REPORT FOR ACTION

Award of Doc4769714345 to Royal Bank of Canada for Banking Services for the City of Toronto

Date: April 28, 2025
To: General Government Committee
From: Controller and Chief Accountant and Chief Procurement Officer
Wards: All

SUMMARY

The purpose of this report is to advise on the results of Negotiated Request for Proposal (nRFP) Doc4769714345 for the supply of general banking services, and to request authority to enter into an agreement with the Royal Bank of Canada (RBC), the highest scoring supplier meeting the City's requirements included in the scope of work.

The contract has an initial five (5) year term commencing July 1, 2025, to June 30, 2030, with options for the City to extend the agreement for two (2) additional five (5) year periods. The initial five (5) year contract is valued at $10,882,907.87 (net of all applicable taxes and charges) and $11,074,447.04 (net of HST recoveries), and the total potential contract value, if all options are exercised, is $32,648,723.60 (net of all applicable taxes and charges) and $33,223,341.14 (net of HST recoveries).

RECOMMENDATIONS

The Controller and Chief Accountant and Chief Procurement Officer recommend that:

1. City Council, in accordance with Section 195-8.5 of Toronto Municipal Code Chapter 195 (Purchasing By-Law), grants authority to the Controller and Chief Accountant to award and enter into an agreement with the Royal Bank of Canada (RBC), being the highest scoring supplier meeting the City's requirements of Negotiated Request for Proposal (nRFP) Doc4769714345, to provide banking services to the City of Toronto, for an initial five-year term of the contract covering the period July 1, 2025 to June 30, 2030 in the amount of $10,882,907.87 (net of all applicable taxes and charges) and $11,074,447.04 (net of Harmonized Sales Tax recoveries).

2. Authority be delegated to the Chief Financial Officer and Treasurer to exercise the options to renew for two (2) additional five (5) year terms, subject to the funds being

available through budget approval and services performed to the satisfaction of the Chief Financial Officer and Treasurer, in the amount of $10,882,907.87 (net of all applicable taxes and charges) and $11,074,447.04 (net of Harmonized Sales Tax recoveries) for each five (5) year extension term. If all options to renew are exercised the total value for three (3) terms is $32,648,723.61 (net of Harmonized Sales Tax recoveries) and $33,223,341.14 (net of Harmonized Sales Tax recoveries).

FINANCIAL IMPACT

The total potential 15-year contract award to Royal Bank of Canada (initial five-year term 2025-2030, and two option five-year terms 2030-2035 and 2035-2040) is $32,648,723.60 (net of all applicable taxes and charges) and $33,223,341.14 (net of Harmonized Sales Tax recoveries).

Funding for the initial 6-month period from July 1, 2025, to December 31, 2025, of $1,107,444.70 (net of HST recoveries) has been included in the 2025 Operating Budgets of the participating Divisions. Annual funding for this award has been approved within the budgets of various Divisions. Additional funding details are provided in Appendix A Table 1 and Table 2.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

DECISION HISTORY

At its meeting on May 11 and 12, 2010, City Council adopted Government Management Committee item GM30.3 – Contract Award – Request for Proposal 9155-09-7179 Banking Services for the City of Toronto, granting authority to award Royal Bank of Canada (RBC) for a term of five (5) years from the date of award, with the option to renew for two (2) additional five-year terms for a total amount of 3 (three) terms estimated $15,772,263 (excluding taxes). This authority can be obtained from this link: http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.GM30.3.

The City had signed an agreement with RBC for a period of five (5) years from July 1, 2010, to June 30, 2015. The contract number for the contract was 47016630 for an estimated value of $5,257,421.10. Based on the delegated authority of the Treasurer, the agreement for RBC was renewed on July 1, 2015, to June 30, 2020, and renewed for additional five-year term from July 1, 2020, to June 30, 2025.

COMMENTS

Background

Banking Services are an essential and integral part of the City's daily financial activities.

The City's banking services agreement with RBC, which was originally executed in 2010, expires on June 30, 2025. In response to the upcoming expiration, the Accounting Services Division (ASD) initiated a competitive procurement process with the Procurement and Materials Management Division (PMMD).

