



ADDENDUM #2

To: All Companies Interested in Submitting a Bid
From: Diane Rodenkirk, Purchasing Agent
Proposal: Merchant Card Services, Dated: June 25, 2009
Subject: Addendum #2 (3 pages)
Date: July 2, 2009

Please note the following specification changes/additions/clarifications relative to the above Request for Bid.

- 1) **Question:** Items 4.1.1, 4.1.5 - The Credit Card associations have strict rules about accepting payments in a POS setting (face-to-face) payments. The rules state that a convenience or service fee cannot be charged in a face-to-face setting (Visa 5.2.E, MasterCard 9.12.2). Requirements from Section 4.1.1 of the RFP ask for a system that accepts payments from a POS channel, however in Section 4.1.5, the City is requesting a convenience fee be charged. How would the City of Cedar Rapids like to offer this service to its residents (user pay or absorb model)?

Answer: We realized that there would be an issue with accepting Visa at POS but MasterCard & Discover do allow POS, (please see the attached document from MasterCard and the article discussing the rule changes for all cards). So we would like to have the user pay model.

- 2) **Question:** Item 4.1.4 - Funds settlement could take from 24-72 hrs. Will the City accept settled funds in that time frame?

Question: The request for a 24 hour turnaround may not be possible. Since the money settles directly from the citizen account to your account, we have no control as to how long this takes, but can take up to 2 business days for Visa, MasterCard and Discover Card. Since Amex self settles, they can take up to 3 business days. Any shorter time would involve the processor 'handling' the monies, and would not be advisable. Can these time frames be expanded to accommodate these rules of practice?

Answer: If you believe it is not possible to meet the 24 hour settlement, please provide information about the various float periods and the reasons in your response.

- 3) **Question:** Item 4.1.3 – What brand and model of POS equipment does the City have?

Question: Code Enforcement, Library, and Airport, have Card readers... We need to know the names and the model numbers of these terminals because we may just need to reprogram them instead of having purchasing new ones, which will keep over all cost down.

Question: What merchant card Point of Sale equipment is the City currently using? (Model #, Brand, etc.)

Question: Could you further describe the technology listed as Card Reader/Manual for some the departments listed in Attachment A?

Answer:

1 – Recreation	ID Tech WCR3237-633
4 – Golf	PSC Scanner XS 6000+
2 – Golf	Logic Mag Strip Reader MR3010U-BK

1 – Code Enforcement Omni 3200
1 – Library Hypercom T7 plus

Airport is using the swipe terminal for the AMpco parking system – a third party vendor, so they will need to have new equipment.

- 4) **Question:** Attachment B - What are the average bill amounts for Water, Treasury, Animal Control, Fire and Public Works?

Answer:

- | | |
|-------------------|-------------|
| a. Water | \$ 115.00 |
| b. Treasury | \$ 1,100.00 |
| c. Animal Control | \$ 100.00 |
| d. Fire | \$ 75.00 |
| e. Public Works | \$ 89.00 |

- 5) **Question:** I noticed you are using the term “POS” for all your transactions in form “Attachment A”. Are you meaning for the term to be the same as Swiped transactions (instead of key entered)? Or do you have Point of Sale Software that you are running the transactions thru? If so what is the name and version # of the POS system you are currently using? I guess the easiest way to clarify would be to give an example of how you are running these transactions; whether it’s thru a terminal, a Point of Sale System, or an Internet gateway? And what percent of the transactions are being swiped vs. key entered.

Answer: POS is point of sale face to face transactions, these are swiped entries. Even the debit cards will be swiped and treated as a credit card with a signed receipt rather than a keyed in id number. The only software products we are using are Vermont Systems software for Parks/Recreation and Golf which allows for face to face transactions and phone in (the employee punches in the card number) and internet purchases and T2 Systems which allows for the payment of a parking ticket online.

- 6) **Question:** Can tell me what software version # of Vermont Systems you are currently using?

Answer:

GolfTrak 10.2D

RecTrak 10.1M

- 7) **Question:** On Page 6, Section 4.3.1 it states “The City of Cedar Rapids accepts about \$1,850,000 in merchant card payments per year”. However, on Attachment A 2008 total volume showing is roughly \$3,000,000. Can you please clarify on the volume variance and which is accurate for us to use.

