

April 19, 2017

To Whom It May Concern:

ADDENDUM #1
BANKING AND MERCHANT SERVICES
RFP NUMBER 17-0033FN

I. INSTRUCTIONS

- A. The following additions, deletions, revisions, and/or amendments to the original drawings and specifications are hereby made a part thereof, and a part of the contract documents. All provisions of said documents shall remain in force and effect, except as herein amended.
- B. This supplement to the specifications is issued prior to the receipt of submissions. All work covered in this supplement shall be included in the original quotation; and the supplement will be considered part of the Contract Documents. Proposer must acknowledge receipt of this Addendum on the Proposal Form. Please consider the following and incorporate it into your bid:

II. Questions:

Legal Questions:

1. Is the City willing to sign a bank provided service contract following the award?

As outlined in the City of Dover's RFP for Banking and Merchant Services under Section I. 1.4 Award of Contract a separate bank provided service contract should not be required.

2. Will changes be accepted when required by banking regulations and guidelines or only when it is in the best interest of the City?

If changes in services and/or fees are required by banking regulations and guidelines a written notification of the new regulations and/or guidelines should be sent 90 days in advance to the Controller/ Treasurer for prior approval.

3. Is the City willing to consider the terms of the Proposal as part of the overall contract?

Please refer to the City of Dover's RFP for Banking and Merchant Services under Section I. 1.4 Award of Contract. The City considers all of the terms and conditions of the contract as

contained in the Request for Proposal, unless any of the terms and conditions are modified by a Proposal addendum, a contract amendment, a Best and Final Offer or by mutually agreed terms and conditions.

4. Is the City willing to negotiate the Terms and Conditions included in the RFP?

Please refer to the City of Dover's RFP for Banking and Merchant Services under Section I. 1.4 Award of Contract the City considers all of the terms and conditions of the contract as contained in the Request for Proposal, unless any of the terms and conditions are modified by a Proposal addendum, a contract amendment, a Best and Final Offer or by mutually agreed terms and conditions.

5. Is the Bank required to prepare a special Affirmative Action Plan specific to work with the City or will the existence of a general Equal Employment Opportunity policy at the Bank suffice?

The existence of a general Equal Employment Opportunity policy at the Bank should suffice.

Banking Questions:

1. Is the City willing to consider a Federal Home Loan Bank Letter of Credit as an alternate form of collateral for City deposits?

The City prefers a Tri-party collateral agreement. During the engagement, this will allow for the City to more efficiently manage its assets. Additionally, this provides for a more direct comparison between proposers. If the proposing bank wishes alternate options can be provided separately.

2. What is the estimated annual costs of checking supplies detailed on page 14, section 2.5?

This annual cost is undetermined as it is considered very minimal in comparison with the volumes of funds on deposit with the financial institution.

3. How many petty cash checks are cashed on a monthly basis as stated on page 14, section 2.6?

Approximately 6 petty cash checks cashed a month.

4. How many City of Dover employees receive physical payroll checks that may be cashed at our local branch on a monthly basis?

On average 6 employees receive physical payroll checks.

- Please provide a copy of the City's Lockbox processing procedures.

Mail Opening

- Single Check/Single Coupon (exact and non-exact)
- Multi Coupon/Single Check (Exact and Non-exact... non-exact to go to CDM for decisioning)
Multi Check/Single Coupon
Multi Check/Multi Coupon (Exact and Non-exact... non-exact to go to CDM for decisioning)
- Check Only (if no customer acct is available, send to CDM for decisioning)(if stub is included, capture as a check & list)
- Check and List (Exact and non-exact... Non-exact to go to CDM for decisioning)

Acceptable Payees - Best Effort

Accept Any

Processable Payments

	Process	Reject
1. <u>Single Payments (exact and non-exact)</u>	X	
2. <u>Multi Payments (exact and non-exact)</u>		X
3. <u>Check Onlys (if customer account number is not on check send to CDM)</u>	X	
4. <u>Check and Lists (exact and non-exact)</u>	X	
5. <u>Payments containing cash (Put a check in place of cash and process to a valid customer acct #)</u>	X	
6. <u>Signature missing</u>	X	
7. <u>Checks missing date</u>	X	
8. <u>Foreign Checks in US currency</u>		X

