

CORPORATION OF THE CITY OF VERNON
REQUEST FOR PROPOSALS
BANKING SERVICES



OCTOBER 15, 2004

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SECTION ONE: INTRODUCTION

1.1 OVERVIEW

This Request For Proposal (“RFP”) identifies a business opportunity for the successful Proponent(s) to:

- be the City’s lead financial institution and provide the City with all core financial services;
- provide coin processing services to handle the City’s parkade, transit, and parking meter coins;
- provide collector bank services to the City;
- provide merchant credit and debit card services to the City;
- provide online bill presentment processing to the City;
- provide investment custodial services to the City; and,
- provide various other financial services.

Qualified and experienced Proponents are invited to submit Proposals. The City will consider Proposals that meet all of the Requirements. The successful Proponent will be the Proponent who offers the best value, which will be assessed as a combination of pricing, scope and level of services offered and proposed service enhancements.

Key dates to be noted are:

Event	Dates
Distribution of RFP documents	October 15, 2004
Deadline for Response Notification Form	October 22, 2004
Deadline for Enquiries	October 28, 2004
RFP Closing	October 29, 2004

1.2 BACKGROUND

The Corporation of the City of Vernon (CITY OF VERNON) covers approximately 77.92 square kilometres, and provides services to more than 35,000 residents. Our annual capital and operating budget for 2004 is in excess of 31.5 Million Dollars. The City employs 225 people and is committed to seeking out new and enhanced technology to keep it on the leading edge of providing cost effective and quality based service

The Canadian Imperial Bank of Commerce is the City’s lead financial institution providing core financial services to the City of Vernon. Through this RFP the City is seeking a financial institution to provide the specific requirements that are detailed in this RFP.

1.3 SCOPE

The City of Vernon requires a range of financial services to support its operations. Through this RFP the City is seeking a corporate financial institution to provide the City these financial services. Proponents who wish to become the City's corporate financial institution should submit a Proposal for all the services described in Section Three. However, as the City is seeking to integrate its financial services to the greatest extent possible, in their Proposals, Proponents are encouraged to address all the requirements laid out in Section Three.

The categories of services being sought in this RFP are:

- core financial services;
- coin processing and handling services for the City's parking meter, transit, and parkade coins;
- collector bank services;
- credit and debit card merchant services;
- online bill presentment and Provincial Homeowner Grant application processing;
- investment custodial services; and,
- various other financial services.

1.4 OBJECTIVES

The objectives of this RFP are to:

- ensure the City is receiving competitive pricing for financial services;
- ensure that the City is receiving high quality financial services;
- consolidate financial services wherever possible; and
- enhance and improve the efficiency of City processes wherever possible, especially in areas where current technologies can be applied.

1.5 INTENT OF THE REQUEST FOR PROPOSAL

The following is a general guideline to assist in the preparation of a proposal for the CITY OF VERNON banking services. Responses to this call for proposal should address each of the service requirements specified within. Your response should include an executive summary, a statement of understanding and a commentary indicating how you propose to handle each requirement, complete with the related remuneration expected. The proposal process is also designed to allow the banking institution to communicate new and innovative methods of providing value added commercial oriented services. This process gives you the opportunity to offer an alternative method of servicing a specific requirement and to communicate current and future technology that will assist us in reducing the administrative process.

SECTION TWO: INSTRUCTIONS TO PROPONENTS

2.1 ADMINISTRATIVE REQUIREMENTS

Included with the R.F.P. document is a form, Appendix Two, which you are asked to fill out and fax back to this office. This confirmation form will ensure that interested financial institutions will receive addendums to the R.F.P. and any subsequent information such as our response to questions that may clarify sections of the R.F.P. It will also act as confirmation to us that you received the R.F.P. document and provide you with a simple process to indicate to us if you are not interested in responding to the R.F.P. call.

2.2 CONDUCT OF RFP – INQUIRIES AND CLARIFICATIONS

The City's Manager of Finance will have conduct of this RFP, and all communications are to be directed only to the person identified in section 2.6.

2.3 CLOSING TIME AND DATE

R.F.P.s will be received at the Reception Desk of the City of Vernon located at 3400 30th Street, Vernon, B.C., V1T 5E6, up to 3:00 p.m., local time, Friday, October 29, 2004, and addressed to Mr. Bernd Fehrmann, Manager of Finance. All proposals are to be submitted in a sealed envelope with the financial institute's name, address and R.F.P. BANKING SERVICES clearly marked on the outside of the envelope. The clock at the Reception Desk shall be the official clock for receiving proposals on time. Proposals received after the closing time and date will be returned unopened, courier collect. Proposals submitted by facsimile or other electronic media shall be rejected.

2.4 ACCEPTANCE OF PROPOSALS

All proposals received shall remain valid and open for acceptance for a period of one hundred and twenty **(120) days** from the closing date.

The CITY OF VERNON unequivocally may accept or reject any or all proposals, waive informalities and make corrections in any and all proposals, and not award a contract at all (including the lowest proposal or best ranked proposal) without giving any reason for doing so. In the event that no contract is awarded, all financial institutions who submitted proposals shall be notified and the CITY OF VERNON shall have no liability to any financial institution. The CITY OF VERNON unequivocally may negotiate or otherwise deal with any one or all financial institutions, to issue addenda altering the R.F.P. and to decline to conclude a contract with any one or all financial institutions without liability to any one.

2.5 DISCLAIMER OF INFORMATION

The CITY OF VERNON expressly disclaims any responsibility or liability to anyone, including the financial institution, in connection with, and does not represent or warrant as to the accuracy or completeness of any information, errors, omissions, misstatements, or negligence in any such information contained in this document or any addenda or written communications released in connection with this R.F.P. call. Verbal answers are not binding unless confirmed by written addenda which are specifically referenced and identified in the proposal. No verbal agreement or conversation made or had at any time with any employee or Director of the CITY OF VERNON nor any oral

representation by any employee of the CITY OF VERNON shall add to, detract from, affect or modify the terms of the proposal document or the contract. Financial institutions may not make verbal inquiries to CITY OF VERNON employees.