Question: Section 4.3.1 indicates the City of Cedar Rapids accepts about \$1,850,000 in annual card payments per year but Attachment A shows the approximate Existing Merchant Volume for 2008 to be \$3,042,572. Please clarify which figure is accurate.

Answer: Please use the \$3 million figure; \$1.85 million was an estimate, \$3 million is from historical data.

- 8) **Question:** The use of wireless kiosks may put us out of PCI compliance. Can this request be predicated on PCI’s acceptance of wireless capability.

Answer: This request is exploratory only and the possible implementation is at least 1-2 years away. The inability to fulfill this request will have no bearing of our choice when evaluating the winner. We were just curious about the available technology.

- 9) **Question:** Except in the case of Visa consumer debit card (which is mandated by Visa), our fees are set as percentages of transaction amounts, instead of a flat fee. Percentage based fees are actually cheaper to the citizen for most transactions than a flat fee. Can we offer as a simple percent amount to the citizens of the City?

Answer: You are welcome to bid by percentage if you wish but the City may accept some very large payments from time to time and would want to discourage payment by credit card. That is the reasoning for the preference for the flat fee.

10) **Question:** To be in compliance with Visa's new convenience fee program, Visa only permits the convenience fee to be assessed back to the citizen for tax related transactions. Court fines, licenses and others are currently not permitted by Visa. So in order for the citizen to pay the convenience fee, they can't use Visa except for tax related transactions, unless the city chooses to absorb all the in any one department. Are there departments you want to absorb all fees, or do you plan to stick with a straight convenience fee program in every department?

Answer: We would prefer to have the convenience fee in all departments, so if we must preclude the use of visa we will do that, we would prefer to charge the individual using the service then put the expense burden on the tax levy.

11) **Question:** Can we get a breakdown of the \$ and % of transactions which are Point of Sale vs. Online vs. Phone, etc.?

Answer: The following are estimates, we are unable to get exact dollar amounts.

Citywide (Except for Recreation):	POS 90%	Online 6%	Phone 4%
Recreation:	POS 15%	Online 10%	Phone 75%

12) **Question:** We currently do not store credit card information and maintains PCI compliance through our gateway partner. Is this acceptable to meet PCI requirements listed in the RFP?

Answer: Yes, so long as no information is kept on the City's system and you can show evidence of the gateway partner's compliance.

13) **Question:** What are the customer service hours the City currently has (4.2.4)?

Answer: 8:00 am – 5:00 pm M-F for all City Departments except for Golf and Recreation. Golf is 6:00 am – 9:00 pm 7 days a week, from April through September. Recreation is 6:00 am – 9:00 pm 7 days a week year round.

14) **Question:** Per your RFP are you looking for a merchant processing solution or an Electronic Bill Payment and Presentment Solution?

Answer: At this point we are only looking for a merchant processing solution, we may look to add the Electronic Bill Payment and Presentment solution in the future but it is not part of this RFP.

15) **Question:** Could you describe what kind of replacement supplies you'll be looking for in Question 1.75? What types of printers do you have?

Answer: We will provide paper, printer cartridges etc. You do not have to be the direct supplier. We are just wondering if due to your customer load if you receive discounted supply pricing that we could take advantage of.

1 – Recreation	They currently print a receipt on a laser jet printer using the Vermont Systems Software
6 – Golf	Ithaca
1 – Code Enforcement	Omni 3200 (Combined Swipe and printer machine)
1 – Library	Hypercom (Combined Swipe and printer machine)

16) **Question:** What transaction types/card brands does the City accept today?

Answer: We accept Visa, MC, Discover and PINless Debit.

17) **Question:** Does the City desire to accept any additional transaction types/card brands now or in the future?

Answer: We do not wish to expand the list at this time.

18) **Question:** Who is the incumbent electronic payments processor for the City and, if under contract, when does the current contract expire?

Answer: All of our contracts are open contracts and they can be discontinued with 30 day notice. The Golf and Recreation department uses PlugNPay→Elavon. All other departments use Elavon. We do not accept echecks.

19) **Question:** Section IV, 4.1.1. states, “the vendor shall provide a Citywide system that allows for point of sale, phone, mail transactions (card not present), and online card acceptance.” Is it the City’s desire to replace the hardware/software detailed within Attachment A or to supplement the current equipment with a city-wide software solution?

