Department of Procurement Services

August 13, 2003

Addendum Number 2

To
REQUEST FOR PROPOSALS ("RFP")

For

CREDIT CARD AND DEBIT CARD PROCESSING SERVICES
Specification No. **11716**

For which Proposals are scheduled to be received no later than 4:00 p.m., Chicago time on, Friday, August 29, 2003, in the Department of Procurement Services, Bid and Bond Room (Room 301 of City Hall). The information contained in this Addendum Number 2 is incorporated by reference into the original Request For Proposals (RFP) issued on June 23, 2003.

This document contains:

1. Changes To Exhibit 1, Scope of Services;
2. Clarification; and
3. Answers to 84 questions submitted prior to and during the RFP Pre-submittal Conference on Thursday July 10, 2003.

Respondent must acknowledge receipt of this Addendum in the attached Acknowledgment in their Proposals.

I. CHANGES TO EXHIBIT 1, SCOPE OF SERVICES. The Scope of Services, Exhibit 1, is revised as follows:

A.   Section A, item 3.b.: "City Defined Reference", this information does not have to be captured since it is captured in the City's cashiering system ReCaps.

B.   Section A. item 4.g. is deleted and replaced with "Ability to provide a linear authorization and capture-of-funds process (*i.e.*, authorization and freezing or holding the funds in the cardholders' account for transfer to the bank occur sequentially)".

C.   Section A. item 7.1.a. is deleted and replaced with "Ability to maintain an audit trail of all credit and debit card transactions that *have occurred within the past 7 years to be available for audit review as requested*".

1

D. Section A, item 7.3.a.: "By Cashier or User" – this will not be a required level for transaction reporting since this information is captured in the City's cashiering system ReCaps.

II. CLARIFICATION

If any requirement in this RFP violates any credit card company's processing rules and regulations, the rule or regulation will take precedence. However, Respondent must cite such rule or regulation in its proposal.

III. QUESTIONS AND ANSWERS

1. **Q**. With reference to the acceptance transactions at Kiosks, who currently provides the data feed?
   A. Currently, the only kiosks in operation are at O'Hare International Airport EPS parking facilities and the current data feed providers are Standard Parking and American Express.

2. Exhibit 1 A.2.b. Ability to decline credit and debit transactions outside of a City defined dollar range.
   Q. Does the City currently have a defined dollar range for credit and debit transactions? If so, what is the defined dollar range?
   A. No limitations are in place for Revenue. Aviation has signature limitations on "no signature" parking payments of $150 at O'Hare International Airport and $75 at Midway International Airport.

3. **Q.** Ability to stop processing any type of payment at the City's discretion with no fees associated. Could the City provide more specific details regarding where during the transaction process would they require the ability to stop processing any type of payment at their discretion? Are you currently doing this?
   A. The City is not currently doing this for any type of payments. However, the City at its discretion will provide the selected Respondent with the specific cut-off time frame for non-acceptance of identified credit card payment type.

4. **Q.** Ability to process credit and debit in the exact same manner, making it seamless to cashier. Is the City referring to Bin File Mgt processing?
   A. The City requires Respondents to propose a solution that processes all types of payments including regular credit cards, debit cards, and other accepted network bank cards currently available in the industry. The availability of bin file management processing is desirable in the proposed solution.

5. **Q.** Ability to capture each credit/debit transaction information.
   Is the City requiring that these data fields be "reportable" items?

A. Yes.

6. **Q.** Is the City requiring Customer Signature for pass and store signature for reporting/charge back purposes?
   A. Yes, the City requires pass and store signatures for reporting/charge back purposes.

7. **Q.** Ability to provide a simultaneous authorization and capture-of-funds process.
   Could the City please provide more clarification?
   A. The City requires that Respondents have the capability to authorize debit or credit card transactions and upon approval and acceptance, provide funds capture and settlement within the same day or settlement consistent with standard industry practices.

8. **Q**. Ability for the City to request a quick and timely conversion to change the method of processing fees to cardholder paid processing fees to any point in the contract with out any additional cost. Could the City please provide more clarification?
   A. This is currently not in place. However, the City has the discretion to assess any processing fees allowable by the credit card companies' regulations in order to insure that applicable Card Association Rules are adhered to.