2.6 INTERPRETATION OF DOCUMENTS

Each financial institution must promptly report, in writing, any discrepancy, deficiency, ambiguity, error, inconsistency, or omission contained therein. Any such request must be submitted to the CITY OF VERNON in writing prior to **October 22, 2004**, and addressed to:

Mr. Bernd Fehrmann
Manager of Finance
Corporation of the City of Vernon
3400 30th Street
Vernon, B.C., V1T 5E6
Telephone: (250) 550-3550 Fax : (250) 550-3551

2.7 ADDENDA

Written addenda and minutes of meetings are the only means of varying, clarifying or otherwise changing any of the information contained in the document. The CITY OF VERNON reserves the right to issue an addenda and minutes of meetings up to the closing time for receipt of proposals. The proposal due date may be changed by the CITY OF VERNON, by an addendum, if in its opinion more time is necessary to enable the financial institutions to prepare their proposals. All financial institutions must acknowledge receipt of all addenda and minutes of meetings upon receipt of such, by faxing back the acknowledgement form that will accompany the addenda and/or minutes.

2.8 PROPOSAL WITHDRAWAL

A proposal to withdraw from the RFP by the financial institution will not be honoured prior to the closing date and time for receipt of proposals. The request to withdraw a proposal may only be made by means of a written request signed by the same individual(s) who authorized and signed the submitted proposal.

2.9 INCOMPLETE PROPOSALS

The CITY OF VERNON reserves the right to reject or accept any proposal whether or not completed properly and whether or not it contains all the required information. Without prejudice to this right, the CITY OF VERNON may request clarification where, in the sole opinion of the CITY OF VERNON, the financial institution's intent is unclear.

2.10 AWARD PROCESS

The award, if any, shall be based on the selection criteria stated in Section Four/Page 24. The CITY OF VERNON reserves the right to negotiate changes to the preferred financial institution's proposal and any agreement entered into with the preferred financial institution.

If an agreement is not successfully executed with the preferred financial institution, the CITY OF VERNON may, at its sole discretion and at any time, disqualify the financial institution and commence negotiations with the second best financial institution's submission. This process will continue until a successful agreement has been reached with one of the financial institutions who submitted a proposal or until the CITY OF VERNON cancels the R.F.P. call. Award, if any, shall be by resolution of the City Council.

2.11 TERMINATION OF AGREEMENT

Any agreement entered into may be terminated by either party with three (3) months' written notice to the other party. Termination by the successful financial institution, in the opinion of the CITY OF VERNON, without just cause or reason, shall eliminate that financial institution from bidding on subsequent work for the CITY OF VERNON for a period of time, that will be determined by the CITY OF VERNON.

2.12 COMPENSATION

All service charges outlined in the returned proposal must be clearly identified by the financial institution. Where no service charge is identified for a listed service, it shall be deemed to be compensated elsewhere in the proposal.

2.13 OWNERSHIP OF PROPOSALS & FREEDOM OF INFORMATION AND PROTECTION OF PRIVACY ACT

All documents submitted to the CITY OF VERNON become the property of the CITY OF VERNON and, as such, financial institutions are advised that parts or all of their proposals may be subject to the provisions of British Columbia's Freedom of Information and Protection of Privacy Act. Financial institutions who wish to ensure particular parts of their proposals are protected from disclosure under this act should specifically identify any information or records provided with their proposals that constitute trade secrets, that are supplied in confidence and the release of which could significantly harm their competitive position. Information which does not meet all three of the foregoing categories may be subject to disclosure to third parties.

2.14 CONFIDENTIALITY & R.F.P. DOCUMENT USE

This R.F.P., addenda and communications issued by the CITY OF VERNON related to this R.F.P. call, may not be used for any other purpose other than the submission of proposals. Information pertaining to the CITY OF VERNON obtained by the financial institutions as a result of participation in the process is confidential and must not be disclosed without first obtaining written permission from the CITY OF VERNON.

2.15 CURRENCY

Prices quoted shall be in Canadian Dollars and shall not change for the term of the contract.

2.16 G.S.T.

Prices quoted shall be totalled and shall show the Goods and Services tax as a separate item with a final grand total.

2.17 LOCAL BRANCH AND MAIN BRANCH OF FINANCIAL INSTITUTION

The CITY OF VERNON anticipates that financial institutions who return proposals will offer services from a local branch. Proposals submitted must clearly indicate location, hours of service, interest cut-off times, and telephone service policies.

2.18 SERVICES TO REMAIN WITH INCUMBENT FINANCIAL INSTITUTION

Outstanding 2003/2004 Canada Savings Bond Payroll Deduction program shall remain with the incumbent financial institution.

2.19 CONTRACT TERM

In the event that the CITY OF VERNON awards a contract, the term shall be for a five (5) year period starting from the commencement date of the banking services with the CITY OF VERNON, with the option to extend by mutual agreement, for two (2) additional one (1) year periods.

2.20 REFERENCES

A list of three (3) local government clients of similar size for whom recent initiatives or banking reviews were made, which materially improved their client's administrative operations shall accompany the returned proposal. The reference shall include a contact name, title, phone number, and a brief on what was achieved.

2.21 APPLICABLE LAW

The CITY OF VERNON and the successful financial institution agree that the contract formed is to be interpreted in accordance with and governed by the law in force in the province of British Columbia and the financial institution irrevocably submits to the exclusive jurisdiction of the courts of British Columbia.

