

DEPARTMENT OF PROCUREMENT SERVICES – CITY OF CHICAGO

May 18, 2018

ADDENDUM NO. 4

FOR

REQUEST FOR PROPOSALS (RFP)

CHECK PROCESSING SERVICES

Specification No. 245583

This document contains:

- I. Revision to the Request for Proposal**
- II. Questions Submitted for Clarification of the RFP**
- III. Addendum Receipt Acknowledgement**

The following revisions/changes will be incorporated in the above referenced RFP document. All other provisions and requirements as originally set forth remain in full force and are binding.

Required for use by:
CITY OF CHICAGO
(Department of Finance)



This Addendum is distributed by:

CITY OF CHICAGO
Department of Procurement Services

**Respondents must acknowledge receipt of this Addendum by completing and returning the attached Acknowledgment by email to milton.leblanc@cityofchicago.org
Attn: Milton E. Leblanc, Senior Procurement Specialist
(312) 744-7971**

The information contained in this Addendum No. 4 is incorporated by reference into the original RFP issued on March 8, 2018

RAHMI I. EMANUEL
MAYOR

JAMIE L. RHEE
CHIEF PROCUREMENT OFFICER

May 18, 2018

ADDENDUM NO. 4

FOR REQUEST FOR PROPOSALS (RFP)

CHECK PROCESSING SERVICES

Specification No. 245583

For which Proposals are due in the Department of Procurement Services, Bid & Bond Room, Room 103, City Hall, 121 N. LaSalle Street, Chicago, Illinois 60602, at 4:00 p.m., Central Time, June 8, 2018.

The following questions/answers will be incorporated in the above-referenced RFP. All other provisions and requirements as originally set forth remain in full force and are binding.

RESPONDENT MUST ACKNOWLEDGE RECEIPT OF THIS ADDENDUM NO. 4 IN THE PROPOSAL COVER LETTER SUBMITTED WITH ITS PROPOSAL

SECTION I: Revision to the Request for Proposal

Revision #1, Section 2 DEFINITIONS, on page 2 of RFP, “Check Verification” is replaced in its entirety and replaced with the following: “is the process of validating a paper check or direct ACH transaction’s specific bank account is in good standing.”

SECTION II: Questions submitted for Clarification of the RFP

Question #1: Would the City be willing to utilize account validation instead of check verification? Account validation confirms that an account is open as of the prior business day. Account validation does not verify if there are adequate funds in the account to cover the amount of the check.

Answer #1: Account validation is an acceptable level of service. Once all responses are received, proposed services will be evaluated.

Question #2: Will the selected bidder be required to convert checks at the point of sale, or can they be delivered to the bank for conversion?

Answer #2: Once all responses are received, proposed conversion solutions will be evaluated in accordance with the RFP.

Question #3: Does the City’s kiosk vendor send files of checks to deposit to their bank, or to the Check Processing Services vendor?

Answers #3: Check processing services vendor.

Question #4: Would the City consider a bid that did not offer telephone customer service to residents that received a check denial response?

Answer #4: The selected Respondent will need to provide a real-time, denial response, customer service solution.

Question #5: Would the City be willing to distribute the RFP document in Word, or other comparable electronic format, to facilitate completion of the forms?

Answer #5: Not at this time.

Question #6: Does the City currently have Check Verification Services in place?

Answer #6: Yes

Question #7: If yes, how does the process work?

Answer #7: Refer to Scope of Work requirements by reviewing the City's current awarded contract on-line, for: "Check Processing Services, Including Check Authorization and Electronic Check Conversion Services," with Forte Payment Systems, Inc. (formerly ACH Direct, Inc.) Specification # 51810. Navigate as follows:

<https://www.cityofchicago.org/city/en/depts/dps.html> > click on the GET STARTED ONLINE button in the middle panel > click on the CONTINUE button in the lower right-hand corner > click on the CONTRACTS AND AWARDS link on the left-panel > type in your PO number in the CONTRACT (PO) NUMBER: field in the middle panel > (the Forte PO number is: 17560) and click the SEARCH button > note: in the middle panel, look for the red Adobe icon just to the left of the PO number which links you to the pdf copy of the contract; but also note the green DETAILS button just to the right of the PO number – the green details button links you to other parts of the contract, such as any Amendments as well as Economic Disclosure Statement (EDS) ownership forms > click on the PO number next to the Adobe icon to view the contract. NOTE: If there is no red Adobe icon, then that means that there is a file, but that that particular file has not been scanned and cannot be viewed online, and must be requested from Procurement if necessary.

Question #8: Does the City currently have Check Conversion Services in place?

Answer #8: Yes

Question #9: If yes, how does the process work?