Non Processable Payments

	Process	Reject
1. <u>Blank checks/money orders</u>		X
2. <u>Photocopy of check</u>		X
3. <u>No Payee</u>		X
4. <u>Foreign checks in foreign currency</u>		X
5. <u>Credit Card Payments</u>		X
6. <u>Photocopy of check</u>		X

CDM Processing Specifications

- Exceptions to be sent out 12:00pm. Decisions to be pulled in same day at 1:30 pm. Expire time is 3 business days.
- Transaction Types to be decisioned:
 - Unbalanced Multiples
 - Check Only without valid account number.
 - Check & List without valid account number.(If one customer account is listed, change the amount to equal the check amount)(If multiple customer accounts are listed and they do not balance to the check amount then send to CDM)
- Required fields: Account # [must be 9 digits]

Correspondence with Processable Payment

- Process payment

Special Procedures

1. Cash Handling Procedure: When the customer's account can be identified, FIS will "buy" the cash and substitute a check for deposit into the account in order to process.
2. Blank Check Procedure- Operator is to write "VOID" on the check and return as a Correspondence.
3. Image invoices and checks for customer access to Lockbox Central.
4. Pull in daily Online Bill Pay file.(Checkfree, Online Resource, and Metvante)
5. Monthly CD

Transmission Deadline

Deadline: FTP to Webvault Monday through Friday – 3:30 pm

6. Will the City provide a copy of 3 months of Account Analysis Statements from their current bank?

The Bank Cash Management Activities CY2016 Excel Template Workbook contains a worksheet Bank Service Pricing with compiled annual quantities of bank service transaction counts.

7. Page 11, Section 2.1, Letter M states that the interest rate applied to any interest bearing account must be tied to the Federal Funds Target Rate. Will the City consider any other form or rate calculation or index that provides an interest rate commensurate to current market conditions?

As referenced throughout the Request for Proposal if the proposer is presenting different options then requested within the RFP we ask that details concerning calculations and operation be provided in a separate section of the vendor's proposal.

Merchant Bank Card Questions:

1. What service are you currently using for IVR? Do you want to continue with your current IVR system or would you be willing to switch?

The City is not soliciting new vendors for IVR services at this time.

2. What terminals and pin pads are you currently using?

The City currently has the following equipment for processing face to face card payments: (a) Two (2) Hypercom Model# T4220 EMV terminals; (b) One (1) Verifone VX520 EMV terminal. Approximately 3 locations are processing payments via virtual terminal access through the vendors website.

3. What gateway are you using for your payment portal?

Authorize.net and TXP

4. Are there any other ways that you are looking to process besides what is included in the proposal i.e. mobile?

The City is open to accepting other efficient and cost effective methods of processing. If the proposer is presenting different options, we ask that details concerning calculations and operation be provided in a separate section of the vendor's proposal.

5. How many merchant numbers do you currently have and for which departments?

Please refer to the CY2016 Credit Card Sales by MID Annual Volumes workbook template file provided with this request for proposal.

6. Can you please provide a current merchant statement?

The merchant statements are not being provided as part of the request for proposal documentation. Please refer to the CY2016 Credit Card Sales by MID Annual Volumes workbook template file provided with this request for proposal.

7. What is your average ticket per department?

Please refer to the CY2016 Credit Card Sales by MID Annual Volumes workbook template file provided with this request for proposal.

8. What is the annual merchant volume per department?

Please refer to the CY2016 Credit Card Sales by MID Annual Volumes workbook template file provided with this request for proposal.

9. Do you accept AMEX?

The City would prefer to accept ONLY MasterCard, VISA and Discover.

