PRE-PROPOSAL CONFERENCE

REQUEST FOR PROPOSALS
DHR STATE DISBURSEMENT UNIT SERVICES
CSEA/SDU 14-001-S

*   *   *   *   *

Tuesday, July 16, 2013
1:30 p.m.

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Held at:
State of Maryland
Department of Human Resources
311 West Saratoga Street, Room 104
Baltimore, Maryland

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IN ATTENDANCE

MARYLAND DEPARTMENT OF HUMAN RESOURCES:
JOHN P. HAYNES, Procurement Officer
JOE DiPRIMIO
DONNA FOSTER
RODNEY SPENCE
ADOLPHE ANDOU
TANYA WILLIAMS
CYNTHIA SHOCKEY
VASHTI GREEN
JACKI JORDAN
GINA HIGGINBOTHAM
ARETHA ECTOR
ELSA SINGLETON
KATIE KAMIENIECK
SCOTT MOORE
DEBORAH P. AUSTIN

SMI SYSTEMS & METHODS, INC.:
ANDY JOHNSON
CINDY MOSS
JOE STONE
ROBERT RIDDLE

XEROX STATE & LOCAL SOLUTIONS, INC.:
STACY A. STRATTON
CRYSTAL GEBHART
SCOTT CADE

STATE OF MARYLAND TREASURER'S OFFICE:
MARY CHRISTINE JACKMAN

INFORMATIX, INC.:
DANIEL KING

IN ATTENDANCE (cont'd.)

PREFERRED TECHNOLOGY SOLUTIONS:
KHIN M. CONTRINO

BANK OF AMERICA MERRILL LYNCH:
EDMUND A. BIANCHI

MASTERCARD WORLDWIDE:
ETHAN CARR

QUAL-I-TAX DELFOE TRAMMELL, ITDEL SOLUTIONS, LLC:
VALERIE BENNETT McLAUGHLIN,

GORHAM ENTERPRISE:
KEVIN GORHAM

A-G-E-N-D-A

PRE-PROPOSAL CONFERENCE

(1:30 p.m.)

Introduction

MR. HAYNES: Good afternoon, everyone. My name is John Haynes, and I'll be the Procurement Officer for this solicitation at this time. On behalf of the Department of Human Resources, I'd like to welcome you to this Pre-Proposal Conference.

Today we will share information concerning the Request for Proposal entitled State Disbursement Unit Services. The Agency Controller Number for this RFP is CSEA/SDU 14-001-S.

If anyone hasn't already done so, I'm going to ask that you please sign in in the back with Ms. Linda Wright. Make sure that you're on our attendance sheet, and make sure you identify yourself on that attendance sheet whether you are a company as a minority-owned business or a small business reserve vendor. And also, if you need a copy of the RFP or any of the agenda, you can obtain a copy of that in the rear as well.

Please note also that we have Ms. Merinda Evans over here doing the recording. She's from Court Reporters, ETCetera, and she'll be transcribing this Pre-Proposal Conference and you'll be able to obtain a copy of that from our website at DHR.

Okay. We'd like to now have opening remarks from Mr. Joe DiPrimio, which is the Executive Director of Child Support Enforcement Administration. Mr. DiPrimio.

Opening Remarks

MR. DiPRIMIO: Good afternoon, everyone. I'm very impressed with the turnout we have today for this significant procurement. Welcome to the great State of Maryland. It's the Free State, although we're not free from excessive heat in the last few days. This is my adopted state. I moved down here in 2000 from Pennsylvania, but this is very important.

I'm a child support professional for many years, and some of you may know me from prior careers. Suffice it to say that we put a lot of work into the preparation of the RFP to give you as much information as you need to do, you know, as thorough a job as you would like to do with respect to your proposals. Hopefully we've communicated what we're looking for.

My team is assembled here, all of our procurement staff, not only from Central Procurement -- you met John, and he'll go into the details of that -- but also from Child Support Enforcement. My Deputy Executive Director of Programs, Gina Higginbotham's, here and her Director of the SDU, Cindy Shockey. So, you know, if you're fortunate enough to win this procurement, you'll be working very closely with both of them and also with me. So I just wanted to say thank you.

I'm not here to answer or entertain any questions, although I know that John will explain to you what the question and answer process will be like, not only today but down the road. So I look forward to a very robust and competitive proposal cycle, and I wish you good luck. Thank you very much and enjoy the rest of your day.

MR. HAYNES: Now we want to proceed with the introduction of some of the representatives from the State, and we can start to my far right here and come this way.

MS. WILLIAMS: Tanya Williams, OTHS, Deputy CIO.

MS. SHOCKEY: Cindy Shockey, Director of the Child Support Enforcement, Maryland State Disbursement Unit.

MR. SPENCE: Rodney Spence, Procurement Officer, DHR.

MS. FOSTER: Donna Foster, Minority Business Enterprise Administrator.

MR. HAYNES: And now we want to proceed with you all introducing yourselves, and if you can just state your name, the company you represent for the record, and if you are an MBE, please identify yourself as such.

Again, my name is John Haynes, and let's start with the introduction of -- let's start here in the front.

MS. GREEN: Vashti Green, Child Support Enforcement, Procurement.

MS. JACKMAN: Mary Christine Jackman, State of Maryland Treasurer's Office.

MR. JOHNSON: Andy Johnson, SMI.

MR. RIDDLE: Robert Riddle, SMI.

MS. MOSS: Cindy Moss, SMI.

MR. STONE: Joe Stone, SMI.

MS. McLAUGHLIN: Valerie McLaughlin, Qual-I-Tax, MBE.

MS. CONTRINO: Khin Contrino, Preferred Technology Solutions, MBE.

MR. CARR: Ethan Carr, MasterCard Worldwide.

