



STAFF REPORT ACTION REQUIRED

Contract Award – Request for Proposal 9155-09-7179 Banking Services for the City of Toronto

Date:	April 14, 2010
To:	Government Management Committee
From:	Treasurer
Wards:	All
Reference Number:	P:\2010\Internal Services\acc\gm10008acc (AFS10724)

SUMMARY

The purpose of this report is to advise on the results of Request for Proposal (RFP) 9155-09-7179 for the provision of banking services to the City of Toronto and to request authority to enter into an agreement with the recommended proponent.

RECOMMENDATIONS

The Treasurer recommends that:

1. City Council grant authority to enter into an agreement with the Royal Bank of Canada (RBC) being the sole proponent submitting a proposal and meeting the requirements of the RFP to provide banking services to the City of Toronto for a five (5) year period starting July 1, 2010 for an estimated annual amount of \$1,051,484.22 net of all taxes and subject to budget approval beyond 2010, with an option to renew for two (2) additional five (5) year terms. The total estimated value of the contract award for the initial five (5) year period is \$5,257,421.10 net of all taxes.
2. Authority be delegated to the Treasurer to exercise the option to renew for two (2) additional five (5) year terms and to negotiate and approve the fees, interest rates and any other costs for each of the two (2) additional five (5) year terms, with payment of such fees, interest rates and other costs being subject to the funds being available through budget approval.

Financial Impact

The total potential contract award for the first five year term starting July 1, 2010 is \$5,257,421.10 net of all taxes. The cost to the City is \$5,349,951.71 net of HST recoveries. The funding for the contract award is included in various Divisional Operating Budgets for 2010 and will be included in their respective 2011-2015 Operating Budget submissions.

Increases for the optional terms are subject to negotiation. Should the Treasurer exercise the optional terms of the contract, then appropriate additional funding will be requested in the 2015 to 2025 various Divisional Operating Budgets.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting held on June 24, 25 and 26, 2003, City Council approved the awarding of a five year contract (to June 30, 2008) to the Royal Bank of Canada, the highest scoring proponent, to provide the City of Toronto, including the Toronto Zoo, with banking services (re: Administration Committee Report 5, Clause 5, titled "Contract to Provide Banking Services for the City of Toronto RFP 9155-03-7055"). Following is the link to the Council Decision document:

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030624/adm5rpt/cl005.pdf>

At its meeting held on November 19 and 20, 2007, City Council authorized the Treasurer to negotiate a two-year extension to the banking services contract with the Royal Bank of Canada with an expiry date of June 30, 2010 and report back to Council, through Government Management Committee, with the proposed terms and conditions of the contract extension (re: GM9.4 "Banking Services Contract 47010773 - Request for Extension"). The following is the link to the Council Decision Document:

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-11-19-cc14-dd.pdf>

At its meeting held on April 28 and 29, 2008, City Council authorized the two-year contract extension with the Royal Bank of Canada for banking services (re: GM13.2 "Banking Services Contract 47010773 - Results of Negotiation"). Following is the link to the Council Decision Document:

<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-04-28-cc20-dd.pdf>

ISSUE BACKGROUND

The two-year contract extension for banking services with RBC is set to expire on June 30, 2010.

Banking services are an essential and integral part of the daily financial activity of the City of Toronto. Leveraging on new and innovative technology will allow the City to streamline banking processes, reduce costs and ensure that the city's financial integrity is intact.

In order to select a banking provider for the next five years, a multi-divisional City and Toronto Zoo team was created to assess banking service requirements, develop a Request for Proposal document for general banking services and evaluate proposal submissions received through the RFP process.

A number of the City's Agencies, Boards and Commissions (ABCs) were contacted and encouraged to participate in the City's banking services RFP; however, the majority of them had contracts in place with expiration dates which restricted them from participating in the City's RFP. Additionally, the TTC's banking service requirements were fundamentally different when compared to the City's requirements. The Toronto Zoo continues to participate in the City's banking services program and was included as part of the current RFP.

