Inc.	64.8	20.0	84.8	\$ 334,236.22
Collectcents Inc.	60.0	18.8	78.8	\$ 356,034.24
Action Credit	55.0	18.7	73.7	\$ 357,487.44
A1 Credit Inc.	54.8	17.4	72.1	\$ 385,098.26
Allied Inter. Credit	54.5	11.3	65.8	\$ 593,641.98
Gatestone Inc.*	41.8	n/a	n/a	n/a
Groupe Solution Inc.*	41.1	n/a	n/a	n/a
Excel Collection Inc.*	32.5	n/a	n/a	n/a

\* Did not achieve a minimum technical score of 48 points out of a possible 80 points in order to qualify their financial proposal.

The approximate total of defaulted fines to be divided between the collection agencies is 29 million dollars (approximately 52,897 accounts). Based on previous experiences, a 5% rate of recovery is expected of the initial listings with other defaulted fines to be listed throughout the contract term. An annual contract cost for each agency was calculated using the above information and applying its proposed collection rate. The result was used to determine the total 2-year contract price outlined in Table 1 above.

The collection agency rates for ARO Inc. and Collectcents Inc. are 23% and 24.5% respectively.

Corporate Services' staff recommends that the contracts for second placement collection services be offered for a period of two years with an option to renew each contract for three additional 12-month performance-based periods with the mutual consent of the Region and ARO Inc. and Collectcents Inc.

## **5. FINANCIAL IMPLICATIONS**

### **Collection agency costs are added to outstanding fine balances**

The fees for second placement collection services are added to outstanding fine balances and paid directly by the defaulter in accordance with the *Provincial Offence Act* (s.165 (9)) and the Region's Collection Policy for POA Defaulted Fines. Consequently there is no net cost to the Region.

Awarding the second placement collection services contract to two proponents is intended to encourage a more competitive environment for collections and maximize total dollars recovered. The performance of each contractor will be compared and evaluated on a monthly basis. It will also assist the Region in meeting the Ministry of the Attorney General's operating guidelines and directives.

## **6. LOCAL MUNICIPAL IMPACT**

The award of second placement collection services ensures that the Region exhausts all efforts to recover outstanding fines and that the Ministry of the Attorney General Provincial guidelines are recognized and adhered to.

## **7. CONCLUSION**

The report recommends both ARO Inc. and Collectcents Inc. as the Region's providers of second placement collection services for a period of two years with an option to renew each contract for three additional 12-month performance-based periods with the mutual consent of the Region and ARO Inc. and Collectcents Inc. The second placement collection services strategy will maximize recovery efforts of defaulted fines.

For more information on this report, please contact Norman Scarratt, Director of Court Services, Ext. 3250.

The Senior Management Group has reviewed this report.