MR. CADE: Scott Cade, Xerox.

MS. GEBHART: Crystal Gebhart, Xerox.

MS. STRATTON: Stacy Stratton, Xerox.

MR. KING: Daniel King, Informatix, Inc.

MR. BIANCHI: Ed Bianchi, Bank of America Merrill Lynch.

MR. HAYNES: All right. We're going to continue on. I ask that you hold all your questions for this procurement, this RFP, until after everyone has presented. These people representing the State, they will ask you questions in reference to what they will be presenting, but as far as the main questions that you want to ask, if you could just hold those questions until after everyone presents, I would really appreciate that.

General Information

MR. HAYNES: Okay. Right now we're going to give you some general information about the RFP. This is a RFP that the Child Support Administration intends to acquire contractual services for the purpose of developing, managing and operating the State Disbursement Unit. We will refer to the State Disbursement Unit as the SDU. That's a unit within the Child Support Enforcement Administration. The SDU is a centralized child support payment processing unit that allows for same day business processing of incoming payments and transmission of processed payment information to the statewide Child Support Enforcement Administration. The SDU also performs reconciliation, transaction processing, electronic depository application processing and electronic payment marketing, non-sufficient fund check processing and collection of State-owed debt functions.

Only one award is anticipated for this solicitation. The contract resulting from this RFP will be a five-year-three-month period beginning December 1st, 2013 and ending on February 28, 2019, with one two-year option to be renewed at the sole discretion of the State.

The contract term includes a three-month transition-in and a three-month transition-out period.

I will be the Procurement Officer for this RFP, and I'm the sole point of contact. If you need to find out anything, ask any questions, you can contact me. I'll be the sole point of contact.

All questions and inquiries should be directed to me, the Procurement Officer, in a timely manner. We will try to answer as many questions as possible once we receive your questions and research the response as time allows. All questions and responses will be posted on eMaryland Marketplace and DHR websites and distributed to all vendors who are known to have received the RFP.

The closing date and time for receipt of all proposals is Wednesday, July 31st, at 4:00 p.m. If you don't remember anything, remember the closing date because one minute after 4:00, we can't accept your proposal. There are no exceptions.

I must receive an original, along with six copies of the Technical Proposal and Financial Proposal by this time and date in order for them to be considered. If it arrives after this date and time, it will not be accepted.

Complete the Bid/Proposal Affidavit, Attachment B, and submit with the Technical Proposal. Please be sure that the Resident Agent that you indicate on this form is the same Resident Agent that is on file with the State Department of Assessments and Taxation.

All corporations doing business in Maryland are required to be registered with the State Department of Assessments and Taxation, the Comptroller's Office, as well as the Department of Labor, Licensing and Registration. It is strongly recommended that you be registered by the due date for receipt of proposals. Failure to do so may result in an otherwise successful proposal being unacceptable. Also make certain that all tax and other State obligations have been met.

You must also be registered on eMaryland Marketplace in order to receive a contract award. Registration is active for one year and must be active at the time of contract award. It should be renewed every year.

The MBE subcontract participation goal that has been established for this procurement is 25 percent of the total dollar amount. Ms. Donna Foster, which is the DHR's MBE Administrator, will present the MBE requirements at this time.

MBE Participation Goal

MS. FOSTER: Why, thank you, John. Good afternoon again.

I will be covering Sections 2.30 to 2.34 in the RFP. 2.30 is where we encourage Minority Business Enterprise to submit a response to this solicitation. I also encourage you to network after the Pre-Proposal Conference in this room for as long as the room is available.

2.31, Minority Business Enterprise Participation. An Offeror shall structure its procedures for the performance of the work required in this contract to attempt to achieve the MBE goal stated in this RFP.

Once again it's stated in Section 2.32 that the MBE goal for this contract is a 25 percent overall goal of the total contract dollar amount.

Section 2.33(B) deals with Offeror's responsibility. The Offeror agrees to exercise all good faith efforts to carry out the requirements set forth in this solicitation. It also identifies steps you need to take to accomplish this, such as identify specific work categories within the scope of the procurement appropriate for subcontracting, soliciting minority businesses, attempt to make personal contact with MBEs and to assist MBEs to seek waiver of any bonding requirements if they are applicable.

Section 2.33(C), these deal with documents that are to be submitted with your proposal. The first is the MBE Utilization and Fair Solicitation Affidavit. This is a two-part document.

In the first part of the document, you will list the MBEs that you will use to meet the MBE goal. Make sure that you complete this form and that it is accurate. It's going to ask you for information regarding the MBEs that you plan to use to meet the goal and the percent of the goal that they will be used for to meet the goal. There are no dollar amounts on this form, only percentages.

In the second part of the form -- well, actually the first part of the form, in fact. The other part of the form deals with whether you will meet the goal or you intend to request a waiver. You may request a waiver in whole or in part. You must make a decision. You must choose one or the other; you can't do both.

Again, you must decide whether you're going to meet the goal in its entirety or it is your intent to request a waiver after making a good faith effort to get MBEs to meet the goal that you intend to request a waiver in whole or in part.

Be mindful of the information that's bolded here. If an Offeror fails to submit Attachment F with the offer as required, the Procurement Officer shall determine that the offer is not reasonably susceptible of being selected for award.

Once you are notified as an apparent awardee, there are additional MBE documents that must be submitted -- Outreach Efforts Compliance Statement, Subcontractor Project Participation Certification -- and at that time, if you have indicated that you intend to submit a waiver, your waiver documentation will be submitted at that time.

If the apparent awardee fails to return Attachment G and Attachment H within the required time, the Procurement Officer may determine that the apparent awardee is not responsible and therefore not eligible for contract award. If the contract has already been awarded, the award is voidable.