Answer: We would like to supplement the current system.

20) **Question:** Section IV, 4.1.3. states, “the vendor must be able to support the City’s merchant card point of sale equipment and provide replacement equipment as part of the RFP response.” However, the software/hardware equipment listed on Attachment A is not entirely clear. Specific to the existing equipment, please provide the following:

a. **Question:** Please provide details of any City-owned hardware and software that is currently in place for Credit, Debit, or E-Check processing?

i. Hardware – Terminal manufacturer and model number(s)

Answer: See Question #3

ii. Software – Manufacturer and version number(s)

Answer: GolfTrak 10.2D RecTrak 10.1M T2 6.5.38
Peoplesoft Financials currently 8 updating to 9
Oracle CIS 7.6 updating in November to Oracle CCB 2.2

b. **Question:** Does the City intend to continue utilizing the current hardware and/or software in the future or is the City interested in upgrading hardware/software?

i. If upgrading, what additional functionality would the City like to gain?

Answer: We would like to continue using the current equipment if possible unless it is not feasible. The equipment we have is basic and we are not familiar with available added functionality. We would like to rely on your expertise for recommendations.

c. **Question:** If hardware terminals are in place today, are most transactions authorized/settled via dial-up or IP-based communication?

Answer: Most of our transactions are currently dial up.

d. **Question:** Are all current hardware/software solutions PCI Compliant?

Answer: Our IT department has almost completed this process for the City. GolfTrak & RecTrak has all processing go through PlugNPay, so they are compliant. T2 is in the process of becoming compliant. We would appreciate any recommendations or advise you can offer in this area.

e. **Question:** If available, please provide a list of payment networks (Vital/TSYS, NOVA/Elavon, FDMS, etc.) to which the City is currently authorizing and/or settling electronic payment transactions

Answer: All payments go through Elavon

21) **Question:** Section IV, 4.1.4 dictates that funds should be deposited within 24 hours. Please provide clarification for the following:

a. Is the City receiving guaranteed 24-hour funding from the current provider?

Answer: No, it usually settles in 48 hours. That statement came from the RFP created by GFOA, but it is becoming clear that it may not be possible. We ask that you provide the various expected settlement periods for the different types of cards.

- b. What bank/financial institution will the City require funds to be deposited to?

Answer: US Bank

- c. Will the City disqualify a vendor if the funding time-frame is 48-hours?

Answer: No.

- d. Will the City open a depository account with a vendor-defined bank partner if it ensures 24-hour funding?

Answer: We would like the funds to be deposited in US Bank.

22) **Question:** Specific to section IV, 4.1.5, convenience fee processing, please provide the following information:

- a. Which locations, detailed within Attachment A, are currently charging, or plan to charge in the future, a convenience fee?

Answer: Currently, only Parking Online is charging a convenience fee (50 cents per ticket) but in the future we would like to charge a convenience fee at all locations. The transaction costs should be charged to the person that gets the benefit not spread to all taxpayers.

- b. If convenience fees are currently being charged, please provide a break-down of fee(s) charged per transaction, average payment/transaction amount, and the total monthly volume by location being processed through the program.

Answer: Only parking online is charging a 50 cent per ticket charge. Our tickets are \$7.50 and \$25.00 each, we began this about a month ago and we are average about \$250.00 per day.

- c. Does the City anticipate that convenience fees will be charged online, over the phone, via mail, or over the counter/retail? Please note, Visa currently allows over the counter fees for tax payments only.

Answer: We would like to charge a convenience fee on all transactions and we will exclude using of Visa in face to face transactions.

23) **Question:** Section IV, 4.1.7 states that the vendor must provide online reporting of, "up to 2 years." The industry standard is for online reporting to be available up to 13-months, with reporting beyond that time-frame available via a custom report request. The data is archived indefinitely but only available online via the reporting product solution(s) for a period of 13-months. Is the 2-year time-frame a hard requirement?

Answer: A custom report request is fine, but please disclose any research costs for those reports.