10. Do you have an account rep assigned to your account?

Yes, we have a representative assigned to work with the City from both the current bank and merchant provider.

11. What type of reporting tools are you currently utilizing?

The City of Dover prefers to utilize online account reporting capabilities (i.e. Transaction inquiry reports, the ability to download cleared and outstanding check reports for ease of bank reconciliation processes, bank account activity and balance reports/queries, etc.

Cash Deposits

- It is outlined in the RFP that the Customer Service Department serves as the collection point for deposit activity. The City staff creates manual deposits on a daily basis for cash funds and a few miscellaneous checks that are not able to be converted for electronic check presentment. Parking meter money is collected and sorted on a monthly basis and deposited with the daily receipts.
 - How much cash (in dollars) is deposited on a monthly basis? It would be helpful to be provided with approximate detail on # of straps by denomination and # of rolled coins monthly. I used the information below to arrive at monthly figures. It is not clear what portion of the units is cash vs. check.

Approximately \$560(k) in cash is deposited on a monthly basis. The City is not able to provide any estimates of number of straps/coin rolls by denomination.

- Are all cash receipts taken to one branch location or spread among multiple locations?

All cash receipts are taken to one branch location.



- Approximately how many AP checks are cashed per month?

On average approximately 500 AP checks are cashed per month.

Would the City be interested in a courier pickup and or an on-site remote safe deposit for cash?

The City currently utilizes a police escort for deposits made at the local branch.

Lockbox

- PNC does not support a Delaware address with its lockbox services. Would this disqualify our proposal? Would the City consider our proposal for all other services not including the lockbox?

No the City would not disqualify the proposers' response to the RFP because the lockbox service does not support a Delaware address.

- An option would be for the City to set up their own PO Box in Delaware and arrange for a courier to deliver the mail to our site in New Jersey each day. Would this be an option the City would consider?

As referenced within Section I 1.2 H. The RFP reflects how the City transacts business today. The City is seeking greater efficiencies and the ability to reduce cost of service/operations. If alternative processes are provided, please be clear in how these will best assist the City.

1. Under the City's remote capture needs identified in section 2.2 b., is it a requirement that the solution be able to convert checks to ACH transactions? Is the City converting both consumer and business checks today?

As referenced within Section I 1.2 H. The RFP reflects how the City transacts business today. The City is seeking greater efficiencies and the ability to reduce cost of service/operations. If alternative processes are provided, please be clear in how these will best assist the City in achieving increased cash flow and ease of processing. Yes, currently the City is converting both business and consumer check payments to ACH.

2. Based on the RFP document, we understand the City is looking to replace its current Sungard H.T.E/Naviline system with a new ERP system. Does the city, or the ERP vendors that may be considered, have a preference on the type of integration they wish to utilize? (i.e. BAI format, ISO format, Swift, etc.)

Proposers should specify which formats they support today for integration with third-party financial systems, as well as list any new format that may be in development.

1. Page 19, "I. Describe your process for confirming transactions"
 - o Please provide more detail of the type of transaction...i.e., wires, remote deposit, etc.
 - o

Describe the bank's reporting and/or confirmation capabilities for any transaction initiated and processed by the City of Dover whether transfers among cash accounts, wires, remote deposits, pre-authorized collection batch files, etc.

2. Page 19, "L. The bank will be asked to supply services for the electronic transfer of funds from the customers' checking account (pre-authorized debits) to the credit of the City....."
 - o Please clarify what reporting information is needed to track and reconcile these customer payments.

The City of Dover submits these pre-authorized debits from customers' bank accounts as a batch file either uploaded as a txt file or we also utilize template(s) available with our current banking system to create a batch file as multiple accounts are usually debited and processed as a batch. A confirmation report for the batch total is necessary to confirm entire file was received.

1. Can you tell us the name of the current gateway product(s) used for taking online card payments?

Authorize.net and TXP

2. Are you collecting a convenience fee for online card payments?

No convenience fee is collected for online card payments.