9. **Q.** Could the City provide an electronic version of this RFP?
   A. No.

10. **Q.** Which depository institution is the City currently using for settlement?
    A. South Shore Bank.

11. **Q.** Who is the vendor for the City Wide OBPC Web Portal?
    A. Paymentech.

12. **Q.** Who is the City's Merchant Bank for accepting Visa/MasterCard transactions?
    A. National Processing Company (NPC) and First National Bank of Louisville.

13. **Q.** Verify totals bank card volume and average ticket size?
    A. Please refer to Appendix A, Section I, City Overview, Dollar Amount.
    The bank card volumes are as follows:

Year	Average Dollar Amount	Number of Transactions
2000	$56.00	2,139,862
2001	$71.00	2,154,273
2002	$70.00	2,653,150

14. **Q.** What software are you currently using?
    A. ADS Link Software is used for lock box processing. Also, please refer to Appendix A,

Section I, City Overview, Existing Equipment and Software.

15. **Q.** Who is your banking partner?
    A. South Shore Bank.

16. **Q.** Who is your current merchant processor?
    A. National Processing Company (NPC).

17. **Q.** What platform are you currently on?
    A. The only platform run by the City is for the ReCaps cashiering system consists of Windows-based PC Client workstations connected via the City's network to a Unix-based server running the Oracle database. The other platforms are run by the City's vendors.

18. **Q.** Are you currently processing non-bankcards? If so, what is the volume?
    A. The City currently does not process non bank cards.

19. **Q.** How many agencies will want either faxed or hard copy mailed statements?
    A. Currently there are sixteen (16) departments. However, this may increase as other departments are added during the term of the contract.

20. **Q.** Do you currently receive 24 hour funding on ACH Deposits?
    A. Yes, upon receipt of funds by South Shore Bank.

21. **Q.** Do you currently have an IVR solution? If so, what is the name of the product?
    A. No, the City does not have one currently in place.

22. **Q.** What is your current check verification solution?
    A. The City does not currently have a check verification solution, however, there is a current check verification vendor.

23. **Q.** What is your current form of connectivity?
    A. Please refer to Appendix A, Section I, City Overview, Existing Equipment.

24. **Q.** Who is your current third party vendor?
    A. NPC and First National Bank of Louisville.

25. **Q.** What are your current fees-broken down in Communication Fee, Access Fees, Authorization Fees, Settlement Fees, Reporting Fees, Monthly Fees, BIN Fees, Etc....?
    A. The City's current fee structure is negotiated and is in line with industry standards.

26.   **Q.**   What is your total Debit Volume?
         A.   We do not have this information available.

27.   **Q.**   What is your Percent of MOTO vs Retail?
         A.   Individual transaction types are not currently tracked by the City.

28.   **Q.**   What is your card type breakdown?
         A.   Visa, MasterCard, Discover Card, AMEX, and Diners Club

29.   **Q.**   Do you currently accept on line debit and checks?
         A. The City is not currently accepting on line debit cards and checks. However, the City would like this functionality and will consider proposals that offer this.

30.   **Q.**   How soon does the City expect to convert a cashier less system at Midway Airport for the parking fees? Will the equipment /software that will be used consistent with   the equipment being used at O'Hare?
         A.   The City will never convert to a completely cashier less system at Midway. The equipment is not same at Midway as O'Hare, however migration will take place over three years.

31.   **Q.**   Currently the City uses dial-up at Midway are you considering upgrading to a lease line that is currently used at O'Hare?
         A.   The City is considering this possibility.

32.   **Q.**   Can you explain the current transaction flow of a credit card used at the Parking Technology terminal?
         A.   From fee computer to server to ADS.

33.   **Q.**   Please define a "debit" card, is the city referring to an offline debit card (run as a credit card, but with a Visa or MasterCard logo)? Or, is the City referring to a PIN based debit transactions routing to such networks as Star, Pulse, Interlink, etc.?
         A.   The City requires all available payment processing options.