Answer #9: Refer to answer to Question #7.

Question #10: Does the City currently have ACH Verification Services in place?

Answer #10: Yes

Question #11: If yes, how does the process work?

Answer #11: Refer to answer to Question #7.

Question #12: How does the City envision this entire process?

Answer #12: The question is not clear, however, the RFP is requesting the Respondent to propose the solution meeting the City's business requirements involving check processing services.

Question #13: Is the City open/willing to do programming on their end to support the solution?

Answer #13: The City will provide the transaction data to the selected Respondent in support of the solution.

Question #14: Does the City envision adapting solutions in stages?

Answer #14: The City understands that all services provided by the Respondent may not be available day-one. The RFP requires an implementation plan component to the response.

Question #15: Does the City have predetermined timelines to have everything in place?

Answer #15: Services will need to be in place prior to the current contract's expiration date of 06/23/2019. The proposed implementation plan and the nature of services provided will determine whether the implementation of new services can effectively be delivered concurrently between the current vendor and the new Contractor.

Question #16: How many checks are presented in person vs non-personal check collection?

Answer #16: In 2017, the City’s volume of in-person check collections was 210,598, and 691,699 for non-in person (non-personal). Please review the volume spreadsheet below for additional details that relate to this question.

Payment Channel	Paper				ACH			
	Verification	Deposit	Return Volume	Return Conversion / Re-presentation	Verification	Deposit	Return Volume	Re-presentation
POS	116,873	210,598	3,467	1,594	-	-	-	-
LOCKBOX	-	1,762,262	-	-	-	-	-	-
WEB	-	-	0	-	649,007	624,737	10,423	4,428
KIOSKS	-	-	0	-	-	56,473	4,023	485
3rd Party	-	49,016	0	-	-	10,489	-	-
Total	116,873	2,021,876	3,467	1,594	649,007	691,699	14,446	4,913

Question #17: Can the City refuse a customer who provides a check?

Answer #17: There are instances when the City will refuse to accept a check based on a business rule.

Question #18: What is the City’s current Return Item Processing process?

Answer #18: Generally, the current return item process is as follows:

ACH Items

Items returned are re-presented twice, for collection, in accordance with NACHA rules, by our current vendor. Items are re-presented on dates requested by the City, typically standard payroll dates of the 1st and 16th of the month, or Friday, whichever comes first.

Along with re-presenting the return items, our current vendor also initiates a separate City \$34, return item fee, to the account holder’s account.

Paper Checks & Remote Deposit Capture Checks

Returned checks are forwarded to our current vendor. Our current vendor supports paper check conversions.

Our current vendor reviews and sorts items, in order to determine which items can and cannot be converted electronically for re-presentation following NACHA rules.

Items that do not qualify for re-presentation are returned to the City of Chicago for handling of collections.

Items that can be converted electronically are re-presented using the same business rules identified for ACH-returned items, including the returned payment fee.

NSF & Paper Check Conversion Daily & Monthly Reporting

Our current vendor provides daily reporting of items re-presented, listing return reason codes and the number of re-presentation attempts. Through the daily reports, our current vendor provides the City information on return items that could not be collected.

Our current vendor provides Monthly trend and activity reporting on all returned items received, handled, and processed.

Our current vendor provides Monthly trend and activity reporting on all paper check conversions and NSF Fee Collections.

Question #19: What type of Return Item Process are you looking to implement?

Answer #19: One that accomplishes the City's business requirements in accordance with the RFP.

Question #20: You currently provide various payment channel options. What is your expectation of the new contractor that the existing payment channel is unable to provide?

Answer #20: A service that is not currently being provided, would require the Contractor to manage and re-present returned items that had been initially deposited through a separate work-flow process.

Question #21: How do you envision the interface between the existing channels?

Answer #21: Question is unclear.

Question #22: If the existing payment channels are creating the payment instructions to your financial institution; would you only need the check acceptance/ACH account validation to be performed?

Answer #22: Question is unclear. The City will implement multiple or singular services as needed per each payment channel.

Question #23: Are you looking for a Remote Deposit Capture (RDC) solution that will validate the check payment prior to depositing the payment to your account?

Answer #23: Remote Deposit Capture is an acceptable service. Once all responses are received, proposed services will be evaluated.

Question #24: Can the various payment processors engaged by the City initiate API calls to the verification tool?

Answer #24: Yes.

Question #25: Can you describe your vision on how the online check processing service would operate?

Answer #25: The RFP is requesting the Respondent to propose the solution (your vision) meeting the City's business requirements involving check processing services.

Question #26: Does your current payment processing platform accept payments 24/7?

Answer #26: Yes

Question #27: Are you referring to the validations prior to processing the payment must be available 24/7?

