



City of San Antonio

ADDENDUM II

SUBJECT: Request for Proposals for Depository Banking, Lockbox, and Merchant Banking Services, (RFP 16-086), Scheduled to Close: Tuesday, August 30, 2016; Date of Issue: Monday, August 1, 2016

FROM: Denise D. Gallegos, C.P.M., CPPB
Procurement Administrator

DATE: August 16, 2016

THIS NOTICE SHALL SERVE AS ADDENDUM NO. II - TO THE ABOVE REFERENCED REQUEST FOR PROPOSALS

QUESTIONS SUBMITTED IN ACCORDANCE WITH SECTION 007, PRE-SUBMITTAL CONFERENCE:

On Tuesday, August 9, 2016, the City of San Antonio and Finance Department hosted a Pre-Submittal Conference to provide information and clarification for the Depository Banking, Lockbox, and Merchant Banking Services Request for Proposals. Below is a list of questions that were asked at the pre-submittal conference. The City's official response to questions asked is as follows:

Question 1: Regarding the merchant banking services, the City interfaces with Active Network?
Response: Yes, the City will interface with Active Network.

Question 2: Regarding Active Network, is there a gateway they may be compatible with?
Response: Active Network utilizes Netconnect.

Question 3: Is Active Network replacing any technologies at the Courts, etc.?
Response: No, Active Network will not be replacing any technologies at the Courts.

Question 4: Is Tyler Technologies using Munis or Encode?
Response: Tyler Technologies is using Encode.

Question 5: Is Active Network EMV compliant?
Response: Yes, all future City of San Antonio purchases will be EMV capable.

Question 6: Are ICT250 and older technologies still in place?
Response: Yes, there are currently older technologies, however, they will be updated with Active Network implementation and those not applicable will be purchased through City's credit card processor.

Question 7: Check processing/conversion, where is this located? Is this required?
Response: The Departments that are currently using back office electronic check processing are Finance (2 locations) and Airport. Yes, this is required.

Question 8: Is ACH processing online?
Response: No, ACH processing is not online.

- Question 9: Is the City looking for pin-based, pin debits?
 Response: The City is interested in receiving information regarding pin-based, pin debit, but the City does not currently utilize.
- Question 10: Can you provide a breakdown of the average number of tickets?
 Response: See RFP Exhibit 9.
- Question 11: You mentioned 123 terminals, how many will be replaced by Active Network?
 Response: The City is currently in the implementation stage with Active Network and is unsure of the exact number of terminals that will be replaced but assumes that 95% of all terminals will be replaced by Active Network, with the exception of Municipal Courts, which will remain Tyler Tech and parking paystations/parking meters.
- Question 12: What pin pad is used with Active Network?
 Response: Currently, the terminal/pin pad expected to be used with Active Network is Verifone MX915 and Ingenico IPP320.
- Question 13: Can you provide the average balance peak times for calendar and/or fiscal year? Excluding peak periods, what do you estimate those averages to be?
 Response: End of September is the peak times, at which time the balance is estimated to be \$115M. Excluding peak periods, the average balance is \$16M.
- Question 14: Regarding collateral for debits, will the City have pre-arrangements for collateral?
 Response: The City maintains a collateral requirement of 102%, and City Staff monitors the levels daily, and then requests the depository to increase collateral levels as needed.
- Question 15: Is the City interested in VISA Government Higher Education programs to offset for utilities, etc.? Commonly known as a service fee.
 Response: The City is interested in learning about all possible opportunities to utilize service fee.
- Question 16: For gift cards, is there a contract or a 3rd party that oversees this?
 Response: The City currently does not utilize gift cards; however, the City would like to learn more about all possible opportunities to utilize gift cards.
- Question 17: When moving to Active Network, did the City consider looking at the State of Texas Procurement site to join any contracts they already have in place for these services in merchant banking?
 Response: The City went through a bid process to select a point of sale provider specific to the City's needs.
- Question 18: Are there any more extensions to the current contract?
 Response: No.
- Question 19: Is there currently only one (1) provider under contract for these services? Who is the incumbent?
 Response: The City currently utilizes 2 providers; Frost Bank for Depository and Lockbox Services and Chase Paymentech for Merchant Services.
- Question 20: When do you anticipate releasing any addendums?
 Response: Addendum I was released on August 11, 2016 with questions that were submitted prior to the pre-submittal conference. Addendum II is within this document. Any future addendums that we may release will be released as soon as possible considering the RFP due date and time.
- Question 21: Regarding the 15-page limit, is that the limit considering there are so many questions to answer?
 Response: Yes, the 15-page double-sided page limit is individually placed for each Attachment A, B, and/or C regarding the Respondent Questionnaire, Attachment A/B/C, Part Two.