34.   **Q.**   The City requires the ability to capture a "City Defined Reference number". Must this number be available online to the City and tied with the transaction data or is it   just required to be on the TERMINAL reporting and receipt?
         A.   The City Defined Reference Number does not need to be captured. This number is captured in the City's cashiering system "ReCaps".

35.   **Q.**   Ability to receive telephone credit and debit card payment data from the City's integrated voice response system. Please explain in detail what software the voice

response system runs (Name and Contact), if Respondent is required to pay for the interface to this software, and how those voice response transactions are routed today?

A.   The City currently does not have an IVR System. However, the City will consider proposals that offer this functionality.

36.   **Q.**   Please describe the software and hardware used for card processing aim the various kiosks around the City?

    A.   Currently, the only kiosks in operation are at O'Hare International Airport EPS parking facilities and the software used at the kiosks at O'Hare is PES proprietary software.

37.   **Q.**   Ability to appropriately encrypt information to prevent fraud. Please expand on where this encryption is required. The dial transaction, the online access, etc.?

    A.   The City requires that the selected Respondent be able to offer maximum fraud protection to the City through encrypted information.

38.   **Q.**   Ability to initiate authorization for mail in credit card transactions. Please expand on what is being asked.   Does this mean Respondent must provide the authorization support for the vendor that is hired by the City to process these payments? Note-the   site visit to the payment center indicated that the City keys in the mail in credit card   payments at their lock box. What software is used for this payment processing?

    A.   Yes, in order to process the authorization for credit card transactions, the selected Respondent must provide authorization support for City Lockbox processors. The current software used for authorization services is ADS link software.

39.   **Q.**   Ability to receive and respond to all credit card retrieval request electronically, even though they are from different credit card companies.   That may require that the vendor centralize control of all retrieval requests and then forward to the City?

    A.   Yes., the selected Respondent must provide a full and comprehensive charge back management and monitoring system.

40.   **Q.**   Please explain what is required of the Respondent. Is the City asking the Respondent provide software that includes charge backs fulfillment capabilities for Discover, American Express, Diner's Club (and other card) in ONE software application? Is the   City requiring that respondent physically track, respond and handle all fulfillment   request on behalf of the City for all card types?

    A.   Yes the City requires charge backs tracked. It is up to each Respondent to propose the appropriate software tracking application to meet the requirements of the scope of services.

41.   **Q.**   Is the City requiring Respondent have access to individual transaction data that is up

to five year old? If Respondent provides online access to individual transaction data   up to 18 months old, and daily files of data that the City may download that the City   can store for up to five years, will this suffice? Please elaborate.

    A.   Online access up to 18 months is acceptable, however, all records must be maintained for at least seven (7) years per the City's record retention policy and they may be stored in archive files.

42.   **Q**.   When the City reports a problem with obtaining credit/debit card services, such as a broken terminal or printer, all reported problems must be resolved and units must be operational 24 hours from the time of request?

    A.   Yes. This is needed specifically for our Payment Center locations in which customers are serviced daily .   There are various payment locations detailed in Appendix A, Section 1, City Overview.

43.   **Q.**   Please describe as detailed as possible the Revenue control system utilized at Midway (with model numbers, software versions, etc.).

    A.   Please refer to Appendix A, Section 1, City Overview, Existing Equipment and Software.

44.   **Q.**   Does Midway have available copper pairs wiring between check out booths? Does Midway have fiber optic cabling between check out booths that can be used by respondent to route card transactions back to a central host server at Midway?

    A.   At Midway International Airport, copper pairs is available between the check out booths and fiber optic cabling is not available.

45.   **Q.**   Please describe what transactions are processed over the "Internet: Revenue Parking System". Does this include O'Hare? What is the dollar amount and transaction count   of these transactions. Respondent must assume these transactions will be serviced by   another provider, and as such price accordingly?

    A.   The payments processed via the "Internet: Revenue Parking System" are for parking tickets owed to the City.   This Internet piece does not include O'Hare Parking Lot Fees. The numbers of transactions processed in a month were 18,000, and the average dollar amount was $375.00.

46.   **Q.**   Please describe in detail what the "City cashiering system" is and where it is located?