Again, please pay attention to this information that is highlighted in your RFP.

Section 2.33(D) refers to a waiver. If for any reason an Offeror is unable to achieve the contract goal for certified MBE participation, an Offeror may request in writing a waiver, to include the following information. Please pay close attention to the required information as part of your waiver documentation.

Also note that if you submit a waiver and it is denied, your proposal is rejected. Okay?

Section 2.33(D)(5) deals with amendment for unforeseen circumstances. If for any reason you need to change your MBE participation, you are to notify the Procurement Officer immediately, within 72 hours of you becoming aware that it needs to be changed. Within five business days after that, you must submit a revised MBE participation schedule. Okay?

Then Section 2.34 deals with late payments of subcontractors. This information is very important for you to pay attention to, and it simply says, in summary, that if the subcontractor does satisfactory work, they should be paid on time. If there are no undisputed amounts that are to be owed to the subcontractor for satisfactory work and you do not pay the subcontractor in a timely manner, there are sanctions that can be imposed for that. Okay? So just make sure you pay close attention to this section regarding payment of subcontractors.

Any questions?

(No response.)

MS. FOSTER: Then I thank you for your attention.

MR. HAYNES: Okay. Now we're going to have a presentation of the living wage by Mr. Rodney Spence of the Procurement Department.

Living Wage Requirements

MR. SPENCE: Hello, everyone. The Living Wage Law requires certain contractors and subcontractors to pay minimum wage rates to employees working under certain State services contracts. A solicitation for services under a State contract valued at $100,000 or more may be subject to Title 18, State Finance and Procurement Article, Annotated Code of Maryland.

Effective September 29th, 2012, contractors and subcontractors subject to the Living Wage Law shall pay each covered employee at least $12.91 per hour if State contract services valued at 50 percent or more of the total value of the contract are performed in the Tier 1 Area. If State contract services valued at 50 percent or more of the total contract value are performed in the Tier 2 Area, an Offeror shall pay each covered employee at least $9.70 per hour.

The Living Wage rates are subject to annual adjustment by DLLR; however, the contractor's prices under the contract may not change because of any Living Wage adjustments. Offerors must factor this into their pricing proposal submissions.

The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George's, Howard, Anne Arundel and Baltimore Counties -- excuse me, Baltimore County and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area.

If a business has operations in areas with two different wage tiers, the rate you pay is determined by the area where 50 percent or more of the total contract value is performed. If the employees who perform the services are not located in either Tier 1 or Tier 2, the Living Wage rate will be based upon where the majority of the recipients of the services are located. This is a Tier 1 contract.

Additional information about the State's Living Wage requirement is contained in Attachment M. That's entitled Living Wage Requirements for Service Contracts and Affidavit of Agreement. The Affidavit of Agreement must be completed and submitted with an original copy of the Technical Proposal. Failure to complete and submit the Living Wage Affidavit of Agreement will result in the determination that the offer is not responsible.

Additional Living Wage information may be found by going to the Maryland State Department of Labor, Licensing and Regulations, DLLR, website. That's http://www.dllr.maryland.gov.

Also, you have a green sheet entitled Frequently Asked Questions about the Living Wage Law, and if you have more questions, you can email them to Mr. John. Thank you.

MR. HAYNES: All right. I'm going to have this next presentation concerning the hiring agreement by Mr. Adolphe Andou.

Hiring Agreement

MR. ANDOU: Well, I definitely want to say thank you to the wonderful ladies up front because I wasn't expecting that. Just passing it back.

I'm the Program Administrator for hiring agreements. Full name is Adolphe Andou, but please feel free to call me AJ. It's a lot easier to remember and less likely to get butchered.

Hiring agreements. Hiring agreements is an agreement entered by the Department of Human Resources, which we're going to refer to as

DHR, and a Local Department of Social Services, which is LDSS, and a contractor, such as yourselves, doing business with the State under which DHR and the Local Department and the contractor agree to work cooperatively in an effort to identify and hire current and former Family Investment Program recipients, the children, foster youth and obligors or just child support individuals who's paying child support, and pretty much it's just to fill job openings of the contractor as a result of the procurement contract.

So pretty much what it's stating is that whoever is the potential recipient of this contract will also enter a contract of this date, just stating that you agree to interview and hire qualified individuals that we refer to your program.

Also, the next page talks about the references of the law of the State of Maryland that acts for this requirement. Your role as a contractor is simply to notify the Department of all job openings that exist as a result of the procurement contract, declare DHR as the first source of job openings, and you give preference to DHR and the Local Department candidates.

Allow DHR three working days to refer candidates for the position, so all it means is that prior to -- if you have a position that's open as a result of this contract, prior to soliciting it to the general public, you will simply allow us three working days to see if we can find qualified candidates from this population, and that's a way of trying to help people get off welfare since the State is, you know, giving out so many contracts to contractors, and one way, if we find qualified individuals that can perform the duties -- and, of course, you guys will do the interview and see if they are qualified -- then we will go from there, hoping that, you know, we get as many people off welfare as possible.

Provide the Department with feedback on hiring decision of candidates and comply with the hiring agreement throughout the life of the contract.

What are the benefits? I'm sure many of you are wondering the benefits for you. Well, number one, you're helping Maryland increase employment and have a more independent State, and definitely another benefit is the fact that there are very good tax incentive for that, which is listed for you in the last page on the right-hand side of the booklet that I just sent out to you. By the way, on the left-hand side, behind the solicitation clause, you will find the actual agreement, a copy of it, so you can review it. Take a look at it. It's pretty self-explanatory.

On the right-hand side, you will find -- pretty much once you sign the agreement, it comes to my office and I will sign it. These are the information that I will forward to you so you'll know exactly the paperwork that you'll be receiving.