Answer #27: Yes

Question #28: Will the City provide check volumes for the Check Verification Process?

Answer #28: In 2017 the City's check verification volume was 765,880. Please review the volume spreadsheet in Answer #16 for additional details relating to this question.

Question #29: What was the volume of 2017 ACH transactions in channels covered by this RFP?

Answer#29: *In 2017 the City’s volume for ACH transactions was 691,699. Please review the attached volume spreadsheet in Answer #16 for additional details relating to this question.*

Question #30: *Please clarify 2015 stated volume of “150k ACHs and 350k verifications”. Why such a greater quantity for verifications?*

Answer #30: *Verifications are performed as part of a Point of Sale (POS) transaction, but those payments are currently deposited as paper checks. Please review the volume spreadsheet in Answer #16 for additional detail and answers to this question*

Question #31: *Are representments of returned checks the only service covered by this RFP for lockbox checks?*

Answer #31: *The City currently only converts and re-presents returned lockbox check payments. Other services covered by this RFP would be considered for lockbox payments, given the services resulted in a more cost-effective process or outcome.*

Question #32: *How many counter locations require check reader devices?*

Answer #32: *Today the City has 110 POS windows accepting in-person payments.*

Question #33: *Can you confirm the definition of “Check Verification”? In the spec document Check Verification is defined as “is the process of validating a paper check or direct ACH transaction’s specific bank account is in good standing and has sufficient funds within the account to cover the amount being transacted” Our understanding of underlined phrase would indicate a warranty solution and is not considered a verification service.*

Answer #33: *The question’s reference to an “underlined phrase” is not apparent in the RFP since there is no such underlined phrase. However, the definition for “Check Verification,” as given in the RFP (page 2, Section 2. Definitions) is wrong insofar as the Check Verification process does not include a determination of whether there are sufficient funds in a specific bank account to cover the transaction amount. Therefore, the definition for “Check Verification” is replaced in its entirety with the following: “is the process of validating a paper check or direct ACH transaction’s specific bank account is in good standing.” Refer to Revision #1 in Section I of this Addendum.*

Question #34: *For compensating balance purposes, could the you provide the average balances in the account(s) tied to the check processing services?*

Answer #34: *The City will not be paying for these check processing services through the use of compensating balances. Refer to Exhibit 10. Professional Services Agreement “Sample” under Article 3.2.1.2. Invoices; and Article 5.5 Payment.*

Question #35: *Does the City of Chicago accept or have agreements which protect the data and information which is submitted for processing by 3rd party vendors? If yes, can you describe the extent of the liability protections?*

Answer #35: *Refer to Exhibit 9 in the RFP: “Data Policy/Data with Contractors – Data Protection Requirements for Contractors, Vendors and Third Parties”.*

Question #36: *Can you provide details for the return check volumes?*

Answer #36: *In 2017 the City’s return check volume was 17,916. Please review the volume spreadsheet in Answer #16 for additional details relating to this question.*

Question #37: *Based on the varying deposit products and 3rd party vendors, can the you clarify the items which are receiving ACH/check verification services, check conversion services, and return processing services and the volumes associated with those applications*

Answer #37: *Please review the volume spreadsheet in Answer #16 which answer this question.*

Question #38: Is the RFP due date going to be postponed?

Answer #38: PROPOSALS MUST BE RECEIVED NO LATER THAN 4:00 P.M., CENTRAL TIME, ON: Friday, June 8, 2018.



In accordance with the RFP Section 5. General Information and Guidelines, subsection 5.1.A Submission of Questions or Requests for Clarifications, the deadline for questions has passed. No additional questions will be answered after the issuance of this Addendum #4, except as the Chief Procurement Officer may, in her sole discretion, deem such additional questions and answers to be addressed if in the best interest of the City.

DEPARTMENT OF PROCUREMENT SERVICES – CITY OF CHICAGO

May 18, 2018

Addendum No. 4

to

RFP FOR

CHECK PROCESSING SERVICES

SPECIFICATION NO. 245583

Required by:



CITY OF CHICAGO
Department of Finance

III. ADDENDUM RECEIPT ACKNOWLEDGMENT

I hereby acknowledge receipt of Addendum No. 4 to the RFP named above and further state that I am authorized to execute this Acknowledgment on behalf of the company listed below.

Signature of Authorized Individual

Title

Name of Authorized Individual (Type or Print)

Company Name

Business Telephone Number

Complete and Return this Acknowledgment by email to:

milton.leblanc@cityofchicago.org

Attn: Milton E. Leblanc, Senior Procurement Specialist

RAHM I. EMANUEL
MAYOR

JAMIE L. RHEE
CHIEF PROCUREMENT OFFICER