3. Can you identify the equipment currently used for taking face to face(present) card payments?

The City currently has the following equipment for processing face to face card payments: (a) Two (2) Hypercom Model# T4220 EMV terminals; (b) One (1) Verifone VX520 EMV terminal. Approximately 3 locations are processing payments via virtual terminal access through the vendors' website.

4. Are you currently charging a Surcharge for face to face (present) card payments?

No additional fees are assessed to the customer on top of the customer charges owed for services provided.

5. Are the online payment gateways integrated to your ERP system or standalone with manual reconciliation?

The Authorize.Net is integrated with our software system for parks and recreation department online registrations. The TXP is standalone as a batch file is extracted from the payment portal and imported into our accounting system.

1. How many checks does the City anticipate being cashed over the counter at PNC branches? How many of these will be for Non-PNC accountholders?

Approximately 12 to 18 checks a month could be presented over the counter for cashing.

2. How much cash/currency does the City typically deposit at a branch monthly?

Approximately \$560(k) in cash is deposited on a monthly basis.

3. How many account transfers per month does the City expect per month?

Roughly about 110 account transfers per month.

4. Is the consideration of a proposal contingent upon the presence of a Delaware Lockbox?

No the City's consideration of a proposal is not contingent upon the proposers' lockbox service having a presence in Delaware.

- 1) Who currently has the contact for the Banking Services and Merchant Services? Are you experiencing any service issues? Is there any reason that you did not extend the contract for an additional year or was the 2012 contract not allow for an additional one-year period?

It is the City's policy to solicit services approximately every 5 years for major services provided to the City. This allows the City and staff to determine that the most cost effective and efficient processes are being utilized to perform day to day processes.

- 2) If a responders' lockbox processing is not in Dover will it automatically disqualify the RFP response?

No the City would not disqualify the proposers' response to the RFP because the lockbox service does not support a Delaware address.

- 3) Will City of Dover complete a vendor listing, so that we can analyze your Corporate Card program?

Once the City has awarded the contract for services to the vendor we can then complete a vendor listing in order to analyze our corporate card program.

- 4) Can a web link to the bank's financial statements be used in place of copies?

Yes, a web link to the bank's financial statements can be used in place of paper copies. Please insert the link in an easily identifiable location within the response to the request for proposal.

- 5) You listed the 2016 annual expenditures at \$130,000 for the approximately 20 Corporate Cards, is that just procurement or does that include Travel & Entertainment?

The Corporate cards are largely used for Travel and Entertainment. The City requests departments to utilize the procurement department for everyday supplies/equipment purchases.

- 6) Can you provide average account balance levels by fund?

Average account balance levels by fund are as follows:

General Fund = \$3.5 million

Water/Wastewater = \$4 million

Electric = \$7million

- 7) What does the volume titled Courier Fee in your annual volumes sheet represent (528,598)?

The per item fee for the courier to go from the Post Office to the lockbox site.

- 8) What does Payment Consolidation mean in your Annual Billings (20,199)?

Payment consolidation is when multiple pieces are sent with one remittance.

- 9) What does Data capture entail? A retail lockbox is typically coded in the scan-line? What fields are being included in Data Capture?

Data capture corresponds to the number of data points captured within the system. Fields being included in the Data Capture would be as follows:

- a. Account number = 9 digits
- b. Check amount
- c. Bank routing number
- d. Bank account number
- e. Check number
- f. Remittance Type

End of Addendum #1

If you have any questions, please contact me at (302) 736-7046 or email doverwhse@dover.de.us.

Sincerely,

Barry Wolfgang
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Addendum Receipt Record

RFP 17-0033FN

We have received and reviewed the following Addenda (if applicable):

1. Addendum #1, dated April 19, 2017.
2. _____, dated _____.
3. _____, dated _____.

FIRM NAME: _____

BY: _____

PRINTED: _____

TITLE: _____

DATED: _____

ADDRESS: _____

PHONE: _____

FAX: _____

FEDERAL: _____

ID#