Any questions?

(No response.)

MR. ANDOU: That's it.

MR. HAYNES: Now we're going to have a presentation concerning the specifications from Ms. Cindy Shockey and Ms. Tanya Williams.

Specifications

MS. SHOCKEY: Hi, everybody. I'm loud enough where I don't need to go over to the mic. If anybody's having trouble hearing me, let me know.

This is Tanya Williams. Again, I'm Cindy Shockey. What we're going to do is I'm going to handle the program part of the specifications, and Tanya's going to cover the IT after I get done going through the specifications.

And I'm going to, in some cases, just go over some highlights. In other cases, I might go a little more in-depth through the specifications.

So why don't we start with 3.1, which is our background, and just to let you know that most support payments submitted by NCPs, employers in other states, are sent to the SDU for payment processing. A very small percentage of payments received by the Local Department of Social Services are forwarded to the SDU for processing.

Using Maryland's EFT/EDI process, payments resulting from federal offset and State intercept programs are electronically transmitted directly into CSES, which is our operating system.

We disburse payments by paper check, direct deposit and our EPiC card, which is a new process that we put in place back in February, which we're all very excited about, and it's doing very well.

The objective, which is 3.2, is the purpose of this contract is to effectively process incoming identifiable child support payments within one business day of receipt in order to comply with federal and State payment processing regulations and to increase the electronic submission of child support payments.

3.3 is State Supplied Services, and just a few highlights from that. That involves things like getting log-ons for staff to be able to use our CSES, as well as our local transaction request system, as well as our banking system. We'll send a validation file for testing. We'll be giving out the keys to our P.O. Boxes, and we'll have training, as well as working directly with our accounting and banking services unit to have access to the State's CDA account.

3.4 is the Offeror Requirement. Offerors shall possess a minimum of five years' previous experience working with local, State and/or federal agencies implementing and operating a State Disbursement Unit or other payment processing center for a federal, State, or local government entity.

The Scope of the Project is 3.5. The Offeror shall respond to this RFP with clearly defined approaches and methodologies to be used to carry out the scope of services contained in this section.

3.5.1 is our SDU functions. The SDU contractor shall develop, manage and operate a centralized child support payment processing system at its primary facility that will allow for same business day processing of incoming payments and transmission of processed payment information to CSES. Additionally, the Contractor shall perform bank reconciliation, transaction processing, electronic depository application processing, electronic payment marketing, non-sufficient fund check processing and collection of State-owed debt functions.

Customer Service, which is 3.5.2, the Contractor shall respond to calls received directly from the Department's Call Center, Local

Office of Child Support -- I mean Local Office of Social Services, then the child support local office customers, within 48 hours of receipt.

And then we come to the main section of this RFP for Section 3, which is Payment Processing Functions, which start with 3.5.3, and that involves payment processing, including converting all payments received, including paper and electronic payments, into a single electronic file for transmission to CSES and depositing into the State designated bank. That includes imaging all payment instruments and electronically sending them to the State's designated bank each business day.

We also have mail processing, opening, sorting and batching; EFT/EDI processing; processing of refunds from other states; processing the deposit of payments to the State bank account each day; the unidentifiable payment process -- and those are payments that cannot be matched to a customer or to a case within CSES.

We expect the contractor to have a clear approach to processing these using our CSES system.

Electronically transmitting payment data to CSES no later than 5:00 p.m. each day. We also have bank reconciliation, which is our account management area. And then transaction processing, which the contractor shall respond to the RFP with specific strategies for processing all return checks, transaction exceptions, forgery reimbursements, uncashed check notices and State and LTR adjustments, which include receipt adjustments, stop payments, stale dated, releasing payment disbursements holds, funds in escrow and voids.

And the Contractor shall not place a hold on any payments while awaiting clearance of any check. In addition to the above, the contractor shall also identify, track and recoup misapplied funds. If a contractor makes a mistake which causes a misapplied fund, that shall not be kept within the CSES system. That will have to be a separate system.

Non-sufficient fund payments, the contractor's liable for all charge back fees and the amount of the checks returned by the CDA or any other financial institution.

Recoupment of misapplied payments is when a misapplied payment occurs when centrally or locally processed payments are disbursed by the State due to Treasury Offset Program adjustments, State tax refunds, injured spouse claims or misapplied payments. We have a process for that, which is detailed in the RFP.

We have retention of source documents, which is retaining the electronic scanned image of financial instruments and related source documents on the contractor's payment processing with appropriate back-up. Also ensuring that electronic images and data storage solutions adhere to IRS Publication 1075 guidelines for encryption.

And next is Web-Based and Touch-Tone

Telephone Payments. Implement and maintain a secure website, as well as a toll-free touch-tone telephone system that permits payers to access their account and make child support payments. Offer child support obligors the option of paying their child support obligation via a major credit card or debit card.

The contractor shall design, develop and distribute marketing and advertising materials and enrollment of interested obligors on an ongoing basis.

And the contractor must provide a schedule of any or all fees the obligor will be responsible for when utilizing this method of payment. The contractor shall make every effort to minimize fees associated with credit card transactions.

Take a breath. We also have, under 3.5.4, Child Support Electronic System Case Reconciliation. That's where the contractor shall establish case reconciliation procedures to ensure the case information on the EDI file, which is incoming and transmitted by the payor, matches the contractor's payment processing database.

EFT Outreach, 3.5.5. This is done in order to reduce the need for manual processing of payments. The Contractor shall enroll and conduct outreach to customers advising them on the benefits of the EFT program.

3.5.6 is Direct Deposit Enrollment, and that's processing all direct deposit enrollments utilizing document imaging and obtaining missing information to complete the application enrollment process.

