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**Addendum 1**  
**File # 18-15AA**  
**RFP for City Banking Services**

This addendum serves to notify all bidders of the following:

1. All Proposers interested in providing Retail Lockbox or Merchant Card Processing services must respond to Question 11 and Question 12 in the General Banking section, even if they are not interested in providing General Banking services.
2. For Question 23b – Merchant Card Equipment, please expand on the response to include the Proposer's ability to support the use of the FD100 Ti POS terminals noted in the Merchant Card Summary worksheet.
3. The following are the answers to submitted questions:
  - Q1. How many copies of the RFP do you want? Three
  - Q2. Is there a desire to consolidate payment gateways to one solution? No, the City and Authorities have multiple POS systems and each location has its own needs and is associated with its own software/accounts receivable system/accounting software.
  - Q3. Are you currently accepting EMV with the payment gateways currently supported? See Merchant Card Summary worksheet.
  - Q4. Do you have a requirement to process convenience fees? And if so, with which departments? No requirement and not currently done.
  - Q5. Do you have a requirement to support level 2 and level 3 processing? No
  - Q6. Does the parking kiosk support mobile in-app processing or is it all card present? Card present only
  - Q7. Is PIN debit processing a requirement across all locations? No
  - Q8. What POS applications exist in each location, name/version? See Merchant Card Summary worksheet.
  - Q9. Is there a desire to integrate those locations only supporting stand-alone devices? Not at this time. City and Authorities collect payments for multiple purposes for multiple subsidiary receivable systems. Stand-alone devices often meet the City's needs based on low volume and making PCI compliance a

simpler process. Decisions to integrate are made on a case-by-case basis.

- Q10. How many FD130 devices are currently active? Are they all EMV (Chip & PIN) enabled? See Merchant Card Summary Worksheet
- Q11. Do you currently process transactions through an IVR? No
- Q12. Would the city be open to the use of Promontory services for deposit protection rather than traditional pledging? By Promontory services we are assuming the sweep of account balances into a CDARS or similar program. In this case the City would not be open to this solution as the City holds investments in brokered CDs (outside the scope of this RFP) and wants to insure that we do not have duplicate holdings which would put us over the FDIC insurance limit.
- Q13. How many stand-alone terminals are needed for Merchant Processing? See Merchant Card Summary Worksheet.
- Q14. Will the City accept bids from vendors only bidding on the Merchant Card Processing Services? Yes
- Q15. Will the City individually score each service (General Banking Services, Retail Lockbox Services, Merchant Card Processing Services, and Purchase Card Services)? Or will all services be scored together for the 100 points? All service needs will be scored together on a 100-point scale.
- Q16. If a vendor only bids on Merchant Card Processing, would it be possible to get a 100 points? It would not be possible to get 100 points. However, as noted in section I-12 of the RFP the City reserves the right to individually award service areas if it is in the City's best interest.
- Q17. Does the City currently collect online transactions? If so, what are the volumes per location? See Merchant Card Summary worksheet. Building Safety, SPMT, and DECC all have an online component. Activity by various locations is spelled out in chart included in RFP. Some merchant accounts include both online sales and in-house sales so break out is not available.
- Q18. What is the current integrated point-of-sale (POS) system used by the City? The bid states First Data FD130 but are there others? See Merchant Card Summary worksheet
- Q19. Does the POS connect through a phone or internet cable? Internet cable.
- Q20. Does the POS connect to the 3rd party gateway via a cloud solution or a direct download software to local PC? The POS does not connect via a direct download software to a local PC. It is a virtual terminal connected to the City's isolated PCI network which then utilizes internet access to connect to the 3rd party gateway.
- Q21. Would the City be open to a Cloud POS solution? Not at this time. The City and Authorities have a wide range of POS systems as noted on the Merchant Card Services worksheet.
- Q22. Does the City wish to keep existing POS terminals or require selected vendor to