24) **Question:** Specific to the insurance requirements, it is common practice to provide written affirmation of the vendor's ability to meet all insurance requirements, with an actual certificate of insurance to be provided after vendor selection but prior to the contract being signed. Will the City allow for this process whereby insurance requirement(s) compliance is affirmed in the response but allow for the certificate(s) to be generated after vendor selection?

Answer: Vendor may submit a sample copy of their insurance with the bid. Upon award, an executed Certificate would be required.

25) **Question:** Will the City agree to extend the proposal due date for a minimum of ten (10) business days after the release of the final addendum with answers to all questions presented prior to 1:30 PM CDT on July 2, 2009?

Answer: No – there should be adequate time for vendors to respond to the RFP.

26) **Question:** Section 4.1.5 states that the City will not be responsible for any fees not covered by the convenience fee. Does this statement refer to only transactions that qualify for charging convenience fees? There are some areas and transactions that will not allow for convenience fees and for those transactions does the City agree to be responsible for the fees?

Answer: We will be charging a convenience fee for all transactions so will only accept card brands that allow this.

27) **Question:** Question 1.47 asks if there is a fee charged for client external audit related reports. Is this concerning reports such as the monthly statements or are there other specific audit related reports you are referencing.

Answer: This is for our annual external audit of our year end financial statements. The auditors will often do sampling of random deposits as part of the process. Usually we have adequate documentation to satisfy their needs but since this is a new set up they may need information on individual transactions. Under most circumstances we should have the monthly reports on hand but may need individual transaction references.

28) **Question:** According to page 7 of the City's RFP, vendors must submit prior quarter financial statements and/or the prior year annual report. Due to the size of these documents, is it permissible to submit financials via CD-ROM?

Answer: That is fine.

29) **Question:** Must replacement equipment be the same make/model?

Answer: We would be happy to see any other equipment that you believe provides quality and value to the City.

Question: Will cost of equipment be borne by the City or the vendor?

Answer: The City will be responsible for those costs but if available, we would like to see information on what you would recommend and the cost.

Question: If the City, does the City want estimated pricing at this time?

Answer: Yes

30) **Question:** 4.1.1 Processing Requirements

a. Can you please describe what you mean by wireless kiosk?

Answer: A wireless terminal with a computer screen that would connect to the City's system. We would probably set them up inside various City building for customer self service. The ones I have seen look similar to an ATM machine.

b. Are you looking for a provider to provide the kiosks, provide the merchant processing for the kiosk transactions or both?

Answer: Either/Or: We were just curious about any options that you may know about

c. What is the estimated time frame on this solution?

Answer: At the earliest, probably 2 years.

31) **Question:** Questions 4.1.5. Convenience fee.

a. In addition to merchant card processing services, is the City also looking for a solution for web payments and IVR, which would designate, collect and manage the convenience fee on the City's behalf?

Answer: We would like to vendor to split each transaction into two pieces: the city's fee which the city would keep and the convenience fee which the vendor would keep and use to cover the costs of the program.

b. For what payments does the City intend to charge a convenience fee to the constituent for?

Answer: We would like to charge a convenience fee in all situations and exclude accepting cards that do not allow a convenience fee.

c. By reading 4.1.5, it is our understanding that the City wants a solution that will administer and handle all convenience fees for all transactions. Is this correct?

Answer: Yes

d. What is the City's timing on this scenario?

Answer: As soon as possible, it will depend on your implementation schedule.

e. Does the City have a preference for a web based solution (to take web and IVR payments) or a convenience terminal to administer fees?

Answer: Web based at first impression but we would like to hear what you believe is our best option.

f. Does the City understand that this scenario would eliminate Visa for transactions that are 'in person', since this isn't allowable in Visa rules?

Answer: Yes

32) **Question:** What is the timeline in these departments beginning to accept card transactions?

Answer: As soon as possible – based on you implementation timeline.

33) **Question:** For the transactions provided, what percentage of the transactions are estimated to be done online in the future?

Answer: We have no way of knowing at this time. We would like it to be as high as possible but it depends on how well the customer embraces it. As a rough example: Parking online has been available for almost a month and roughly 20% of all payments are made on line.

All addenda that you receive shall become a part of the contract documents and shall be acknowledged and dated on the bottom of the Signature Page (page 11). The deadline for sealed proposals is Friday, July 10, 2009, at 1:30 pm CDT at City Hall.