3.5.8 is Organizational Structure and Staffing. That's Establish and maintain an organizational structure that provides for administration, management and supervision of all functions for which it's responsible under this contract. Identify key personnel that are full time and on site to the SDU contract. At a minimum, the key personnel in this proposal are a Project Operation Manager, a Systems IT Manager, a Finance Manager and a Quality Control Manager.

3.5.9 is Problem Escalation Procedures, and that's just to maintain a problem escalation procedure for both routine and emergency situations, and you can look at the RFP. There are some very definite steps in how that can be done.

3.5.10 is 3.5.10SDU Contractor Training Plan/Program. That's to develop and implement a training plan/program to include training for the contractor's employee on CSEAs and the contractor's systems and internal operations and procedures.

3.5.11 is Develop and Implement Operational Procedures. The Contractor shall respond to this RFP with its proposed comprehensive internal operating procedures that demonstrate how the contractor will process each function within this RFP and the contractor's proposed solution.

3.5.12 is the Primary SDU Contractor Facility. Provide a single facility located in Maryland that meets standards established under the Americans with Disabilities Act and IRS Special Publication 1075 for Physical Security Minimum Protection Standards.

For CSEA personnel that will be housed there, which there will be six, there's also requirements for their needs at that location.

Business continuity and disaster recovery is business continuity is the effort within DHR to ensure that primary mission-essential functions continue to be performed during a wide range of emergencies, including, but not limited to, localized acts of nature, accidents and technological or attack-related emergencies.

Disaster recovery is the process of regaining access to the critical DHR data, hardware and software necessary to resume key business operations following a wide range of emergencies, again including localized acts of nature, accidents, and technological or attack-related emergencies. DHR's reliance on mission-critical data and applications is the highest priority in terms of protecting and recovering irreplaceable information and systems.

3.5.16 is Project Policies, Guidelines and Methodologies. The Contractor shall be required to comply with all applicable laws, regulations, policies, standards and guidelines affecting this RFP's services, which may be created or changed periodically. Contractor's staff and subcontractors are to follow a consistent methodology for all RFP activities. The Contractor shall adhere to and remain abreast of current, new and revised laws, regulations, policies, standards and guidelines affecting project execution, and we go on to list sites that you can go to to find further information on that.

3.5.17 is Deliverable Submission Guidelines. The Contractor shall submit each draft and final version of a written deliverable to the State Project Manager as one hard copy and one electronic copy.

3.5.18's Quality Assurance and Monitoring. The contractor shall submit to the State Project Manager a quality assurance plan within 45 calendar days of the Notice to Proceed.

Then we go on to sections that include auditing and contract monitoring. We have 3.5.19, which is Independent Audits, the SOC 2 audit. Then we have State and federal audits, contract monitoring itself.

And then at 3.5.22, Contractor Performance Evaluation, and that's there will be an initial evaluation conducted within 180 days, calendar days, after the go live date. You'll be evaluated every six months until the contractor receives an evaluation with no checks in the needs improvement column. After two acceptable evaluations, the contractor will only be evaluated once a year.

Tanya will be covering this more, but under service level agreement and performance standards, I just want to highlight the contractor understands DHR's expectations around levels of system availability and timeliness of service and systems performance, but the two main performance standards are to process 100 percent of identifiable receipts, uploading to CSES and depositing of receipts in the State bank account on the same day as received. The second is at least semi-annually market outreach efforts to 100 percent of those payees not using electronic methods for incoming payments. Those are the two main performance standards.

3.6 is a listing of deliverables and reports, and they go by transition-in, ongoing and transition-out, and they list the frequency and the due date. Transition-in is implement its transition plan to ensure implementation of all payment processing functions within 90 calendar days after the contract start date, and the transition plan shall specifically address in detail the milestones and key deliverable dates that are listed following that introduction.

Transition-out, the Offeror's response to this RFP shall clearly outline the approach to transition-out activities. The Offeror's response shall describe the strategy to successfully accomplish a seamless transition between the contractor's facility and the new contractor's facility.

3.9 is the Post-Award Orientation Conference/Kick-Off Meeting, and that's within five days after Board of Public Works approval, the CSEA State Project Manager, CSEA Procurement Officer, the contractor, the contractor's Project Manager and any other CSEA or contractor staff deemed appropriate shall attend a post-award orientation conference/kick-off meeting. The purpose of the post-award orientation conference is to communicate timelines and known requirements relative to the transition plans, discuss service delivery, invoice processing, monitoring and other contract terms and conditions. The date, time and location of this orientation will be communicated with the successful Offeror after notice of contract award.

3.10 is Task Order Requests. During the term of the Contract, DHR may issue task orders for additional services, not to exceed $500,000 for the entire contractual period. There is no guarantee that the Department will issue task orders during the course of the year or the contract period, and all task order services requested by the State are subject to available funding.

Under that same heading, we have 3.10.1, Work Orders. The State Project Manager will determine on an as-needed basis which contractor assignments will require an approved work order.

And then we have a C underneath that, Commitment of Excellence. The contractor shall provide recommendations for services and/or processes related to the operation of the State Disbursement Unit that will enhance the effectiveness and efficiency of the SDU. Detailed descriptions of the services/processes should be provided and any associated pricing.

And now I'm going to hand it over to Ms. Williams.

MS. WILLIAMS: Okay. I'm going to start on Section 3.5.7. The contractor shall propose a solution that supports the payment processing functions which meets the requirements under this RFP.

Letter B, you're required to submit a full SDLC plan within ten business days after receiving the Notice to Proceed.

Section 3.5.14 goes over the requirements for backups. Your proposal must clearly explain how you plan to address the backup requirements in this section. This includes backup and retention schedules for all systems used to support the SDU, protection and destruction of physical media, monitoring and maintenance of the backup systems and how your solution meets federal IRS guidelines.