- replace? Ideally City would keep existing equipment where possible
- Q23. Does the City absorb the fee or pass it to the customer? City absorbs fees
- Q24. Would the City consider a convenience fee to the customer? Not at this time
- Q25. Who is the City's current provider? Wells Fargo Merchant Card Services
- Q26. What are the current fees charged by the provider? Interchange plus 13.5 basis points
- Q27. What is the City's current settlement time from existing vendor? Generally next day settlement in cases where there is no gateway. In cases of 3rd party gateway there is another day delay in settlement.
- Q28. How is PCI Compliance currently monitored by both the existing service provider and the City? How many City resources are currently involved in maintaining PCI compliance? Can you estimate the amount of hours dedicated to PCI by City staff per year? PCI Compliance is currently monitored by annual SAQ and scans where appropriate. Three city employees are directly involved with ensuring PCI compliance along with several IT infrastructure and development staff. City staff time dedicated to PCI Compliance is estimated to be between 80-100 hours annually.
- Q29. Are the payment consolidator services received for utility payments only? Yes
- Q30. Do you allow reversals (the originator can reverse a payment)? No
- Q31. Do you need stop file services (e.g., the ability to reject a payment because a consumer is past due)? If "yes", what is the average monthly volume of stopped payments? No, the city does not require stop file services.
- Q32. Please provide details of your preferred/required payment consolidation services data file format you will use to post payments. Files are currently received in .txt or .csv format.
- Q33. Please provide a PDF copy of the front and back of your remittance coupon with a description of the OCR scan line content. See Remittance Coupon sample. First 12 characters are account number, then 2 spaces, then dollar amount. The back of the stub is blank.
- Q34. Do you provide a window envelope with your bills? Yes
- Q35. Does payment volume peak within the month or is it received fairly evenly throughout the month? If it peaks, please describe the pattern. Volume is typically higher around the first of the month and middle of the month.
- Q36. The "RLBX Items Processed" volume (row 29) implies that there is an average of 2.1 utility account numbers paid per check [229,291 RLBX Items Processed divided by 110,299 RLBX Items Deposited]. We would like to understand the underlying payment types that drive that average. This type of information is not tracked by the lockbox. The system tracks processed transactions only, not the type of transaction. With that being said, RLBX items processed is the total coupon/checks item amount, while checks processed is simply only the checks.

The city primarily has single check/single invoice transactions.

- What percentage or volume of checks received are single check with single coupon? See answer above.
  - What percentage or volume of checks received are single check with multiple coupons? See answer above.
  - What percentage or volume of checks received are multiple checks with a single coupon? See answer above.
  - What percentage or volume of checks received are multiple checks with multiple coupons? See answer above.
  - What percentage or volume of checks received are without OCR coupons but with a list of utility account numbers? The list could be on a check skirt/stub or an 8.5 x 11 piece of paper. See answer above.
- Q37. What service is represented by “RLBX E-O-D Processing”? (row 33) This covers all end-of-day processes. Ex: Cost of packaging, mailing if not by expedited mail, and storage of all documents.
- Q38. What are the business rules determining what payments are presented via the online decision tool prior to deposit? (row 39) Checks without account numbers and unbalanced multiples are sent to the decision queue.
- Q39. What information is captured under “RLBX Data Capture”? This includes account number, amount due, and account type from the OCR scanline. For check only payments the lockbox is keying in the account number.
- Q40. What is the average amount of a lockbox check? The utility card payments average \$213 per transaction. This information is not tracked by the lockbox processing center on an annual basis. However, based on a review of August 2018 transactions the average check is in the \$200 to \$300 range. During the winter heating season this number would be higher with some days averaging \$300 to \$400 or more. Daily averages can vary based on the number of larger commercial accounts that are included in the daily deposit.
- Q41. Please provide details of your preferred/required lockbox data file format you will use to post payments. Files currently received in .txt or .csv format.
- Q42. Are credit card payments processed through the utility lockbox? The Retail Lockbox Services listing indicates they are not. If there are: No credit cards processed through lockbox.
- Q43. Where is your current lockbox processing site? Milwaukee, WI
- Q44. Do you require that the lockbox PO Box address be in Duluth, or would a Twin Cities address be acceptable? No, City is currently having lockbox payments sent directly to lockbox processing site in Milwaukee, WI.
- Q45. Do you require use of a Duluth “remit to” address: N/A not required
- Q46. Where is your PO Box currently located (e.g., what U.S. postal facility)? Please

provide the street address for the facility. N/A; payments sent directly to lockbox processing center in Milwaukee, WI.