2.22 PATENTS, COPYRIGHTS, INDUSTRIAL LICENSE & ROYALTIES

The financial institution represents and warrants that the products and service they provide to the CITY OF VERNON does not infringe on any patent, copyright, industrial license, or other intellectual property rights. The financial institution agrees to defend, indemnify, and save harmless the CITY OF VERNON for only products or services they provide, from and against any and all actions, claims, or proceedings which may be brought against the CITY OF VERNON for any alleged infringement of any patent, copyright, industrial license, or other intellectual property rights, including without limitation royalties or other payments, and the financial institution agrees to pay all costs, including legal fees, and all costs, damages, fines and royalties recoverable in any such action.

2.23 SUBMISSION OF PROPOSALS BY ELECTRONIC MEDIA

Proposals submitted by facsimile or other electronic media shall be rejected.

2.24 TRANSFER OF ACCOUNTS

The preliminary date for the transfer of accounts and full implementation is to be January 1, 2005. There will be a cut over cost to the CITY OF VERNON in the form of staff time and new forms to transfer accounts. It is expected that the successful financial institution, in offering a comprehensive line of service, will provide resources to assist with the cut over. Please outline in your proposal, what services you are prepared to offer and at what cost, if any. As well, if your financial institution has policies in regard to compensation for unusable cheques and forms stock.

2.25 CLIENT INTERACTION

The successful financial institution may be required to meet with the CITY OF VERNON's Finance Committee and/or senior staff throughout the contract term to discuss a variety of issues such as, how the banking industry is evolving in the new economy and how it affects municipal government. The successful financial institution may be required to make formal and informal presentations as required. Costs associated with providing this service shall be considered included in the overall price, unless stated in the proposal as a separate item, attracting a separate unit cost.

2.26 PAYMENT OF SERVICES

Payment shall be made by the CITY OF VERNON to the successful financial institution on a consolidated monthly basis.

2.27 FINANCIAL REVIEW

The successful financial institution shall, at the CITY OF VERNON's request, provide a review of the CITY OF VERNON's present operations with the view to offer suggestions to eliminate duplication of work, computerize manual procedures and to speed up cash flows. Costs associated with providing this service shall be considered included in the overall price, unless stated in the proposal as a separate item, attracting a separate unit cost.

2.28 INNOVATIVE SERVICE TECHNIQUES

The R.F.P. provides the financial institution with an opportunity to provide new and innovative ideas for handling the CITY OF VERNON's finances. Please list those proposals with the expected compensation. This will be treated as a cost adjustment to the proposal should the CITY OF VERNON award a contract to you and implement your ideas

2.29 ADVANCED TECHNOLOGY

Financial institutions shall provide a statement on their commitment to future service enhancements and technology. State your strategies for Electronic Commerce and Internet Commerce. Outline the technical environment in which all services that utilize advanced technology will be provided. Include the details of any hardware and software that the CITY OF VERNON will be required to implement in order to take advantage of these services.

2.30 FINANCIAL MANAGEMENT PUBLICATIONS

Proposals should identify the types of publications you can offer the CITY OF VERNON on cash management and economic outlook.

2.31 TIME SCHEDULE

Distribution of RFP documents	October 15, 2004
Deadline for questions & clarification	October 27, 2004
Due date for submission of RFP	October 29, 2004
Transfer of accounts approximately	January 1, 2005

2.32 SIGNED PROPOSAL

A signed proposal exactly in the format provided in Appendix One (Proposal Form) must be included in the financial institution's return proposal. Appendix One clearly specifies the requirements for the signatories authorized to sign that document.

SECTION THREE: SUPPORTING INFORMATION

CORE FINANCIAL SERVICE REQUIREMENTS

The services described in this section are the City's core financial service requirements, to be provided by the City's corporate financial institution.

3.1 ACCOUNT STRUCTURE

The City currently has approximately eleven (11) accounts, of varying sizes, transaction volumes and functions. These include both regular operating accounts as well as a number of stand-alone accounts for special arrangements such as trust funds. The City's accounts are denominated in Canadian currency, although the City does issue a small number of US dollar cheques.

For financial purposes, the City's accounts are consolidated into one net position. The City expects to earn interest on the combined net cash balances of its accounts. Details regarding the number of and types of specific accounts may be discussed with the Proponent(s) for the corporate financial services role.

Related Questions

- A. *Based on the information provided in this RFP, indicate how you would approach the establishment and management of the City's account structure.*
- B. *Indicate the branch at which the City's main accounts will be located.*
- C. *In Appendix one, provide interest rates and terms for the following items, stipulating what benchmark are to be used to determine interest rates, if applicable:*
 - *interest rate to be paid on the daily consolidated balances of all Canadian dollar accounts;*
 - *interest rate to be charged on any daily consolidated overdraft balance of all Canadian dollar accounts;*
 - *interest rate to be paid on non-consolidated City accounts.*
- D. *Provide information with respect to:*
 - *your proposed transition plan for transferring core financial services;*
 - *the resources that you would dedicate to the transition;*
 - *the resources that the City would need to provide;*
 - *any technical and/or systems issues that would have to be resolved; and*
 - *transition timing and cost guarantees being offered (e.g., can you contractually guarantee that the City will not bear any of the transition costs?).*
- E. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.2 DEPOSIT-RELATED REQUIREMENTS

The City accepts payments for a variety of fees charges and levies, these deposits are delivered by the City to the financial institution. The City requires the following deposit-related services from its corporate financial institution:

- Same-day credit for deposits made from all City of Vernon locations to the Branch by 4:30 p.m. Monday through Thursday and by 6:00 p.m. on Friday;
- deposit bags supplied by the financial institution;
- timely investigation of missing deposits, and backdating of associated lost interest;
- timely response to tracing requests regarding NSF cheques and chargebacks; and
- assumption of responsibility for validity of the cheque body, figure, date and signature.