Section 3.5.15, Evaluation and Testing. Proposal shall include specific strategies for evaluating and testing technology used in support of the SDU. Coordinate and test evaluation efforts with DHR and third-party vendors, reporting test results, obtaining approval from a DHR Project Manager prior to deployment, including routine changes.

Section 3.5.24, Security-State IT Security and Policy Standards. The contractors are required to follow all DHR, DoIT and IRS guidelines identified in the RFP.

Section 3.5.25, Security-DHR's Additional Requirements. Proposals should include clear approaches to ensure the following specific network security requirements are met: Firewall and IDS, encryption, auditing and logging, monitoring and incident management, patch management and change management. In addition, you should recommend any security measures that exceed the ones mentioned in the RFP to enhance security.

Section 3.5.25, the service level metrics. Responses must identify how the contractor will comply with the following service level metrics: 99 percent system availability, your disaster recovery, your backups and payment processing.

That's it for my sections.

Requirements for Proposal Preparation

MR. HAYNES: Okay. I'm going to proceed on to Section 4, the Requirements for Proposal Preparation. Basically, this section covers the documents that are required in the submission of your proposal.

Your proposal should contain two volumes, a Technical Volume and a Financial Volume, an original, to be so identified, and six copies of both the Technical and the Financial Proposal. Accompanying the Technical Proposal should be a transmittal letter on your company letterhead. It should contain the title of your company, the title of the solicitation, your Federal Tax ID Number or your Social Security Number and all the other items indicated in this section. It should be signed by an individual who's authorized to bind the company to the information contained in the proposal. If you are registered on eMaryland Marketplace, please include your identification number as well. Also acknowledge receipt of any addenda to the RFP that has been issued.

The forms include the originals of each of the following forms in the original volume. Please be sure to insert your legal company name as registered within SDAT. These forms include the Bid/Proposal Affidavit, (Attachment B); Certified MBE Utilization and Fair Solicitation Affidavit (Attachment F); Certification Regarding Lobbying (Attachment L); Living Wage: Affidavit of Agreement (Attachment M); and Investment Activities In Iran (Attachment CC1).

Evaluation Procedures

MR. HAYNES: Now we're going to move on to Section 5, which is the evaluation procedure. This section covers the DHR evaluation procedure. The evaluation committee will be established by DHR to evaluate all responsive and responsible proposals that have been received by the closing deadline.

Criteria for the Technical Proposal will be ranked according to the following major criteria, which are listed in descending order of importance in Section 5.5. Those things include proposed services, qualifications, understanding the problem, key personnel, references and other

State of Maryland contracts, financial responsibility and stability and economic benefit to the State.

During the evaluation process, if necessary, the committee may request clarifications for any information in your proposal. In addition, Offerers who submit a proposal in response to this RFP may be required to make an oral presentation of the proposal to the evaluation committee, maybe on short notice.

The financial evaluation. Financial Proposal should contain all cost information for all services proposed. For those Technical Proposals found to be reasonable susceptible for award, the Financial Proposals will be distributed to the evaluation committee based on their total price proposed and then ranked financially from the lowest to the highest.

Financial Evaluation and Recommendation for Award. Upon the entire evaluation process has been completed, a recommendation for award of the contract to the responsible Offeror whose proposal is determined to be the most advantageous to the State considering technical evaluation factors and price factors as set forth in this RFP, the most advantageous Offeror determination, technical factors will have equal weight with price factors.

Questions

Okay. Now we'll take whatever questions and answers that you may have. The floor is now open to all questions. When asking your questions, please state your name, the name of your company you're representing for the record each time you ask a question.

Any questions? Yes, sir.

MR. CABE: John, Scott Cabe from Xerox. We had previously submitted questions, I think just yesterday in fact. I don't want to go through all those questions. I just want to confirm that you received those?

MR. HAYNES: Yes, sir, I have received those questions.

MR. CABE: Okay. I might just ask one, or a couple, perhaps. Call volume, Section 3.5.2, there's talk about customer service. It specifies the calls referred from the Call Center. Can you provide the overall volume of calls to that customer service function, which would include local districts, et cetera?

MR. HAYNES: That would be a question, sir, that we would have to get further information, go into and research that question, and we'll have to get back to you on that. Or if we have Ms. Shockey or Ms. Williams that might want to address that.

MS. SHOCKEY: We have to research it to get that answer.

Just so I'm clear, you're asking for the overall call volume to the Call Center?

MR. CABE: No. No. What I'm asking for is this -- I'm sorry. The section refers to handling calls from a number of different potential entities, Call Center being but one, but the only number that's provided for volume is the Call Center.

MS. WILLIAMS: It's roughly -- we looked at this. We did answer this one last night from another question. We came up with a rough estimate of about 300 calls a year. We don't get a lot of direct calls into the SDU.

MR. CARR: I've got a side bar question. You were talking about the EPiC Card earlier. That's a new program, right, John? How many cards have you issued out with that program? Ethan Carr, I'm sorry, MasterCard.

MS. WILLIAMS: We're actually at about 49,000 cards.

MR. HAYNES: Can I ask again that you identify yourself and the company that you represent, just for the record.

MR. CARR: And if I can ask a follow-up question to that. How many checks do you still have outstanding for the program, the EPiC Card program?

MS. WILLIAMS: That's not something we would have right now. We'd have to research that.

I can tell you that in 2013, we've processed -- up until June 30th, 569,000 paper payments, so that will give you kind of a rough idea of how many we're processing. But the EPiC system is set up that when a paper check goes out, it actually initiates a file to our bank that sends the card out, so that's decreasing as the checks issue out.