- Q47. Is your PO Box owned by the City or by your current lockbox provider? N/A; payments sent directly to lockbox processing center in Milwaukee, WI.
- Q48. Currently, how many times per day is your mail picked up? N/A; payments sent directly to lockbox processing center in Milwaukee, WI.
- Q49. Of the ACH Received Item volume, what percentage are credits received and what percentage are debits received? Exact percentage not available, but the vast majority are credits. The City and Authorities only have a handful of entities that ACH debit our accounts.
- Q50. For the ACH credits received, what are the payments for (e.g., business utility payments, etc.)? The majority of the ACH credits received are for merchant card processing settlements. The vast majority (approximately 50%) of the ACH's received are related to merchant card daily settlements. The other credits received are primarily from other governmental entities (Federal, State of MN, and St. Louis County). These payments are typically related to paying Comfort System's (utility) bills or making payments on grants the City has been awarded. These payments can be for a variety items and are not associated with one central City billing system.
- Q51. What is the average number of invoices paid per incoming ACH credit? Typically, a one-to-one ratio for those credits associated with City issued invoices.
- Q52. What reporting to you desire for ACH credits received? City currently uses an "intraday" activity report and reviews all ACH's received first thing in the morning. The City also has an "EDI Payment Detail" report available in those cases where the City needs additional information to determine what the ACH credit it for.
- Q53. How do you currently post incoming ACH credits? Please provide detail about all variations (e.g., those with needed detail in the addenda records; those with detail provided separately via email; etc.). City finance staff run an ACH credit report first thing in the morning. Payments are posted manually. Comfort System's related payments are sent to City utility staff to post against the utility billing system. Payment's for City issued invoices are receipted into New World against the customer's invoice. For payments not associated with an invoice (for example, a once a month payment from our online Park's reservation system) the payment is generally receipted to the proper New World accounting code using a report from the 3rd party product that ties out to the payment received. Payments for the City Authorities are credited to their cash balance with the City and the Authorities are notified of the payment. These daily ACH credits typically range from less than 5 to just under 20 at the absolute most.
- Q54. What percentage of incoming ACH can be successfully posted from information in the accompanying ACH addenda? Roughly 80%
- Q55. What percentage of incoming ACH cannot be posted without information that is

provided separately (e.g., via email)? The State of MN sends the City a daily ACH payment and notifies the City in advance by e-mail what the payment is for. St. Louis County also notifies by e-mail. Some Federal agencies send an e-mail in advance.

- Q56. For utility payment checks received in City locations, you are currently depositing them via Remote Deposit, what percentage of the total volume (9,221/yr for On Us and 30,373/yr for other) are utility payments that you are considering remotely depositing through the lockbox? City utility payments (by check) can only be accepted at our lockbox location and our Comfort System's location (Garfield Avenue). The payments accepted at our Comfort Systems' location are payments in which the customer is choosing to pay at our local location rather than sending payment to our lockbox processing location. The City is not currently considering directing these payments to our lockbox location, but instead are processing "in house".
- Q57. How many locations would be remotely depositing utility check payments to the lockbox? None. Payments accepted at Comfort Systems are processed locally (no interaction with lockbox process) and receipted directly to the customer's account in New World's utility billing system. These payments are then deposited remotely by City staff.
- Q58. Would you scan an OCR coupon with the check? If "no", how would the consumer's utility account number be provided? N/A. City staff receipts directly to New World utility billing system and payments are remotely deposited by City staff. No OCR coupon is scanned with check.
- Q59. For the cash deposited, how much of it is coin from the meters? How many bags of loose coin is typically deposited at once? There was about \$750,000 in cash deposited related to coin from parking meters in 2017. There was an average of 29 bags of loose coin per parking meter deposit in 2017.
- Q60. Do you deliver your deposits via armored car? If so, do you know what time they typically arrive at the cash vault location? The DECC, DTA, and Spirit Mountain authorities all use Garda for deposit delivery to the bank. The City and the Airport Authority do not use armored car for deposit delivery. Garda typically arrives at the bank at 9 am on Monday, Wednesday, and Friday for the DECC, around 2-3 pm once per week for the DTA, and around 2-3 pm one per week for Spirit Mountain.
- Q61. How do you currently send your ACH files, via online banking portal, or direct transmission? Online banking portal
- Q62. The Wire Book Transfer listed on the RFP, are those transfers to other City entities, or to other customers? These are transfers between the City's accounts or transfers between City and Authority accounts.
- Q63. Who is your current provider? Wells Fargo Merchant Card Services
- Q64. Could we receive 3 month's merchant statements? See attachment

