

Authorization to Negotiate and Award Banking Services & Purchase Card Program RFP

Date	January 15, 2020
To	Finance and Administration Committee
From	Financial Strategy & Sustainability
Service Area	Financial Services
Item #	FA20-2

RECOMMENDATION

Finance and Administration Committee recommends that City Council:

1. Delegate the authority to the Executive Director, Financial Strategy & Sustainability, to designate and appoint the City's financial institution based on the results of the negotiated Request for Proposals (RFP) process outlined in this report.
2. Delegate the authority to the Executive Director, Financial Strategy & Sustainability to negotiate, approve, award and enter into all professional banking and related contracts with the highest ranked proponent selected through the negotiated RFP process for a five-year term. The contracts include, but are not limited to, an agreement for business banking, treasury services master agreement, purchasing card program agreement and additional auxiliary banking service agreements and schedules.
3. Authorize the City Clerk to execute the necessary agreements after review and approval by the City Solicitor.
4. Instruct the City Solicitor to prepare the necessary borrowing bylaw for the overdraft provision in any agreement for business banking (i.e. short term debt) to be brought forward at a later date for approval once the City's financial institution is appointed.
5. Approve these recommendations at its January 29, 2020 meeting.

ISSUE

The City's current professional banking services contract expires August 31, 2020. The City's purchasing card program contract expires April 30, 2020. As these services are essential to the City's operations, Administration has issued a negotiated Request for Proposals (RFP) for both services. We require City Council to delegate the authority to negotiate and award these contracts to the Executive Director, Financial Strategy & Sustainability.

Pursuant to subsection 127(2) of *The Cities Act*, City Council must designate a financial institution. Delegation of this authority is desirable as the City is required to conduct a competitive procurement process for these services. City Council is authorized to delegate this authority to the Executive Director of Financial Strategy & Sustainability.

While the designation of the financial institution may be delegated, any overdraft provisions in a banking service agreement are determined to be short term debt and as a result, the overdraft or the ability to access the short-term borrowing contemplated in this report requires Council to pass a borrowing bylaw. A borrowing bylaw will be brought forward once the City's financial institution is designated through the RFP process.

IMPACTS

Legal/Risk Impact

The short term borrowing (overdraft ability) is a form of short-term debt for operating expenditures. It is referred to as short term debt as the debt is repayable within the current year (i.e. it is not outstanding for more than 365 days). This debt is required to be authorized by a borrowing bylaw.

Historically, the City has obtained a \$20 million overdraft limit to provide the City with the financial flexibility to respond to emergency situations or where funds are not immediately available in the City's bank account to meet a payment obligation. This operating loan has rarely been used (once in the last five years for a period of a few hours). A borrowing bylaw to authorize an operating line of credit of up to \$20 million will be brought forward once the City's financial institution has been designated. The City Solicitor's Office has advised that regardless of whether the overdraft is ever used, a borrowing bylaw is required to be in place to authorize the use of an overdraft.

In terms of borrowing for operating expenditures, the City is limited by the city's debt limit, which is currently \$450 million and section 136 of *The Cities Act*. In terms of current outstanding debt, the City balance as of December 31, 2018 was \$317.7 million, which is under the current debt limit. Section 136 states that the amount to be borrowed for the purpose of financing operating expenditures, together with the unpaid principal of other borrowings made for that purpose, may not exceed an amount equal to twice the amount the city estimates that it will raise in taxes in the year the borrowing is made and that the City will receive in unconditional provincial or federal grants the year the borrowing is made. The City's Administration confirms that the borrowing contemplated will fall within the limits.

There is no accessibility, environmental or other implications or considerations.

OTHER OPTIONS

None related to this report.

COMMUNICATIONS

Proponents will be notified when the contract is awarded pursuant to the City's Purchasing Policy.

Public notice is required to be provided for Council to consider borrowing. The borrowing contemplated in this report was advertised on the City's website and public notice board on January 3, 2020 and the Leader Post on January 4, 2020.

DISCUSSION

In 2014, the Toronto-Dominion Bank was appointed as the City of Regina's financial institution for a five-year term. On September 24, 2018, City Council approved a one-year extension with the contract expiring on August 31, 2020.

The Executive Director, Financial Strategy & Sustainability issued approval to initiate a negotiated RFP for professional banking services and a procurement card program on August 30, 2019. The scope of the contract includes all the consolidated accounts of the City of Regina and several of its related entities.

Administration is seeking a comprehensive banking and procurement card program leveraging tailored public sector treasury and payment solutions, competitive investment rates, and credit solutions to meet a continuously evolving environment for the City. The following are examples of services the City identified in the RFP:

- Account Administration (bank accounts)
- Online Account Information & Reporting
- Online Banking for Business (includes wire transfers, electronic funds transfers, etc)
- Reconciliation and Fraud Protection Services
- Deposit Services
- Currency Services
- Remote Deposit Capture (electronic cheque deposits)
- Administrative Capabilities
- Digital Cheque Services (Positive Pay)
- Cash Collection Services
- Bill Payment Services
- Merchant Services including Online Payment Processing Solutions
- ECommerce Fraud Solutions
- Investment Services
- Short Term Borrowing
- Payroll Services
- Customer Service
- Corporate Credit Card Program

The RFP was advertised through an opportunity notice posted to the SaskTenders website on October 23, 2019. The City is evaluating the proposals to select a proponent that best meets the criteria and scope of work outlined in the RFP.

The evaluation criteria considers:

Banking Services

1. Fees & offered services
2. Customer service
3. Technology & user experience
4. Cutover transition plan
5. Presentation, demonstration and acclimation

Procurement Card Program

1. Rebates, costs and charges
2. Customer service and online administration process
3. Card programs
4. Cutover transition plan
5. References
6. Presentation, demonstration and acclimation

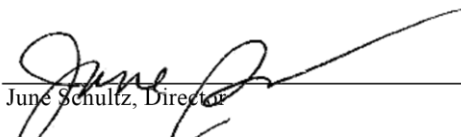
The City will complete its evaluation and negotiation by mid-February and will award the contracts no later than March 2020.

DECISION HISTORY

Council extended the current banking services contract on September 24, 2018 (CR18-90). No other decision has been made with respect to the procurement of the banking services and purchasing card services program. The delegation of authorities outlined in the recommendations section requires Council approval. The borrowing contemplated in this report will require a borrowing bylaw to be passed by Council, at a later date, once the financial institution has been designated.

Respectfully Submitted,

Respectfully Submitted,


June Schultz, Director

12/30/2019


Barry Lacey, Exec. Director, Financial Strategy & Sustainability

1/9/2020

Prepared by: Jason MacDonald, Financial Management Analyst