Related Questions

- A. *Indicate whether you can meet or exceed the requirements listed in this section, and describe how this will be achieved.*
- B. *Indicate what arrangements you would require for receiving the deposits described above from the City.*
- C. *Detail your procedures, timelines and service level/response time commitments for investigating missing or unidentified deposits, NSF cheques and chargebacks.*
- D. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.3 PAYMENT-RELATED REQUIREMENTS: CHEQUES

Currently, the City issues over 5,000 cheques annually and requires the following related services from its corporate financial institution:

- On a weekly basis, an electronic file listing of all cheques cashed the previous week, in a format that can be uploaded into the City's financial system;
- Cheques appearing on the statement will display the encoded cheque number;
- On a monthly basis, the return of all City-issued cheques that have been cleared. Cleared cheques should be sorted sequentially by cheque number;
- The ability to implement stop-payments electronically from a City workstation, and to report these stop-payments to the City. In its reporting to the City, the successful Proponent should be able to provide the date and time of each stop-payment;
- Assumption of responsibility for validity of the cheque body, figure, date and signature;
- Investigation and return of any counterfeit or altered cheques; and
- Provision of certified cheques and foreign currency drafts.

Related Questions

- A. *Indicate whether you can meet or exceed the requirements listed in this section, and describe how these requirements will be met.*
- B. *Indicate your service level/response time commitments for processing stop-payment requests made by the City.*
- C. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.4 PAYMENT-RELATED REQUIREMENTS: ELECTRONIC PAYMENTS TO VENDORS & EMPLOYEES

The City does not currently disburse payments to vendors by electronic transfer. At present, payment by way of EFT is being explored by the City, and there is an interest in expanding the use of electronic payments options.

The City disburses the majority of its payroll through a direct deposit process to employee bank accounts. On a bi-weekly basis, the City provides an electronic file containing all relevant payee information.

Related Questions

- A. *Detail the electronic payment solutions that you would make available to the City, and provide the following information related to electronic payment options:*
 - *outline the resources that you would provide to the City to assist with implementation;*
 - *identify any technical issues that might be obstacles to provision of the options;*
 - *discuss your proposed transition plan for transferring these services;*
 - *detail your service level/response time commitments for providing the City confirmation of received and processed files;*
 - *detail your service level/response time commitments for making next-day or preferably same-day payments; and*
 - *detail your proposed process and your service level/response time commitments for performing recalls and traces of electronic payments made by the City.*
- B. *Provide the following information related to payroll direct deposit services:*
 - *detail the process for payroll direct deposit that you would make available to the City;*
 - *indicate specifically whether payroll direct deposits can be made directly to employee bank accounts regardless of which financial institution these accounts are located;*
 - *identify any technical issues that might be obstacles to provision of the service;*
 - *outline the resources that you would make available to the City to assist with implementation;*
 - *detail your service level/response time commitments for providing the City confirmation of received and processed files;*
 - *detail your service level/response time commitments for making next-day or preferably same-day payments; and*

- *detail your proposed process and your service level/response time commitments for performing recalls and traces of electronic payments made by the City.*
- C. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.5 OPERATIONAL COIN REQUIREMENTS & SPECIAL CASH REQUESTS

The majority of the City’s coin handling requirements is associated with parking meter coin, which is addressed separately in Section Three. Distinct from the coin handling services described in Section 3.11, the City requires coin deposit services for some of its operational areas, such as for the parkade, transit, and for coins taken in during the normal course of business.

In addition to packaged coin requests, from time to time City departments require sums of paper currency, to be either delivered to or picked up by City staff, with relatively short turnaround times.

Related Questions

- A. *Discuss your ability and your service level/response time commitments to handle the City’s non-parking meter coin requirements, including:*
 - *taking deposit of loose (unrolled) coin.*
- B. *Discuss your ability and your service level/response time commitments to prepare parcels of cash in specified denominations per special requests by City staff, and indicate the turnaround times for such requests.*
- C. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.6 PRE-AUTHORIZED PAYMENTS FROM CUSTOMERS

The City has developed pre-authorized payment programs for its property tax. The City takes full responsibility for enrolling customers in these programs, and for their administration. Periodic pre-authorized payments are processed by the City through an electronic “pull” file delivered from the City’s billing systems to the financial institution. The institution validates the file, advises the City of any errors for correction, and then collects the funds and deposits them into the appropriate City accounts. Canadian Payment Association formats and rules apply to these transactions. The City requires full reporting of the processing results in an electronic format suitable for data manipulation. Confirmation of pull file requests and electronic deposit transactions are required on a same day basis. Detailed payment information relating to NSF payments will be available on line within four working days.

We are interested in expanding this service to various other City customers, including our utilities customers.

Related Questions

- A. *Provide the following information related to pre-authorized payment processing:*
 - *indicate whether you can meet or exceed the requirements listed in this section;*

- *describe how this will be achieved and your service level/response time commitments related to these services;*
 - *outline resources that you would make available to the City to assist with implementation;*
 - *identify any technical issues that might become obstacles to provision of the service; and*
 - *transition timing and cost guarantees being offered (e.g., can you contractually guarantee that the City will not bear any of the transition costs?).*
- B. *Discuss your proposed transition plan from the current system of the City's pre-authorized payment processing to the service you are recommending.*
- C. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.7 TRANSACTION REPORTING AND DOCUMENTATION

The City requires fully secured, real-time, online access to its accounts for reporting and transactional purposes. This service will be used by approximately three (3) designated City staff, and should be available twenty-four (24) hours a day.

In addition, for each of the City's accounts, a paper transaction statement and any relevant supporting documentation is required within five (5) working days of month-end. A list of the desired statement frequency for each City account (daily, weekly or monthly) will be provided to the successful Proponent. The successful Proponent should provide the City with multiple statement copies where identified, and copies of debit and credit memoranda within two (2) working days of a request being made.