- Q65. What equipment do you currently use? Terminals? Virtual Terminals? Tablet/Smartphone-Mobile? Web Payments? See Merchant Card Summary worksheet.
- Q66. How many terminals per Merchant number do you use? See Merchant Card Summary worksheet.
- Q67. How do you receive your reporting today? Through the ClientLine online application. In addition, monthly merchant card statements are received for each location.
- Q68. Are you utilizing encryption and tokenization? Currently the City is set up for end-to-end encryption, but the City is not set up for point-to-point encryption.
- Q69. How are you using Fusebox? See Merchant Card Summary worksheet – payment gateway for SPMT and DECC
- Q70. Are you charging Service Fees or Convenience Fees for any of the departments? Is this something you would consider? Not currently. The City's preference is to build any credit card related processing fees into our fee structure rather than adding on an additional fee.
- Q71. What does the city use to collect online payments today? Web-based products with credit activity run through 3rd party gateway.
- Q72. Which departments have online payment collection capabilities? (EG Building Safety online) Building Safety, DECC, and SPMT.
- Q73. Can you provide volumes and Card vs ACH breakdowns? The City does not accept ACH payments online for any services within the scope of this RFP.
- Q74. Do any of these online payment services collect online sales of physical items, vs online bill-pay or digital goods? Can you tell us which? All are non-physical items such as building permits, rentals, and ski passes.
- Q75. How many departments would utilize the service? Two. City Finance Office and Comfort Systems location.
- Q76. How many workstations would the City have scanning checks? Three. One in the City Finance Office and Two at Comfort Systems.
- Q77. Can you provide volumes by location and numbers of workstations? Comfort Systems – 1,350 checks per month with two workstations. City Finance Office – typically from 20 to 200 per day with an average of 75 checks per day with one workstation.
- Q78. Does the city have the opportunity to automate data keying from Bill Payment coupons using an OCR line or data on the coupon? (This is fairly common in your utility departments) Potentially, with the implementation of additional Tyler Technology products. Not planned at this time due to limited volume of transactions processed in-house at Comfort Systems location.
- Q79. If so, can you provide a requested posting file or describe if your platform (Tyler Technology?) is flexible enough to accept a bank proprietary posting file? N/A

- Q80. What is the average monthly collected balance among the City's and its authorities 15 accounts? See "Recoupment Monthly (Volume in thousands) on Appendix B for 2017 figures. Most recent figures available are \$2.584 million for July 2018, \$2.445 million for June 2018, and \$2.061 million for May 2018.
- Q81. Does the City and its authorities have savings or other liquid cash accounts outside its DDAs? The City has investments that are outside the scope of this RFP.
- Q82. What does the City and its authorities do in the investment space? Do you have managed assets that would be up for consideration in this RFP? Do you have a custodian for those funds? Those services are outside the scope of the RFP.
- Q83. Does the City and its authorities have restrictions or preferences for investment vehicles (sweep or otherwise) beyond what is allowable under Minnesota Statute 118A? No restrictions outside of Minnesota Statute 118A.
- Q84. Does the City have a preference on the type of product it will utilize for overnight sweeps (money market mutual funds, Commercial Paper, etc.)? The City is open to exploring both ECR and sweep options. Sweep options considered must be allowable under Minnesota Statute 118A.
- Q85. Please provide a copy of the City and its authorities investment policy. See Investment Policy attachment.
- Q86. What is the City's peak dollar amounts for ACH debits and credits files? ACH Credit Files of approximately \$1.4 and \$1.8 million are issued every two weeks for payroll. The \$1.4 million file is associated with employee direct deposits and the \$1.8 million file is associated with payroll disbursements (taxes, PERA contributions, etc.). ACH Debit Files are used by the City for debiting customer accounts for utility bills (see question 17d of RFP). Typically, from 4 to 8 files are issued weekly with the dollar amount per file being from \$10,000 to \$50,000 depending on the time of year.
- Q87. Does the City currently have a daylight overdraft line established with the City's current Banking service provider to cover outgoing wires? Yes, the City currently has a daylight overdraft line to cover outgoing wires/ACHs.

Attachments:

- 1 – City of Duluth Investment Policy
- 2 – Credit Card Processing Statements
- 3 – Merchant Card Summary
- 4 – Remittance Coupon Sample

Please acknowledge receipt of this Addendum by returning a copy of the Addendum with your proposal.

Posted: September 14, 2018

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