

Memorandum

JBM-C 8-2024

Subject: Collection Agency RFP Update

Date: October 17, 2024

To: Joint Board of Management

From: Miranda Vink - Associate Director, Court Services

Court Services collections staff leverage various tools to collect delinquent Provincial Offences Act (POA) fines including demand notices, suspension of driver's licences, plate denials, add to tax roll and various methods of civil enforcement including garnishments and Writs of Seizure and Sale. In addition to internal efforts, Niagara Region has engaged third party collection agencies to assist with the collection of delinquent POA fines since 2004.

The last Request for Proposal (RFP) was posted in 2019 for third party collection agencies services and provided for a maximum term of five years, expiring on October 31, 2024. Recognizing the benefit of a joint RFP process, staff canvassed all municipalities with POA collections operations in Ontario to determine interest in participating in this process. As a result, on July 19, 2024, staff issued an open competitive RFP on behalf of the Region and 15 additional participating POA municipalities (listed in **Appendix 1**) to solicit proposals from collection agencies for the collection of delinquent POA fines and other municipal debts. The RFP provided a submission deadline of August 15, 2024.

An evaluation team was formed and a review was undertaken of the submissions to determine which agencies achieved evaluation scores high enough to pass the technical threshold, followed by an evaluation of the collections commission rates to determine final recommendations for award. The evaluation team consisted of 7 representatives: two from Niagara Region and one individual from each of the following partner municipalities:

- Town of Caledon/Dufferin
- City of Peterborough
- County of Perth
- City of Kawartha Lakes
- City of Guelph

After completion of full evaluation, the following top 4 firms (“Successful Proponents”) were awarded contracts:

- Credit Bureau Services Canada (a division of St. Catharines Credit Corporation Limited)
- CBV Collection Services Ltd.
- A-1 Credit Recovery & Collection Services Inc.
- Commercial Credit Adjusters Ltd.

Commission rates range between 9% and 14.05% for first placement, 15% to 25% for second placement, and 25% to 38.94% for third placement. These collections costs are not borne by the Region but are instead flowed through to defendants as a part of their delinquent fine payments.

The initial transfer of files to Successful Proponents will consist of accounts which are categorized as either first, second, or third placement. Placement assignments are based on the rank of RFP score; i.e. the agency that scored highest is awarded first placement cases, the agency scoring second is awarded second placement, etc. Niagara Region has absolute discretion in assigning new business and considers the Successful Proponent’s previous performance and recovery rates in doing so. Of the estimated 67,083 delinquent Niagara Region cases (as of May 31, 2024), the breakdown of the initial bulk assignments to be submitted is approximately as follows:

- 1st placement cases
 - 13665 cases between 90 days <2 years past due;
 - Valued at \$8.8 million
- 2nd placement cases
 - 15459 cases between 2 years <6 years past due;
 - Valued at \$12.1 million
- 3rd Placement cases
 - 37959 cases 6 years or more past due;
 - Valued at \$27 million

The new contracts will run from November 1, 2024, for a period of 3 years with an option to renew for up to two 1-year terms. Staff will monitor the effectiveness of the agencies through formal performance reviews and will continue to provide updates regarding delinquent revenue recovery as part of the regular financial reporting to JBM.

Respectfully submitted and signed by

Miranda Vink
Associate Director, Court Services