The RFP specified a contract period of five (5) years with the option to renew for two (2) additional five (5) year terms at the City's discretion and subject to the City negotiating and approving the fees, interest rates and any other costs. The flexibility to extend for up to two additional optional terms provides the City with the opportunity to work in partnership with the vendor to develop a long-term banking services strategy and adopt ongoing technological improvements, and also helps mitigate the significant effort and resources required to transition to a new banking service. A decision on whether to exercise the City's option to extend the contract for an additional term will be subject to a comprehensive review of prevailing market conditions and banking industry trends/offers, as well as a review of service experience over the current contract term and the level of fees/rates that the City is able to negotiate for the optional renewal period.

COMMENTS

Request for Proposal 9155-09-7179 was issued by Purchasing and Materials Management Division (PMMD) on December 15, 2009 and was available for download in PDF on the City's internet website. Seven (7) firms were notified of the RFP. The range of the requirements included in the RFP's scope of work were reflective of the banking services currently received by the City and Toronto Zoo. The RFP process allowed for any potential Proponent to submit clarification questions or express any concerns they might have in relation to any section within the procurement document. The City only received

questions from the Royal Bank of Canada, where responses were addressed in the form of an addendum to the Request for Proposal.

A proponent's meeting was held on January 12, 2010 to allow interested proponents to ask questions in regard to the RFP and the procurement process.

One (1) submission was received on February 5, 2010 from the Royal Bank of Canada. Three (3) additional responses were received by other firms indicating that they would not be submitting a proposal response to this RFP.

The RFP was divided into three key criteria and evaluated on the following:

- a) general banking services;
- b) City of Toronto specific requirements; and
- c) transition plan.

In compliance with the RFP terms of reference, RBC's submission included a detailed technical proposal and a separate sealed envelope with a cost proposal. The selection process stipulated that the technical proposal had to meet a minimum threshold of 75% for each key criteria above and an overall minimum threshold of 75% in order for the cost of services envelopes to be opened and evaluated.

The RFP stipulated that upon opening the cost of services envelopes, the lowest cost proposal would be recommended for award.

An evaluation and selection committee, comprised of nineteen (19) members from various City Divisions (Accounting Services, Corporate Finance, Information & Technology, Long Term Care & Homes Services, Pension, Payroll & Employee Benefits, Policy, Planning, Finance & Administration, Revenue Services, Toronto Employment & Social Services) and the Toronto Zoo, evaluated the only technical proposal received in compliance with the criteria set out in the Request for Proposal. Members of the selection committee evaluated the key criteria related to their specific Divisional requirements.

The technical submission was first reviewed to ensure compliance with the mandatory requirements were met. RBC's submission met all mandatory requirements and therefore proceeded to the next stage of detailed evaluation.

The technical submission was then evaluated independently and then jointly evaluated by all members of the selection committee in accordance with a set of pre-established criteria. The proposal from RBC exceeded the minimum technical threshold score per key criteria and also met the overall minimum technical threshold for the entire technical proposal submission. Thereafter, RBC's separate cost proposal was opened and reviewed.

On completion of the above process, RBC's proposal submission met all the requirements as set out in the RFP and the cost of services are acceptable to the City.

RBC is the incumbent banking services provider to the City, therefore an implementation or transition plan to set up the required banking services will not be necessary. In addition, the RFP highlighted the importance for the Proponents to demonstrate in their Proposals the continuous and improving use of technology in the delivery of their banking services and how their technological improvements would help the City to achieve further internal efficiencies. RBC has demonstrated a strong commitment to technological innovation in the form of capital invested and available resources and has indicated that it will further assist the City in moving to increased use of electronic commerce and web-based applications.

The Fair Wage Office has reported that the recommended firm has indicated that it reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

Proponent's scores, financial comparison and staff analysis of the evaluation results can be provided to Councillors in an in-camera presentation if so requested by Committee members.

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SIGNATURE

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