    A.   The City cashiering system, which the selected Respondent must interface with, is referred to as ReCaps. ReCaps is Windows-based PC Client workstations connected via the City's network to a Unix-based server running the Oracle database. The system is located in various payment centers. Please see the answer to number 42 above.

47.   **Q.**   Please describe what the City intends by asking for "signature recognition"?

    A.   This is an optional service. Please refer to Scope of Service #10a.

48. **Q.** Define the decision time line. When will a decision be made?

A. Target dates will be part of the evaluation process and Respondents will be notified in writing when a decision has been made.

49. **Q.** Describe how you expect the lock box to function for both credit and debit, mentioned in B2.

A. This should be a seamless process similar to credit card authorizations for walk in payments. The debit cards should be run as a credit card with a Visa or MasterCard logo.

50. **Q.** Describe how the VRU (Voice Response System) would function with debit, mentioned in B2.

A. VRU is not within the scope of this RFP.

51. **Q.** Would the internet payments be part of the current City of Chicago web site or will a web site need to be provided for both short and long term, mentioned in B2.

A. Internet payments are not a part of this RFP.

51. **Q.** Our corporate policy is not to discuss specific employee details until a contractual relationship is established. Any issues?

A. If your firm does not respond to all of the RFP submittal requirements set forth in Section II, "Preparing Proposals: Required Information" and specifically to item 4, "Professional Qualifications, Specialized Experience and Local Availability of Key Personnel Committed to this Project and Project Organization", your proposal could be deemed to be non-responsive by the Evaluation Committee.

52. **Q.** What is the City's defined dollar amount range as mentioned in exhibit 1.A.2.b?

A. $150 at O'Hare and $75 at Midway.

53. **Q.** In Exhibit 1.A. 3.e, the ability of forwarding an authorization number back to a lock box processor is mentioned. Please define.

A. Authorization numbers are required for approved credit card transactions.

54. **Q.** In Exhibit 1.A.3.f, the ability of forwarding a decline back to a lock box processor is mentioned. Please define.

A. If the credit card is not accepted we need to know so that the payment will not processed or accepted by the City Cashiers. The decline should be sent via a text message of "Decline", with a code, which can be easily identified as a decline code, or by other method identified by the selected Respondent.

55. **Q.** In Exhibit 1.A.3.j, the ability to process from kiosks is mentioned. Please describe the kiosks. What is the time Frame?

    A. Currently, the only kiosks in operation are at O'Hare International Airport EPS parking facilities and the type of machine in use is Parking Technologies Pay on Foot Machine. The time frame for fulfilling Section 1.A.3.j is late 2003 or early 2004. It is up to the Respondents to propose how to fulfill this requirement of the Scope of Services.

56. **Q.** Does the responder need to manage/report cash payments as well as credit and debit?

    A. No, the selected Respondent does not manage/report cash payments.

57. **Q.** Clarify the ability to provide a simultaneous authorization and capture of funds, including the freezing of funds and holding of funds, mentioned in Exhibit 1.A.4.g.

    A. Please refer to the answer to number 7 above.

58. **Q.** Clarify the service fee being added to the principal payment when a cardholder is charged and related issues with the Visa and MasterCard regulations.

    A. Please refer to the answer to number 8 above.

59. **Q.** Visa and MasterCard regulations prohibit the passing of processing fees on to the cardholder. Please define the intent behind Exhibit 1.A.4.i.

    A. Please refer to the answer to number 8 above.

60. **Q.** Please define the procedures mentioned in Exhibit 1.A.6.e for adjunction decisions.

    A. The selected Respondent's duties regarding adjunction decisions are defined by the City's rules and regulations.

61. **Q.** In relation to the requirements in Exhibit 1 A.10.c, define how the receipts and other documents being scanned are to be used and how they will be provided.

    A. Receipts and other documents are scanned for purposes of charge backs and at as required by law. It is up to the Respondents to propose how the scanned documents will be provided in their proposals.

62. **Q.** Need clarification on the following question: Exhibit 1. Scope of Services, 2. Activity Driven Reports, C. Ability to generate a status report of Retrieval Requests for transactions by department location, terminal (?) station, user and by transaction type to determine active retrievals and those which have been responded to and date.