Related Questions

- A. *Provide the following information related to reporting and documentation:*
- *indicate your ability and your service level/response time commitments to meet or exceed the requirements listed in this section;*
 - *include a description of the functionality available through your online services;*
 - *provide a demonstration of your online system functionality, if requested by the City as part of the evaluation process; and*
 - *transition timing and cost guarantees being offered (e.g., can you contractually guarantee that the City will not bear any of the transition costs?).*
- B. *Identify the security standards and procedures that will be used to ensure the protection of confidential and sensitive City data.*
- C. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.8 CUSTODIAL SERVICES FOR MUNICIPAL FINANCE AUTHORITY TRANSACTIONS

Currently the City receives its investment custodial services from a third-party financial institution that is not its corporate financial institution. Provision of these services is not included in the set of core services being requested in this RFP.

However, we currently use our corporate financial institution for settlement of securities purchased from the Municipal Finance Authority. If we choose to continue to settle this subset of our investments through our corporate financial institution, it would be preferable that such corporate financial institution provide this service.

Related Questions

A. Provide the following information related to the provision of custodial services:

- indicate your ability to meet or exceed the requirements listed in this section; and
- outline your proposed process and your service level/response time commitments for timely settlement of these transactions, for providing confirmations of settlement, and for periodic reporting.

B. Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.

3.9 TRANSACTION INFORMATION TRACKING

Currently over 1600 debits and credits pass through the City's accounts monthly. The Proponent is to propose how it would develop solutions with the City to best identify and label each transaction so as to facilitate corporate accounting and record keeping. This is particularly important for credits to City accounts.

Related Questions

A. Provide the following information related to transaction information tracking:

- indicate your ability and your service level/response time commitments to meet or exceed the requirements listed in this section; and
- describe the processes and/or systems that you will put in place to provide timely service to the City, and your service level/response time commitments associated with these services.

B. Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.

3.10 LINE OF CREDIT

The City does not currently require its corporate financial institution to provide a line of credit, although at some future time this facility may be requested.

Related Questions

A. Provide the following information related to the provision of a line of credit:

- indicate your ability to meet or exceed the requirements listed in this section; and
- include in Appendix one interest rates and any other charges associated with the provision of a line of credit.

B. Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.

3.11 COIN PROCESSING SERVICE REQUIREMENTS

The City has an on-street parking meter program and transit farebox revenue that generates approximately \$560,000 annually in coin-based revenues. Currently, under an arrangement organized by the City's existing corporate financial institution, parking meter coins are collected from the meters by City crews and delivered to the City. The existing financial institution picks up the parking meter coin from the City, and the transit coin from BC Transit, by use of a third party. The third party service provider is responsible for sorting, cleaning, drying, counting and rolling the coin and as well for recording the amounts delivered by the City. The corporate financial institution takes possession of the coin for next-day valuation. The City receives weekly statements detailing coin activity, charges, and source information.

The City views coin processing as a basic deposit service, and is not interested in assuming responsibility for the handling of parking meter coin beyond the collection and delivery of the bulk coins to the financial institution. Proponents proposing to become the City's corporate financial institution are to provide information on how they would handle this bulk coin, and this will be evaluated along with the core service requirements listed in this section.

Related Questions

- A. *Provide the following information related to parking meter coin processing services:*
 - *provide details on how you would provide the services described in this section;*
 - *indicate the timing and your service level/response time commitments for valuation of parking coin-related deposits; and*
 - *detail the coin-related reporting that you would provide to the City.*
- B. *Discuss your proposed transition plan from the current handling of the City's parking meter coin to the service you are proposing.*
- C. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.12 COLLECTOR BANK SERVICES

The collector bank services required by the City entails the amalgamation and processing all payments made to the City through financial institutions, and the transfer of these funds and associated information. Section Three of this RFP provides background on the City's major billing systems and the types of payments received by the City. The following table summarises the volume of payments made through financial institutions for each of the City's major billing systems.

**APPROXIMATE CURRENT VOLUMES OF PAYMENTS
MADE THROUGH FINANCIAL INSTITUTIONS**

	Paid Through Financial Institutions & Processed by Collector Bank	% of Total Number of Payments
Property Tax Payments	250	1%
Utilities Payments (Water, Sewer & Sanitation)	20,250	99%
Rental Property Payments	0	0%
Parking Ticket Payments	0	0%
Dog & Business Licence Payments	0	0%
Rezoning, Development, Building & Trade Permit Payments	0	0%
Recreation Service Payments	0	0%

B Remittance of Homeowner Grant Applications

The City does not currently require its corporate financial institution to gather and return completed Homeowner Grant application forms to the City, although at some future time this facility may be requested.

Related Questions

- A. *Indicate your ability to meet or exceed the service requirements described in this section, and describe the specifics of the services you are offering, including relevant service level and response time commitments.*
- B. *Identify any transition issues that might arise, and discuss your proposed transition plan for transferring collector bank services.*
- C. *Indicate your ability to collect and remit completed Homeowner Grant applications that customers submit to their financial institutions.*
- D. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.13 CREDIT AND DEBIT CARD MERCHANT SERVICES

In this section, the City is seeking Proposals for credit and debt card merchant services. It is noted that the services in this section may be considered separately, and therefore may or may not be included in the Agreement with the financial institution chosen as the City's corporate financial institution. However, the City encourages Proponents submitting Proposals for the core financial services to also include credit and debit card merchant services in their Proposals, and notes that in evaluating the Proposals, consideration will be given to the overall breadth and integration of services offered.

The City accepts payments for its services one location by credit and debit card. As part of this RFP process, the City is seeking a provider for these merchant credit and debit card services.

The City's customers frequently request the option to pay property taxes and utility fees by credit card. The City is interested in this as a means of increasing payment options for our customers, but to date has found this to be problematic because of the significant cost associated with credit card payment discounts.

The provider of merchant credit/debit card services to the City should deliver the following merchant card-related service components.