MR. CARR: Percentage-wise, what would you say the percentage is from EPiC Cards to checks. Any idea?

MS. WILLIAMS: About 75 percent right now.

MR. CARR: Checks to EPiC Cards?

MS. WILLIAMS: Yes.

MS. MOSS: So are you giving the --

MR. HAYNES: Your name?

MS. MOSS: Oh, I'm sorry. Cindy Moss with SMI.

So are you giving the recipients an option for the direct deposit and the debit card?

MS. WILLIAMS: That option, direct deposit's always there as an option for them. They can choose, after they get the EPiC Card, to switch to a direct deposit. There's a form that we have that lets them do that, so that's never not an option for them. They can switch over at any time.

MS. MOSS: But basically you're doing away with checks?

MS. WILLIAMS: Yes. There are some exceptions. There are some hardships, by law, that we have to adhere to, but that number is very low. We have less than 150 hardships total for the whole state, so that's a very low number.

MR. CARR: So -- forgive me. So that 75 percent you quote earlier, that's the

number -- that's the percentage for the cards?
MS. WILLIAMS: EPiC Cards that are occurring --
MR. CARR: To the checks.
MS. WILLIAMS: -- to the checks.
MR. CARR: Okay, got you.
MS. GEBHART: Crystal Gebhart, Xerox. Can the State please clarify the expectations surrounding the bank reconciliation and the State CDA? Will the reconciliation be limited to the depository account?
MS. WILLIAMS: Yes.
MR. KING: Daniel King with Informatix, Inc. With all these questions about checks and debit cards, I just want to make sure that that's not in the scope of this project as far as issuing a new debit card?
MS. WILLIAMS: No.
MR. KING: Just the applications that you're talking about?
MS. WILLIAMS: The only thing that's

in the scope of this RFP is the entry of the direct deposit applications that come in. The EPiC Card is handled by a different contractor, and it's an independent process.

MR. KING: Just wanted to make sure I wasn't missing something.

MS. WILLIAMS: No, you're not.

MR. KING: Daniel King, Informatix again. Is there any way you can maybe more delineate the evaluation criteria with a percentage or a weight based on those criteria you have listed there other than just in descending order? Is it 10 percent, 5 percent, 20 percent, 30 percent for each of those criteria?

MR. HAYNES: We don't place any numbers on how we rank the proposals, sir. We just look at the technical part, as well as the financial part, as a whole. We attach no numbers --

MR. KING: So there's no scoring,

grading, per se, in your evaluation process?

MR. HAYNES: Pardon me?

MR. KING: There's no scoring or grading in your process.

MR. HAYNES: No.

MR. KING: Okay. Daniel King, Informatix, Inc. I know the pricing sheet lists a range of transactions for each of the criteria. Is there any way we can get a specific number for each of those criteria over the past year of the actual transactions and the -- I know the transactions aren't, but the applications that are included, the adjustment requests, all those little work items that need to be done, is there any way --

MS. WILLIAMS: Well, those are based on current, existing processes, so.

MR. KING: Right. They're not -- they're grouped together; they're not broken out.

MS. WILLIAMS: And that's because that's how they're going to be -- that's how the pricing will be for them, so that's just about where those numbers are.

MR. KING: Okay.

MR. STONE: Joe Stone, SMI. First of all, we submitted questions. Did you all receive those?

MR. HAYNES: Yes, sir.

MR. STONE: And I'm assuming there will be answers provided and a new addendum or an attachment will be sent out to everybody so --

MR. HAYNES: Yes, we'll answer those questions and we'll post them on eMaryland Marketplace.

MR. STONE: Okay. So there's no need for us to regurgitate these all today unless -- do you have any answers?

MS. WILLIAMS: It depends on the question.

MR. STONE: It depends on the question?

MS. WILLIAMS: Some of these things,

we were able to get the answers to right away, but others need to be researched.

MR. STONE: Okay. So should we go through here and ask which ones you do have answers for or?

MS. WILLIAMS: Question Number 3: Is the contractor really liable for misapplied payments caused by the contractor's system or staff? Is the contractor responsible for recouping all misapplied payments or only those errors made by the contractor? Is the contractor paid for recouping misapplied funds for errors their system or staff caused?

Responses: The contractor is only liable for misapplied payments caused by the contractor's system, procedure or staff. The contractor is responsible for recouping all misapplied payments but must keep those made by the contractor separate. The contractor is not paid for recouping misapplied funds for errors their system, procedure or staff caused.

Question 4 was please provide a number of transactions by type for the last three years, paper, EFT, ACH debit, direct debit, credit card, cash. Please confirm the current SDU State designated bank is Bank of America as listed on the OCSE's website.

In 2011, we had 1,311,155 paper transactions and 1,683,151 EFT. 2012, one million two hundred thirty-five fifteen paper and one million eight hundred and seven and two EFT. And so far in '13, we've had 569,313 paper and 967,984 EFT. And we are with Bank of America.

Cash is included in the paper number. We get a very small number of cash transactions. And there's no differentiator in our system to break out -- or credit card so they're all included under EFT.

MR. STONE: Okay.

MR. JOHNSON: On that note, I'm Andy Johnson with SMI. What about the web-based and pay by phone? Is that also part of the EFT?

MS. WILLIAMS: They're part of EFT. They come in through EFT.

MR. JOHNSON: Is there any way possible to --

MS. WILLIAMS: No. Question Number 5: Are unidentified payments sent on a daily receipt file? The only time that an unidentified payment are sent on a daily receipt file is if they are actually identified. They sit in suspense until they can be identified. Once the worker identifies them to the system that night, that payment will go out in the receipt file.

Question 6 is what is the total amount of checks that were NSF in 2011, '12 and through June 30 of 2013? Under what circumstances will the State grant permission to refuse payments from payors?

