



STAFF REPORT ACTION REQUIRED

Credit and Debit Card Processing Services Contract

Date:	June 14, 2011
To:	Government Management Committee
From:	Treasurer
Wards:	All
Reference Number:	P:\2011\Internal Services\Acc\gm11011Acc (AFS14124)

SUMMARY

This report advises on the results of an unsuccessful Request For Proposal (RFP) for Credit and Debit Card Processing Services which closed on May 27, 2011 and requests a six month extension to the existing agreement with the current provider, Moneris Solutions Inc. (Moneris), in order to ensure that the City can continue to accept credit and debit card payments for its programs and services while a revised RFP is issued and awarded.

RECOMMENDATIONS

The Treasurer recommends that:

1. Council authorize a six-month contract extension with Moneris Solutions Inc. for Credit and Debit Card Processing Services to January 31, 2012 under the same terms and pricing as the existing contract

Financial Impact

Extending the contract with Moneris by six (6) months, ensures that the City's credit and debit card processing service to the public continues without interruptions, and ensures that the City will continue to collect an estimated \$100 million in credit and debit card payment revenues over the six month period. Moneris has agreed to continue their per unit charges at the existing rates for the entire six month term.

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

DECISION HISTORY

City Council at its meeting of June 24, 25 and 26, 2003, considered the results of a RFP and recommended a five (5) year contract award to the Royal Bank of Canada. Debit and Credit Card Processing Services from Moneris was part of the City's banking contract with Royal Bank of Canada (RBC) and RBC required the City to enter into a tri-party agreement with RBC and Moneris for these services.

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

City Council at its meeting of November 19 and 20, 2007, authorized the Treasurer to negotiate a two (2) year extension of the banking contract the results of which were reported to Council in April, 2008. As a result, Council authorized an extension to allow for the issuance of a new banking RFP in 2010. This extension was for all banking services which under the 2003 agreement included debit and credit card processing services. Accordingly the tri-party agreement with Moneris was also extended until July 31, 2010 with one year options to renew. Due to the increased workload in Accounting Service in early 2010 resulting from the implementation of new financial reporting requirements, and in particular the reporting of tangible capital assets, it became necessary to exercise this option for one year only, all in accordance with required authorizations, and the agreement will now expire on July 31, 2011.

Since 2010, Debit and Credit Card Processing services are no longer tied to banking agreements. There are other providers of the same services and the City is now in a position to seek a service provider by means of a competitive RFP process.

ISSUE BACKGROUND

The contract for Debit and Credit Card Processing Services expires on July 31, 2011. An RFP for a new provider was issued on April 6, 2011 and closed on May 27, 2011. Two (2) non-compliant proposals and three (3) "no bid" responses were received. Based on feedback received from debriefing sessions held with the five (5) proponents that submitted either a proposal or "no bid" response, a revised RFP is being developed and will be issued shortly. As the current contract expires July 31st, an extension to the contract is required to ensure that the City can continue to accept credit and debit card payments in the interim, while being protected from the financial liabilities of potential credit card frauds. Based on comments received from prospective proponents during the debriefing sessions, allowing for a longer implementation period will increase the number of service providers able to fulfill the City's requirements and submit proposals.

COMMENTS

Moneris' existing service contract with the City will expire on July 31, 2011. City staff prepared and issued an RFP for Credit Processing Services on April 6, 2011. A proponents' meeting was held on April 14, 2011 to solicit questions and/or concerns from perspective proponents on the contents and requirements of the RFP prior to the closing date of May 9, 2011 to ensure that a maximum number of compliant proposals were received. All questions and concerns raised by perspective proponents were addressed. As a result of the proponents' meeting, revisions were made to the RFP through the

issuance of five (5) addenda. In addition, the closing date of the RFP was extended by 18 days to May 27, 2011.

Despite the efforts made to ensure a maximum number of compliant responses were received, two (2) proposals and three (3) "no bid" responses were received by the closing date of the RFP. Upon review, both proposals were disqualified because they did not satisfy the requirements of the RFP.

Debriefing meetings were held at the beginning of June with all five (5) respondents to determine why the call failed to provide compliant responses. The debriefings indicated that the respondents had further concerns (which were not expressed at the proponents' meeting or during the time the call was in the market) with the terms and conditions in the RFP document and the timing for the implementation of a new supplier's technology. The debriefing sessions provided good feedback which will result in changes in the business requirements and the terms and conditions, including the timing for a transition to a new provider, if required. The changes being incorporated into the new RFP will allow for multiple providers to submit compliant bids. It is anticipated that the revised RFP will be issued prior to the Government Management Committee meeting date of June 28th.

As the City brings in approximately \$200 million in credit and debit card revenue per year, and as the City's residents and businesses are accustomed to paying bills, fees and charges for City services using their debit and / or credit cards, it is very important that the City continue to be able to accept these cards, and that the current contract not lapse before a new provider is selected and in place.

In order to provide uninterrupted debit and credit card processing services to the public, it is recommended that a six-month extension of the current contract with Moneris be approved.

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SIGNATURE

Giuliana Carbone
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