RBC will provide the following main banking services to the City:

1. Online banking.
2. Cheque printing.
3. Remote cheque deposits (i.e., Cheque-Pro).
4. Cheque lock box facility and night and day deposit service.
5. Cheque fraud protection/payee match.
6. Wire transfers and electronic fund transfers.
7. Foreign currency support.
8. Courier services.

Additionally, RBC will support the integration of the banking system to the City's financial system (i.e., SAP S/4HANA) under this arrangement.

Procurement Process:

The City's objective was to competitively source banking services to meet both current and future requirements. PMMD strategically planned and sourced this multi-year banking services contract using the following approach:

Market Sounding:
To attract all major banks to participate in the competition, PMMD and ASD facilitated a Market Sounding exercise with all major financial institutions, Toronto-Dominion Bank (TD), Bank of Montreal Canada (BMO), Royal Bank of Canada (RBC), National Bank of Canada, Scotiabank Canada, and Canadian Imperial Bank of Commerce (CIBC). This exercise was intended to raise awareness of the City's intention to procure general banking services, promote interest in the marketplace, and provide an opportunity to collaboratively determine any challenges which may prevent them to participate in the competitive solicitation process.

Negotiated Request for Proposal (nRFP) Process:
After the Market Sounding exercise, PMMD issued an nRFP and invited the participants in a Pre-Bid session to provide an overview of the City's procurement system (i.e., SAP Ariba), share guidelines, and address questions related to the nRFP process.

The City's nRFP, Doc4769714345, closed on October 25, 2024. The following participants submitted a response to the nRFP:

- Bank of Montreal (BMO)
- Royal Bank of Canada (RBC)

Evaluation and Negotiation Process:
A formal Evaluation Committee consisting of representatives from the City's Divisions, including Accounting Services, Revenue Services, Pension, Payroll, and Employee Benefits, Financial System Transformation Program, Capital Markets, and a representative from Toronto Zoo, was established for the purpose of reviewing the responses. All staff involved in the evaluation process signed and submitted a Non-Disclosure and Declaration of Conflict-of-Interest Agreement prior to the proposals being received. Under the supervision of PMMD, the proposals were evaluated in compliance with the criteria set out in the nRFP.

The evaluation process described in the nRFP consisted of four stages and each of the proposals were evaluated against the criteria as follows:

- Stage 1: Mandatory Submission Requirements
- Stage 2A: Mandatory Technical Requirements
- Stage 2B: Technical Proposal Rated Evaluations
- Stage 3: Pricing Evaluation
- Stage 4: Contract Negotiations

Stage 1 and Stage 2A and 2B Evaluation

The Bids were reviewed to ensure all nRFP mandatory submission and technical requirements as set out in Part 4 – Form B (Technical Proposal and Qualifications) were met. The City's evaluation team reviewed each qualified Bid based on the non-price rated criteria as set out in Part 4 – Form B (Technical Proposal and Qualifications). The scores were assigned to each requirement as described in the Part 4 – Form B of the nRFP. The overall weighting for the pricing and technical score evaluation was chosen to be 60% Technical and 40% Pricing.

Stage 3: Pricing and Rankings

Each Supplier's recommended pricing for the City's banking services was reviewed. The proposal with the lowest cost received the highest score for this stage and all other Supplier's Proposals received a pro-rated score against the lowest priced supplier's proposal accordingly.

After the completion of Stage 3, all scores from Stages 2 and 3 were added together and the Bids were ranked based on their total scores. Upon completion of this Stage, the City determined that RBC had the highest scores out of all responses that were submitted as part of the nRFP.

Stage 4: Contract Negotiations

The City successfully concluded its negotiations with RBC, which resulted in a notable cost reduction for the City over the term of this contract.

As RBC is the incumbent financial institution for the City, no transition period will be required, and the City's banking services can continue without interruptions or changes. The new arrangement with RBC will allow the City to enter in a five-year contract with RBC, with the option to renew for two additional five-year periods, at the City's sole discretion on the same terms and conditions as the initial agreement, except for fees. Please note that Table 2 in Appendix A provides a breakdown of fees that will be allocated to each Division requiring banking services under the City's contract.

Based on the final agreed upon terms and conditions, the City's Agencies and Corporations can also leverage the City's arrangement with RBC to support their future banking services requirements. For the City's Agencies and Corporations, RBC would be required to offer the same or comparable terms (including pricing) to the interested entities as set out in the City's Contract.