- Supply bankcard verification (p.o.s.) machines for Visa, MasterCard, and debit cards.
- Provide comprehensive reporting by merchant name and number, available online within an appropriate period of time, including daily and monthly transaction reports by merchant name and number, with summary totals.
- Provide the City same-day credit for revenues received.
- Provide the City same-day notice by fax and/or email of all disputed customer charges, including date dispute filed, merchant number, cardholder number, date of transaction, transaction amount and basis of dispute.
- In all instances where a chargeback is made to a City account, provide the City by fax and/or email the following information for each chargeback: date chargeback posted, merchant number, cardholder number, date of transaction, transaction amount and basis of dispute. This information should be provided on the same day the chargeback is posted.
- Provide counsel relevant to improving current service levels and efficiencies.

Related Questions

- A. *Provide the following information related to credit and debit card merchant services:*
- *indicate your ability to meet or exceed the requirements described in this section;*
 - *describe the specifics of the service(s) you are offering, including your service level/response time commitments; and*
 - *indicate how your Proposal to provide credit and debit card services can meet the City's objective of extending payment options for property taxes and utility fees, which may include a flat charge or a discount paid by the merchant, or the customer on each credit card payment received by the City.*
- B. *Identify any transition issues that might arise, and discuss your proposed transition plan from the City's current debit and credit card services to the service you are recommending.*
- C. *Address in detail your capabilities for providing the City all information concerning customer credit and/or debit card disputes and associated chargebacks described in this section, within the time frames indicated in this section.*
- D. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.14 ONLINE BILL PRESENTMENT

In this section, the City is seeking Proposals for online bill presentment and processing. It is noted that the services in this section may be considered separately, and therefore may or may not be included in the Agreement with the financial institution chosen as the City's corporate financial institution. However, the City encourages Proponents submitting Proposals for the core financial services to also include online bill presentment in their Proposals, and notes that in evaluating the Proposals, consideration will be given to the overall breadth and integration of services offered.

3.14.1 BILLS & REMINDER NOTICES

The City currently issues approximately sixty thousand bills and reminder notices each year. It is the City's intention to continue generating bills and notices using its in-house billing systems. However, the City wishes to enhance billing and payment options available to its customers. Proponents are asked to provide the City information on services they can offer related to online bill presentment.

Related Questions

- A. *Discuss services you can offer the City related to the online distribution and presentment of bills and reminder notices, including associated service level and response time commitments.*
- B. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.15 INVESTMENT CUSTODIAL SERVICE REQUIREMENTS

In this section, the City is seeking Proposals for services related to its investment custodial services. It is noted that the services in this section will be considered separately from those in Section 2.0, and therefore may or may not be included in the Agreement with the financial institution chosen as the City's corporate financial institution. However, the City encourages Proponents submitting Proposals for the core financial services to also include investment custodial services in their Proposals, and notes that in evaluating the Proposals, consideration will be given to the overall breadth and integration of services offered.

The City has a large cash pool that is invested in government, and government guaranteed instruments. While the City currently has a provider of investment custodial services, it may be interested in integrating these with its other financial services provided by its corporate financial institution. Custodial services associated with this investment function include:

- settlement of investment transactions;
- custody of investments purchased;
- online real-time transaction and portfolio reporting;
- regular market valuations of investment portfolios; and
- printed investment account activity statements delivered within five working days of each month-end.

Related Questions

- A. *Discuss your ability to provide the investment custodial services described in this section, including associated service level and response time commitments.*
- B. *Discuss your proposed transition plan from the City's current investment custodial services to the service you are recommending.*
- C. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.16 OTHER SERVICES

The City encourages Proponents to provide information about the service areas listed in this Section.

3.16.1 MARKET INTELLIGENCE

The City requires on an intermittent basis various forms of market intelligence and information from its corporate financial institution. In response to requests from City staff, the successful Proponent should be able to provide, among other things:

- credit reports on individuals and companies;
- market intelligence on the bond, money and equity markets; and
- bond and money market performance indices.

Related Questions

- A. *Discuss your ability to provide the market intelligence and information described in this section, and provide a list of the sort of information and reports that would be readily available to the City if you were the City's corporate financial institution.*

3.16.2 GROUP RRSP PROGRAM AND OTHER EMPLOYEE BENEFIT PROGRAMS

The City is interested in considering programs that the proponent offers that would provide benefits to the employees of the City, such as a group RRSP program.

Related Questions

- A. *Supply details of the group RRSP program you could make available to the City, including cost, types of investments offered, flexibility, communications with employees, education seminars, monthly statements, administration efforts and benefits accruing to the City.*
- B. *Supply details of any other benefit programs that you could make available to City employees. In this description, include the cost of the program, any associated resources that the City would need to contribute, benefits to the employees, benefits to the City and communications to employees.*
- C. *Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.*

3.16.3 OTHER ENHANCEMENTS TO BUSINESS PRACTICES AND CUSTOMER SERVICE

The City is interested in having Proponents identify any other services or opportunities that are not addressed in other sections of this RFP, which could enhance the City's business practices and/or customer service levels.

Related Questions

- A. *Describe any financial services you could offer that would help the City improve its business practices, for example in the areas of cheque production, billing, collection and payment processing systems.*
- B. *Describe any smart card or cash card program you could offer the City.*

C. Identify all associated costs that you anticipate the City would incur associated with the implementation and/or ongoing management of these services, but which are not included in the pricing set out in Appendix one. These are costs that the City would incur but would not be payable to the Preferred Proponent.

3.17 GENERAL ACCOUNT

All cash and cheques, are deposited to, and disbursements originate from, the CITY OF VERNON's general account. The general account is a current account requiring a full range of services. Income is deposited both manually at the bank and by electronic funds transfer. Expenditures are made by cheque and may be made by electronic funds transfer.

3.18 EFT ACCOUNT

This is a target account for customer generated electronic transfers, telephone banking and EDI payments. Transfers out are made by automatic electronic funds transfer.

3.19 TRANSFER ACCOUNT

This is an account target account for electronic transfers, Transfers out are made by automatic electronic funds transfer.

3.20 CAPITAL BYLAWS

This is an account for revenue collected under City bylaws. Deposits are typically made manually.

3.21 LOCAL IMPROVEMENTS

This is an account for revenue collected under Local improvement bylaws. Deposits are made by electronic transfer from the general account.

