



STAFF REPORT ACTION REQUIRED

Award of Request for Proposal No. 3401-16-3008 for Credit/Debit Card Payment Processing Services

Date:	October 28, 2016
To:	Government Management Committee
From:	Director, Purchasing and Materials Management Division Treasurer Chief Information Officer; Information & Technology Division
Wards:	All
Reference Number:	P:\2016\Internal Services\acc\gm16018acc (AFS23908)

SUMMARY

The purpose of this report is to advise on the results of the Request for Proposal (RFP) 3401-16-3008 for Credit/Debit Card Payment Processing Services for City of Toronto and to request authority to negotiate and enter into a legal agreement with Moneris Solution Corporation ("Moneris") for the term of five (5) year period with the option to renew for up to five (5) additional separate one (1) year periods at the sole discretion of the City.

This contract award is within the authority of City Council pursuant to Toronto Municipal Code Chapter 195, Purchasing, Section 195-14C (2).

RECOMMENDATIONS

The Treasurer, Chief Information Officer and the Director of the Purchasing and Materials Management Division recommend that:

1. City Council authorize the Treasurer and the Chief Information Officer to negotiate and enter into an agreement with Moneris Solution Corporation, being the highest scoring proponent meeting the requirements of Request for Proposal (RFP) 3401-16-3008 for a period of five (5) years from February 1, 2017 to January 31, 2022 in the estimated amount of \$14,825,659 net of all taxes and charges (\$15,086,591 net of HST recoveries) with the option to renew the contract for five (5) additional separate terms of one (1) year each at the sole discretion of the Treasurer, from February 1,

2022 to January 31, 2027, in the aggregate estimated amount of \$14,821,534 net of all taxes and charges (\$15,082,393 net of HST recoveries), for a total estimated contract award of \$29,647,193, net of all taxes and charges (\$30,168,984 net of HST recoveries), based on the terms and conditions set out in the RFP and in a form satisfactory to the City Solicitor.

Financial Impact

The total contract award identified in this report including all option years is estimated to be \$29,647,193 net of all applicable taxes and charges and \$33,501,328 including all applicable taxes and charges. The total potential estimated cost to the City is \$30,168,984 net of HST recoveries. Costs are estimated as they are dependent on the volume of transactions paid by credit and debit cards. **The contract commences on February 1, 2017.**

Funding in the amount of \$2,765,876 is included in the 2017 Operating Budget for various divisions. Amounts of \$3,017,318 for each of the years (for 2018 to 2021 budget year), and \$251,443 (for the 2022 budget year), will be included in the 2018-2022 annual Operating Budget Submissions. Should the City choose to exercise its option to renew for an additional five (5) separate one (1) year terms, then appropriate additional funding, if needed, will be included in the 2022-2027 annual Operating Budget Submissions. The funding details are summarize in Table 1 below:

Table 1: (\$'s) Net of HST Recoveries

Year	Period	Cost Centre: Various Cost Element: 6610 (Credit Card Discounts)	Cost Centre: Various Cost Element 3030 (Machinery & Equipment Office)	Total
2017	February 1, 2017 to December 31, 2017	\$2,687,601	\$78,275	\$2,765,876
2018	January 1, 2018 to December 31, 2018	\$2,931,928	\$85,390	\$3,017,318
2019	January 1, 2019 to December 31, 2019	\$2,931,928	\$85,390	\$3,017,318
2020	January 1, 2020 to December 31, 2020	\$2,931,928	\$85,390	\$3,017,318
2021	January 1, 2021 to December 31, 2021	\$2,931,928	\$85,390	\$3,017,318
2022	January 1, 2022 to January 31, 2022	\$244,327	\$7,116	251,443
	Total: Contract Period	\$14,659,640	\$426,951	\$15,086,591
2022	February 1, 2022 to December 31, 2022	\$2,686,853	\$78,254	\$2,765,107
2023	January 1, 2023 to December 31, 2023	\$2,931,112	\$85,366	\$3,016,478
2024	January 1, 2024 to December 31, 2024	\$2,931,112	\$85,366	\$3,016,478
2025	January 1, 2025 to December 31, 2025	\$2,931,112	\$85,366	\$3,016,478
2026	January 1, 2026 to December 31, 2026	\$2,931,112	\$85,366	\$3,016,478
2027	January 1, 2027 to January 31, 2027	\$244,259	\$7,115	\$251,374
	Total: 5 Years Optional Period	\$14,655,560	\$426,833	\$15,082,393
	Grand Total	\$29,315,200	\$853,784	\$30,168,984