- Question 22: Will the City consider out of scope options outside of Active Network?
 Response: For sites that will not utilize Active Network, the City is interested in out of scope options.
- Question 23: In the exhibit of locations, volumes, etc., does this include an average of percentages of total volumes and location? What are the percentages between in-person vs. online?
 Response: Refer to Exhibit 9 for total transactions and volumes, we estimate that 83% is in-person and 17% is online.
- Question 24: Can the financial information/statements be provided in a form of a link?
 Response: Yes, a direct web link will suffice.
- Question 25: Would the City consider an address/lockbox outside of CoSA?
 Response: No, lockbox is required to have a San Antonio address.
- Question 26: Regarding the 15-page limit, for clarification?
 Response: The 15-page double-sided page limit is individually placed for each Attachment A, B, and/or C regarding the Respondent Questionnaire, Attachment A/B/C, Part Two.
- Question 27: The original must be signed in ink, no e-signature?
 Response: Yes.
- Question 28: Provide more detail on what the overnight investment sweep entails?
 Response: The City utilizes a Repurchase Agreement as an investment sweep. The rate of the Repurchase Agreement is 95% of the fed funds effective rate for the repurchase date.
- Question 29: What is the peg balance?
 Response: Refer to Question 13.

QUESTIONS SUBMITTED IN ACCORDANCE WITH SECTION 011, RESTRICTIONS OF COMMUNICATION:

- Question 30: For the insurance requirements, will a letter of coverage work or does the City need the Provider Letter/Insurance Requirement Affidavit that was part of the 2011 RFP?
 Response: A letter of coverage from your insurance provider will suffice.
- Question 31: Can we provide a link to the CRA report (which is 600 pages)?
 Response: Yes, a direct web link will suffice.
- Additional Questions around Cash Vault needs:
- Question 32: From your pricing sheet, it looks like the City deposits approximately 245 bags of coin each month. Can you provide more information as to the reasons for the coin, i.e. parking meters?
 Response: Yes, the City processes large volumes of coins due to the City's downtown parking meters.
- Question 33: Does the City currently take all of its deposits to the cash vault or does it also use the branch network for deposits?
 Response: Yes, all deposits go the cash vault and we do not utilize branches.
- Question 34: How many deposits each month are taken to the cash vault? From your RFP: *Currently, the City receives cash and check deposits from the various departments, many with multiple business areas. These departments make deposits separately to the Depository's vault.*
 Response: The City estimates the number of deposits taken to the cash vault per month to be 1,000.
- Question 35: Do you have a volume count for the number of departments and business areas that make deposits to the vault?
 Response: The City currently has 57 locations that utilize armored car services.

Question 36: States that there is a 15-page limit (double-sided) for Attachment A, B, and C individually. The questions take 12 pages just for Attachment A. Please confirm this requirement.
Response: See Question 26.

Question 37: Page limit is "double-sided," but response must be printed "one-sided." Please confirm.
Response: See Question 26.

Question 38: Font size shall be no less than 12-point type. That can be very large. Do you have a specific font in mind (e.g., someone who is sight-impaired)?
Response: Font size shall be no less than 12-point type.

Questions related to Attachment A - Respondent Questionnaire:

Question 39: Section 3, page 37 - "...interface directly with SAP." What services?
Response: The City is interested in any services that you provide that interface with SAP.

Question 40: Section 4.B.2.i.i - "Electronic Check Processing" - Could you use image cash letter?
Response: The City is currently utilizing Electronic Check Processing and is interested in any additional related services that you provide.

Questions related to Attachment B – Lockbox:

Question 41: 4.F.3 "Items processed separately and sent to City." Could you please provide clarification on this?
Response: This occurs when a customer does not include the proper paperwork along with payment or the paperwork included is not able to be processed by the bank.

Question 42: 4.F.10 - What volume of cash is received in the lockbox?
Response: Please assume zero cash.

Questions related to Disbursement Services - Daylight Overdrafts:

Question 43: What is the dollar amount of the largest overdraft? What is the frequency of the overdrafts?
Response: Approximately \$20M to \$25M, once every two weeks.

Question 44: What is the typical size of the overdrafts?
Response: See Question 43.

Questions related to Merchants Services:

Question 45: What is the annual credit card volume and average ticket (total and broken down by industry type and card type if possible)?
Response: See Exhibit 9.

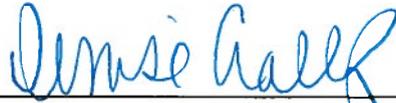
Question 46: What is the percentage of card-present and card-not-present transactions?
Response: See Question 23.

Question 47: What PINPADs will you be selecting for EMV with ActiveNet?
Response: See Question 12.

Question 48: Page 29, RFP Exhibit 7, Depository Banking Statistics – During May 1, 2015 – April 30, 2016 the city issued 10,414 payroll checks; how many employees are receiving checks, what is the pay cycle (bi-weekly, etc.) and what is the average check dollar amount? In addition, were any of the 10,414 pension activity related? If not, how many employees are receiving checks for pension activity, at what pay cycle/frequency and at what average check dollar amount?
Response: Assume 400 payroll checks per bi-weekly pay period with an average dollar amount of \$1,350. This does not include any pension activity, as the City is not responsible for pension payments.

Question 49: Will the City give preferential consideration to an applicant based on the type of collateral proposed by the applicant? If so, please provide collateral types in order of preference.

Response: Yes, the City would prefer US Treasuries and Agencies.



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