3.22 LAND SALE ACCOUNT

This is an account to hold monies collected on sales of property. Deposits are made by electronic transfer from the general account, with funds released by electronic funds transfer.

3.23 CEMETERY CARE

This is an account to hold monies collected from the sale of cemetery and internment sites. Deposits are made manually.

3.24 PAYROLL DIRECT DEPOSIT

Payroll is processed bi-weekly, in-house and both cheques and direct deposit are used for payment. Our VADIM financial software produces a file that is electronically sent to the CIBC Data Processing Group for distribution of direct deposits to other financial institutions. Electronic data is sent on Wednesday to be deposited to payee accounts after midnight on Thursday. Reports are retrieved electronically.

3.25 SEWER RESERVE

This is a holding account future capital expenditures of the Sewer system. Deposits are made by electronic transfer from the general account.

3.26 ROAD RESERVE

This is a holding account future capital expenditures of the Road system. Deposits are made by electronic transfer from the general account.

3.27 STORM RESERVE

This is a holding account future capital expenditures of the storm drainage system. Deposits are made by electronic transfer from the general account.

3.28 FISCAL SERVICES/LOANS

The CITY OF VERNON from time to time will require funding for its various needs including, but not limited to, the borrowing of funds to meet its current expenditures prior to receipt of tax revenues as well as short term capital borrowing for capital works in progress prior to borrowing funds on a long term basis. All loans will be supported by bylaws authorizing said expenditures by the CITY OF VERNON Council.

SECTION FOUR: SELECTION CRITERIA & EVALUATION PROCESS

4.1 EVALUATION OF PROPOSALS

Proposals will be evaluated on the basis of the overall best value to the City based on quality, service, price and any other relevant criteria, whether or not expressly set out, including but not limited to:

- a) the Proponent's ability to meet the Requirements;
- b) the Proponent's ability to deliver the Requirements when and where required;
- c) financial offer including but not limited to prices, operating and maintenance costs;
- d) the Proponent's business and technical reputation and capabilities; experience and where applicable, the experience of its personnel; financial stability; track record; and references of current and former customers;
- e) equipment quality, configuration, age and condition, if applicable;
- f) quality of submission;
- g) transitional requirements; and
- h) any other criteria set out in the RFP or otherwise reasonably considered relevant.

4.2 MANDATORY ELEMENTS (PASS /FAIL)

Proposals **will not** be considered if they do not meet, in the CITY OF VERNON's sole opinion, the mandatory elements listed below. Financial institutions must address each of the mandatory elements in their proposal. No points are awarded for this section.

4.3 LOCAL REPRESENTATION

The financial institution must have local representation through an established local branch that can provide support during normal working hours of 8:30 am to 4:30 pm. Local is defined as being within close proximity to the CITY OF VERNON office, within the boundaries of the City of Vernon.

4.4 MANAGEMENT APPLICATIONS

Proposals that satisfy the mandatory requirements will then be evaluated on the merits of their solutions to their proposed management of the CITY OF VERNON's financial requirements. The maximum possible score in this analysis will be 55 points and each area of the analysis is discussed in more detail below.

4.4.1 INNOVATIVE SERVICE TECHNIQUES (10 POINTS)

Financial institutions shall provide a statement on innovative methods of servicing the CITY OF VERNON's accounts. Points will only be awarded in this section for proposals that exceed the current level of service presently provided by the existing financial institution. The innovative service must be accepted by the CITY OF VERNON as being feasible or useful to our needs in order to receive any points.

4.4.2 ADVANCED TECHNOLOGY (10 POINTS)

Financial institutions shall provide a statement on their commitment to future service enhancements and technology. An example of this might be the provision of kiosks or ATM terminals on City sites for the purpose of processing payments. State your strategies for Electronic Commerce and Internet Commerce. Outline the technical environment in which all services that utilize advanced technology will be provided. Include the details of any hardware and software that the CITY OF VERNON will be required to implement in order to take advantage of these services

4.4.3 REFERENCES (7 POINTS)

Proposals that submit references from public institutions of similar size and needs and demonstrate that they have streamlined the administrative process for that institution and have provided a service that improved that public institutions position. A maximum of three references complete with contact names, titles of those individuals, phone number, and a brief on what was achieved.

4.4.4 STATEMENT OF UNDERSTANDING (5 POINTS)

Financial institution shall submit a statement of understanding with respect to how the CITY OF VERNON is presently doing business, and the type of relationship the financial institution is offering to the CITY OF VERNON.

4.4.5 BASIC SERVICE REQUIREMENTS (17 POINTS)

Financial institutions shall provide a statement on the basic services provided for each of the service requirements identified in Section Four, pages 26 and 27, "Price/Cost Elements".

4.4.6 ACCOUNT TRANSFER ASSISTANCE (6 POINTS)

The preliminary date for the transfer of accounts and full implementation has been set for **92 days**. There will be a cut over cost to the CITY OF VERNON in the form of staff time and new forms to transfer accounts. It is expected that the successful financial institution, in offering a comprehensive line of service, will provide resources to assist with the cut over. Please outline in your proposal, what services you are prepared to offer and at what cost, if any.