2011, we had 1,167 for $501,120. 2012 was 1,156 for 566,239. 2013 was 502 for two thousand four hundred -- excuse me, two thousand forty-two -- two forty-two seven sixty-five. And as for under what circumstances will the State grant permission to refuse payments or payors, that would have to be looked at on a case-by-case basis.

First we want the vendor, the contractor, to work with the customer to get them onto a different form of payment, such as Expert Pay or one of the other different systems that are out there. If they can't, then we would have to look at the employer or the NCP and see what we have to do.

There's Question 7: How does the SDU receive printing requests for direct deposit enrollments?

This is literally when the stock of direct deposit enrollment forms run low, the contractor reorders. No one orders them directly from Central. It's a matter of fact that the contractor keeps tabs on what they have in stock.

Our local offices and the Call Center will contact the SDU to order forms for their offices on a regular basis. So you have that going out regularly, where they might call and say they need a couple of trays of forms so it's a matter of the contractor just keeping tabs on how many they have in stock.

MS. MOSS: Excuse me. Cindy Moss, SMI. May I have a follow-up?

So are people contacting the SDU in order to -- about clients?

MS. WILLIAMS: No.

MS. MOSS: So it's the local offices or the Call Center?

MS. WILLIAMS: It's the local office or the Call Center that gets the orders. I mean in some cases, the SDU will send out an application to someone who's sent it in and maybe it wasn't complete or something like that, but the majority of the distribution happens at the Call Center and at the local offices.

It says at least semi-annually -- Question 8 is: At least semi-annually, market outreach efforts to 100 percent of those payees not using electronic methods for incoming payments. Should payees be changed to payor?

Yes.

Are the number of estimated marketing outreach efforts the same as the volumes listed in Attachment A under Printing and Marketing Materials?

Yes, the numbers are the same. We didn't have Number 9 or 10 answered.

11 or 12.

13 will be posted after we review it.

14, it says: The total postage quantity is 170,000 while the printing total for direct deposit, EPiC and NCP electronic payments is 130,000. What other documents will the SDU be responsible for mailing?

There's various notices and forms, such as the EFT Expert Pay forms, redirect notices to our NCPs who are sending their payments to the local offices. They need to be redirected to the central Post Office Box.

And Number 15, that's another one we'll have to get a response for you on.

For the questions that came in from Xerox, we just got them late this afternoon, so we'll have to answer those and post those online.

MR. HAYNES: Have any other questions?

MR. TRAMMELL: Yes. My name is Delfoe Trammell of ITDEL Solutions. My question regards 3.5.21, the contract monitoring. It says here that a Contract Compliance Checklist and Time Frame is included to show the efforts. Is that including this document right here, Attachment P, and is there a system of traceability that this information has been employed against?

MS. WILLIAMS: This is -- I'm not quite sure I'm following --

MR. TRAMMELL: What I'm asking is it says there's Attachment P --

MS. WILLIAMS: Attachment P.

MR. TRAMMELL: -- that references this

Contract Compliance Checklist and Time Frame. Is there a system in place that you -- is this a document or --

MS. WILLIAMS: It's a document. It's an attachment.

MR. TRAMMELL: So there's no system in place --

MS. WILLIAMS: Yes, there is.

MR. RIDDLE: Robert Riddle, SMI. Are all the Post Office Boxes where you pick up mail at the same postal facility?

MS. WILLIAMS: Yes, they are.

MR. JOHNSON: Andy Johnson, SMI. Do you have the address of the -- is it the P&DC Center? Is it the Processing and Distribution Center or is it the local Post Office?

MS. WILLIAMS: We'll give that information out at the kick-off meeting.

MR. STONE: Joe Stone, SMI. One thing it helps with in knowing that address, the PDC, a lot of times when we try to locate where our office is going to be for processing, we want to be pretty close by, so if you could provide --

MS. WILLIAMS: We use the Central Baltimore Post Office.

MR. STONE: Okay. What we call the PDC.

MS. WILLIAMS: Yeah. We use the Central Baltimore Post Office.

MR. CABE: Scott Cabe, Xerox. Section 3.7(A), which has to do with the transition-in plan, I understand the 90-day implementation from December 1st, but immediately following that, there's some of the deliverables that are pegged to the notice to proceed date. I was just wondering -- I mean, it appears to be a conflict of when things would be due. So does the transition start September 2nd with the notice to proceed, which is the date in the RFP, or would the contract start date on 12/1?

MR. HAYNES: Well, the contract date is scheduled for 12/1/2013. That's the start date of the contract.

MR. KING: Daniel King with Informatix. Given that today is July 16th and proposals are due on July 31st and there still being some outstanding questions, we have less than two weeks to get a proposal put together and shipped from across this country, which takes an added couple of safety days, any way for getting a couple-week extension?

MR. HAYNES: At this time, sir, July 31st is the date that we set, and I don't know if there will be any extensions at this time. If there are, we will communicate that to you.

Any other questions?

(No response.)

Closing Comments

MR. HAYNES: At this time I'd like to thank everyone for attending the Pre-Proposal Conference. A copy of the transcript and the list of attendees, any questions and responses, as well as amendments to the RFP, will be posted on eMaryland Marketplace as well as the DHR website.

Let me also remind you once again the closing date at this time for all proposals is Wednesday, July 31st, at 4:00 p.m. Thank you all again for attending this Pre-Proposal Conference. Have a good day.

(Pre-Proposal Conference concluded.)

CERTIFICATE OF REPORTER

I, LAVINYA AMIS, a certified court reporter, do hereby certify that the foregoing Oral Presentation was electronically recorded by me and transcribed to the best of my ability.

As witness my hand this 17th day of July, 2013.

MERINDA EVANS