CONTACT

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SIGNATURE

Jason Li
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Geneviève Sharkey
Chief Procurement Officer

APPENDIX A

Table 1 – Financial Impact Summary of Recommended Contract (net of HST recoveries)

Year	Period	Term	Costs	Annual costs
2025	July 1– December 31, 2025	Initial term	$1,107,444.70	$1,107,444.70
2026	January 1– December 31, 2026	Initial term	$2,214,889.41	$2,214,889.41
2027	January 1– December 31, 2027	Initial term	$2,214,889.41	$2,214,889.41
2028	January 1– December 31, 2028	Initial term	$2,214,889.41	$2,214,889.41
2029	January 1– December 31, 2029	Initial term	$2,214,889.41	$2,214,889.41
2030	January 1– June 30, 2030	Initial term	$1,107,444.70	$2,214,889.41
	July 1– December 31, 2030	1st option term	$1,107,444.71	
2031	January 1– December 31, 2031	1st option term	$2,214,889.41	$2,214,889.41
2032	January 1– December 31, 2032	1st option term	$2,214,889.41	$2,214,889.41
2033	January 1– December 31, 2033	1st option term	$2,214,889.41	$2,214,889.41
2034	January 1– December 31, 2034	1st option term	$2,214,889.41	$2,214,889.41
2035	January 1– June 30, 2035	1st option term	$1,107,444.70	$2,214,889.41
	July 1– December 31, 2035	2nd option term	$1,107,444.71	
2036	January 1– December 31, 2036	2nd option term	$2,214,889.41	$2,214,889.41
2037	January 1– December 31, 2037	2nd option term	$2,214,889.41	$2,214,889.41
2038	January 1– December 31, 2038	2nd option term	$2,214,889.41	$2,214,889.41
2039	January 1– December 31, 2039	2nd option term	$2,214,889.41	$2,214,889.41
2040	January 1– June 30, 2040	2nd option term	$1,107,444.70	$1,107,444.70
Total potential costs (net of HST recoveries)				**$33,223,341.14**

Table 2 – Participating Divisions with estimated costs (net of HST recoveries):

Division Name	Estimated % of total costs	Estimated costs for 2025 ($)	General Ledger Account	Cost Centre
Pension, Payroll, and Employee Benefits	40.13%	444,417.56	4825, 6570	FS0140, FS0116, FS0138
Toronto Employment and Social Services	27.75%	307,315.91	4120, 6570	C01299, C01266
Revenue Services	22.81%	252,608.14	6570	FS0161, FS0168
Non-Program	6.23%*	68,963.90*	6570	NP8010
Court Services	0.81%	8,970.30	6570	CT2001
Parks and Recreation	0.64%	7,087.65	6610	P00012
Transportation Services	0.55%	6,090.95	6570	TS8010
Children's Services	0.39%	4,319.03	4825	E0541C
Seniors Services and Long-Term Care	0.26%	2,879.36	6570	D2C010
Municipal Licensing and Standards	0.17%	1,882.66	6570	MS1120, MS1200, MS1212, MS1240, MS5030, MS5032, MS5033, MS5036, MS5039, MS5040, MS5045, MS5048
Economic Development and Culture	0.08%	885.96	6570	ED0003

Division Name	Estimated % of total costs	Estimated costs for 2025 ($)	General Ledger Account	Cost Centre
Solid Waste Management	0.06%	664.47	6570	SW0008, SW0800, SW0805, SW0810, SW0835, SW0901
Policy, Planning, Finance and Administration	0.03%	332.23	6570	UA0026
Toronto Fire Services	0.03%	332.23	4424	FR0012
City Clerks Office	0.02%	221.49	4995	GV0008
Toronto Public Health	0.02%	221.49	4995	PH1041
Legal Services	0.01%	110.74	6570	LL0014
Toronto Building	0.01%	110.74	6570	BL0001, BL0002, BL0003, BL0004, BL0014
Toronto Paramedic Services	<0.01%*	20.82*	6570	B22040
Toronto Shelter and Support Services	<0.01%*	9.08*	6570	F01121, F01321, F01421, F01521
Total costs (net of HST recoveries)	**100.00%**	**1,107,444.70**		

*The calculated amounts are different due to rounding used in this table. The allocation rate used in the “estimated % of total costs” column was rounded to the nearest hundredth decimal place to maintain clarity.