4.5 PRICE/COST ELEMENTS and INTEREST ON CONSOLIDATED ACCOUNTS (45 Points)

Proposals in this area will be evaluated on net present cost. The proposal with the lowest net present cost (Guaranteed Maximum Price) will be awarded 100 % of the available 45 points. Higher cost proposals will be awarded fewer points based on a mathematical formula. By way of example, a proposal whose net present cost is ten percent higher than the lowest net present cost proposal will receive twenty percent fewer points. Proposals which, in the sole opinion of the City are unreasonably low will be discarded. The Financial institution may develop their own fee structure as long as they identify the unit cost for each of the separate services listed below and conclude with a guaranteed maximum total price for the five year term. The cost of additional services not listed in this proposal will be negotiated on an as needed basis when and if the contract is awarded. Services that are no longer required by the City will reduce the cost of the contract by the identified unit cost of that service. A financial institution's

inability to provide any of these basic services may be cause for rejection of their proposal. The CITY OF VERNON feels that a modern Financial Institution should be able to provide the current listed services as a minimum. Please provide this information using the format similar to that on pages 26, and 27, "Price/Cost Elements" which is a continuation of this section. The consolidated accounts include our general chequing, capital and reserve. The daily deposit balance of the consolidated account may vary. At present, the daily balance fluctuates between \$ 500,000 to \$3,000,000 dollars, but averages out to be about \$2,800,000 per day. Please indicate your interest rate for this scenario using prime rate minus ____%. State and use the prime interest rate for August 31, 2004. Should you offer varying interest rates for varying amounts on deposit, indicate each rate for each balance on deposit.

PRICE/COST ELEMENTS (17 POINTS)

FROM PAGE 25, SECTION 4.5

ACCOUNTS	Annual Volume	Service Providable	Cost per year	Cost per Five Year Term
	Estimated	YES/NO	If Any	
Bank Accounts				
General Account	one account			
EFT Account	one account			
Transfer Account	one account			
Capital Bylaws	one account			
Local Improvement Account	one account			
Land Sale Account	one account			
Cemetery Account	one account			
Payroll Account	one account			
Sewer Reserve Account	one account			
Road Reserve Account	one account			
Storm Sewer Reserve Account	one account			
Current Account Services				
Normal deposits	1,728			
Number of items deposited	17,472			
Currency & coin deposits	1,776,030			
Cheques issued & debited	5,650			
Returned cheques	30			
Processing of post dated cheques	0			
Stop payments	12			
Money orders, drafts & certified cheques	12			
Receiver General payments	26			
Night depository services	250			
Monthly account statements	132			
Daily account and loan detailed inquiries	300			
Consolidation of accounts	365 days			
Automatic payroll deposits 225 x 26	5,850			
Purchase of US dollars	0			

Bank confirmations	11		
Employee RRSP deductions at source 12 x 26	312		
Canada Savings Bond purchased by employees	24		
Investment support – Custodian of investments			
Investment transaction fee	0		
Electronic Banking			
Module fee			
Connect time			
# of accounts	7		
# of transactions delivered			
# of additional history charges			
EFT connect time			
Inter-bank transfers	108		
Bank to DFI transfers	0		
Wire charge bank to DFI	0		
Pre-authorized payments	7,236		
Pre-authorized payments returned	0		
Pre-authorized payment reports	0		

ACCOUNTS	Annual Volume	Service Providable	Cost per year	Cost per Five Year
	Estimated	YES/NO	If Any	Term

Other Payment Methods			
Acceptance of Merchant VISA/MasterCard payments	400		
Acceptance of Interact payments	500		
Annual charge for Visa/MasterCard and Debit Card	2		
Acceptance of Electronic payment of account(s)	1000		

Five Year Total Cost to Provide Service \$ _____

G.S.T. \$ _____

TOTAL COST \$ _____

APPENDIX ONE – PROPOSAL FORM

PROPOSANTS NAME: _____

The proponent hereby declares that it has carefully examined the RFP package and has been afforded the opportunity to request clarification of the RFP package through written questions to the CITY OF VERNON. The proponent will provide a comprehensive financial service, including any hardware, software, labour or anything else required to carry out its commitment for the prices stated in the price/cost section of the returned proposal and provide the interest rate as stated in the interest on consolidated accounts section of the returned proposal.

The proponent warrants that this proposal constitutes a firm offer to the CITY OF VERNON which cannot be withdrawn for 120 calendar days from and after the proposal due date or until a written agreement is executed and delivered by the CITY OF VERNON or another proponent, whichever is earlier.

The proponent understands that if its proposal is accepted it must execute an agreement and deliver it to the CITY OF VERNON within seven business days after receipt of the agreement in executable form from the CITY OF VERNON.

Enclosed herewith is evidence of good standing of the proponent’s corporation, joint venture or partnership and evidence that the person(s) signing this form is/are authorized to bind the proponent (and each member of any joint venture or partnership forming the proponent) to this proposal and to the agreement resulting from this proposal.

The proponent acknowledges receipt, understanding and full consideration of the following addenda to the request for proposals;

Addendum No. _____ Date Received: _____ Addendum No. _____ Date Received: _____
Addendum No. _____ Date Received: _____ Addendum No. _____ Date Received: _____

NOTE: If the proponent is a partnership or a joint venture, give full names of all partners or joint venturers. Evidence of the authority of the person signing on behalf of the corporation, partnership or joint venture to do so should be attached to the Proposal Form. Additionally, each partner or joint venturer will furnish a letter signed by an officer of the respective company stating that the respective company agrees to be held jointly and severally liable for any and all the duties and obligations of the proponent under any agreement arising there from.

By: _____
(signature)

Name: _____
(type or print)

Title: _____

Company: _____

Date: _____

By: _____
(signature)

Name: _____
(type or print)

Title: _____

Company: _____

Date: _____

APPENDIX TWO – CONFIRMATION FORM

**CORPORATION OF THE CITY OF VERNON
REQUEST FOR PROPOSAL
BANKING SERVICES
CONFIRMATION FORM**

Return this form immediately via fax to: Mr. Bernd Fehrmann
Manager of Finance
FAX : (250)545-7876

COMPANY NAME : _____

ADDRESS : _____

PHONE : _____ FAX : _____

E-Mail : _____

CONTACT : _____

SIGNATURE : _____

We have received a copy of the above noted R.F.P. and:

_____ we will be submitting a proposal

_____ we will **not** be submitting a proposal

We prefer to receive further correspondence to the attention of the above noted person by:

_____ Courier Collect

_____ Posted Mail

_____ Faxed To Above

_____ E-Mailed To Above