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

ISSUE BACKGROUND

The City accepts payments at various locations throughout the City via Point of Sale terminals (POS), self-serving kiosks, Interactive-Voice Response System (IVR), and through web based applications. The payments are processed by a third party organization known as a Payment Service Provider (PSP) on behalf of the City. The credit and debit card merchant services for the City are to expire on January 31, 2017. To ensure continuity of business, with minimal interruption to services, Request for Proposal (RFP) No. 3401-16-3008 has been issued with the expectation that the successful Proponent's Solution will be fully operational on February 1, 2017 in order to take over credit/debit card processing.

COMMENTS

Request for Proposal 3401-16-3008 – Procurement Process

Request for Proposal (RFP) No. 3401-16-3008 for the Credit/Debit Card Payment Processing Services for the City of Toronto, was issued by the Purchasing and Materials Management Division (PMMD) on July 8, 2016 and made available to download on the City's internet website. The closing date for submissions was August 5, 2016. As a result two (2) firms downloaded the document and the same two firms submitted a proposal, Global Payments Inc. ("Global") and Moneris.

The RFP process was conducted as a two envelope system whereby the proponents were required to submit two separate envelopes. Envelope one (1) was the technical proposal submission and envelope two (2) contained the cost of services. Only those proponents who have met the 70% threshold or 59.5 points will have their cost of services envelopes opened.

Evaluation of the Request for Proposal (RFP) No. 3401-16-3008 Submissions:

A formal Selection Committee comprised of (5) staff members, three (3) from Accounting Services Division, two (2) from Information & Technology Division (I&T), with on-going support from PMMD, I & T finance, Contract Management and Legal. All staff involved in the evaluation process signed and submitted a Non-Disclosure and Declaration of Conflict of Interest Agreement, under the supervision of PMMD, evaluated the technical proposals in compliance with the criteria set out in the RFP as follows:

- Stage 1: Mandatory submission Requirements

- Stage 2: Detailed Technical Evaluation (Proposal Content)
- Stage 3: Cost of Services

Stage 1: Mandatory submission requirements

In compliance with the RFP, a list of mandatory requirements had to be met in order to advance to Stage 2 - Proposal Content. Both firms (Global and Moneris) advanced to Stage 2 of the evaluation process.

Stage 2: Detailed Technical Evaluation (Proposal Content)

In Stage 2 proponents were evaluated on their Technical (proposal content) proposal and a minimum threshold score of 70% (or 59.5 points) had to be met in order to advance to Stage 3 (Cost of Services) and to be considered further. Out of the two (2) firms that were evaluated, only Moneris met the minimum threshold score of 70% (or 59.5 points) and advanced to Stage 3 of the evaluation process.

Stage 3: Cost of Services

In Stage 3 the cost of services envelope was opened for Moneris being the only proponent that met the 70% threshold (or 59.5 points). The costs of services submission was reviewed and the calculations of the total annual costs and price scores were validated by PMMD, and Corporate Finance.

The firm of Knowles Canada ("Knowles") was retained through a competitive bidding process to act as Fairness Monitor for the RFP. The Fairness Monitor's scope of work included:

- Providing oversight on the procurement process for the purpose of ensuring adherence to high standard, objectivity of evaluation, and transparency.
- Addressing any concerns relating to accountability/fairness (monitoring the level of openness and competitiveness of the procurement process);
- Independent assurance of the integrity of the procurement process with a signed attestation statement;
- Preparing a Final Attestation Report for the City.

Knowles concluded that the procurement process satisfied the principles of openness, fairness, consistency and transparency. The Attestation Report from the Fairness Monitor is included as Attachment 1.

Proponent's scores and staff analysis of the evaluation results can be provided to Councillors in an in camera presentation if requested by members of Council.

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

Conclusion

Based on the results of the RFP, the Treasurer, Chief Information Officer and the Director, PMMD are recommending that City Council authorize the City to negotiate and enter into an agreement with Moneris Solution Corporation, being the highest scoring proponent, to provide the Credit/Debit Card Payment Processing Services.

CONTACTS

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SIGNATURES

Mike St. Amant
Treasurer

Rob Meikle
Chief Information Officer
Information & Technology Division

Michael Pacholok, J.D.
Director
Purchasing & Materials Management Division

ATTACHMENT

Attachment 1: Fairness Monitor Attestation Report