Agenda – Executive Policy Committee - April 12, 2006

REPORTS

Item No. 3 Award of Contract for Banking Services
File GL-9

ADMINISTRATIVE RECOMMENDATION:

That the contract for banking services with the Royal Bank of Canada be extended for a further three-year period from May 1, 2006 to April 30, 2009 for a total estimated amount of $975,000.

REPORT

RE: AWARD OF CONTRACT FOR BANKING SERVICES FOR THE CITY OF WINNIPEG. RFP No. 1664-99

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: ACTING CHIEF FINANCIAL OFFICER

REPORT DATE: March 29, 2006

RECOMMENDATION(S):

That the contract for banking services with the Royal Bank of Canada (RBC) be extended for a further three-year period from May 1, 2006 to April 30, 2009 for a total estimated amount of $975,000.

REPORT SUMMARY:

Key Issue(s):

Involves the approval of a multi-year contract for banking services for the City.

Implications of the Recommendation(s):

Implications

- [ ] **None**
- [ ] **For the organization overall and/or for other departments**
- [ ] **For the community and/or organizations external to the City**
- [X] **Involves a multi-year contract**

Comment(s):

Policy Implications

- [X] **No**
- [ ] **Yes**

Comment(s):

Environmental Implications:

- [X] **No**
- [ ] **Yes**

Comment(s):

Human Resources Implications:

X	**No**
	Yes
	Comment(s):

Financial implications

X	**Within approved current and/or capital budget**
	Current and/or capital budget adjustment required
	Comment(s):

REASON FOR THE REPORT:

Only Council can approve an award of Contract when the contract commits the City for multiple years.

HISTORY:

A Request for Proposal (RFP) for banking services was issued in January 2000 after the City was unable to negotiate an extension of the existing contract at that time with the Bank of Montreal. Through the RFP process, the Royal Bank of Canada was awarded the City's banking services contract for the period May 1, 2000 to April 30, 2003. Included in the RFP was an option to renew the contract for up to 2 additional 3 year periods, subject to mutual agreement as to compensation. In April, 2003, Council approved an extension of the contract for the period May 1, 2003 until April 30, 2006.

DISCUSSION:

In February 2006 RBC provided a proposal to the City outlining a fee schedule for the second three year extension period from May 1, 2006 until April 30, 2009. Subsequent to the proposal being received, the City undertook an analysis of current banking practices and needs. Based on this analysis and further meetings with representatives from RBC, the Administration believes the offer received from RBC in February represents good value to the City for banking services.

It is important to note the City has enjoyed a very productive relationship with the Royal Bank of Canada over the past 6 years as the City has implemented an electronic

banking environment which is efficient and mitigates business risk as well as helped to reduce the budgetary risk associated with bank service fees. RBC has provided assurance they will continue to work with the City over the next 3 year period to further develop this environment. The Corporate Finance Department believes RBC has the necessary skills and resources to perform the work outlined in the Contract for Banking Services.

Related to this renewal of the banking services contract, the City has recently issued an RFP for the processing of debit card and credit card payments at all City locations. It is expected that contract will be awarded in the near future.

FINANCIAL IMPACT STATEMENT:

Project Name: Award of Contract for Banking Services For the City of Winnipeg

Date: March 28, 2006 First Year of Program **2006**

	2006	2007	2008	2009	2010
Capital					
Capital Expenditures Required					
Less: Existing Budgeted Costs					
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal					
Debt - External					
Grants (Enter Description Here)					
Reserves, Equity, Surplus					
Other - Enter Description Here					
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 217,000	$ 325,000	$ 325,000	$ 108,000	$ -
Less: Incremental Revenue/Recovery					
Net Cost/(Benefit)	$ 217,000	$ 325,000	$ 325,000	$ 108,000	$ -
Less: Existing Budget Amounts	217,000	325,000	325,000	108,000	
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The cost of banking services is estimated to average approximately $27,000 a month or $325,000 annually.

"Original signed by Carrie Erickson"

Manager of Finance and Administration

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

Materials Management Division, Corporate Finance Department

Legal Services Division, Corporate Services Department

THIS REPORT SUBMITTED BY:

Corporate Finance Department
Financial Services
Prepared by: Garry Steski , Manager of Financial Services
File No.