    A. For identification and internal tracking purposes.

63. **Q.** Need clarification on the following question: Exhibit 1, Scope of Services, D. Ability to provide on-line access and hard copy advices for routine transfers of collect funds to multiple City defined users.

A. The City requires Internet Reporting along with paper reports.

64. **Q.** CVV2 question (Sequence 3.b). The RFP only identifies CVV2, which would only be associated with Visa. Does the proposal also include American Express' CID, Discover Card's CID, and MasterCard's CVC?
A. Yes, the City requires the highest fraud protection available from all credit card providers. Also, please refer to Section 2 of this Addendum.

65. Need clarification on the following questions: Under Section II-Service Requirements (Processing Requirements-Credit and Debit Cards)

Q. Sequence 2.b-Will the City dollar range need to be applied globally or on a per terminal basis? How does this amount affect the maximum transaction amount on 2a?
A. The City currently does not have in place a specific or defined range for credit card or debit card acceptance. However, Respondents should propose all available technology related to transaction processing restrictions or limitations.

66. **Q.** Sequence 3.b-What's the maximum size of the City defined reference number?
A. The City Defined Reference Number does not need to be captured. This number is captured in the City's cashiering system "ReCaps"

67. **Q.** Sequence 3.b-is signature capture required at the POS only, or POS and host?
A. POS and host.

68. **Q**. Sequence 3.b-Capture of CVV2's last three digits violates Visa's processing rules. Please clarify how the City will comply with the rules.
A. Please refer to Section 2, "Clarification" of this Addendum.

69. **Q.** Sequence 7.3.a-Is cashier/user ID required in the authorization/data capture request from the processor or can this be handled at the POS? What is the size of this field?
A. No, the selected Respondent is not required to process this information. This number is captured in the City's Cashiering System ReCaps.

70. **Q.** Please provide detailed information on the City's Revenue control system, Recaps. Please provide, hardware type (i.e. PC) card reader type, operating system and communication method. This information is required to estimate the development and cost of writing and interface to the Recaps system?
A. The City cashiering system is referred to as ReCaps. ReCaps is Windows-based PC Client workstations connected via the city's network to a Unix-based server running the Oracle database. The ReCaps system is proprietary software purchased from Systems Concepts Incorporated (SCI) and licensed by the City of Chicago. Current

equipment credit card equipment information is provided in Appendix A, Section I, City Overview. Currently, the credit card system is stand alone and it is not integrated with ReCaps.

71. **Q.** What is the estimated time of arrival of the City's Web Portal?
    A. This is currently in place, however, the credit card processing of the City's Web Portal is a separate contract. The Department of Revenue expects to be brought into the City Web Portal in 2004.

72. **Q.** Please clarify in Exhibit 1.A.4.F and G–the 30 second response and the ability to complete simultaneous transactions. Is the 30 seconds the end-to-end time? What is meant by simultaneous transactions and what communication methods will be used?
    A. **F.** The 30 second is from the point of dial in to the point of receipt of authorization. **G.** Please refer to the answer to number 7 above.

73. **Q.** When does the City plan to add signature capture at all walk-in facilities?
    A. Revenue currently requires on-site signature capture at all walk-in facilities.

74. **Q.** Can a company participate in multiple bids with different roles in each proposal. For example, being the primary bidder in one and a subcontractor in another.
    A. Yes.

75. **Q.** Can the bidders view the existing Appendix A that was agreed upon by the City of Chicago and the credit /debit card processor that is currently providing service?
    A. Appendix A is not part of the City's current vendor contract. Section I provides information necessary for Respondents to complete their proposals and Respondents must complete Sections II and III as part of their proposals.

76. **Q.** Is the City of Chicago currently using multiple credit/debit card processors or just one, and is one of the current processors South Shore Bank of Chicago, Illinois?
    A. Yes, NPC and First National Bank of Louisville. South Shore Bank is the clearing bank.

77. **Q.** Does the city currently charge the customer a fee for using their credit cards for payment? In what situations or departments does that occur today? If it is not done today, does the City intend to implement such a policy?
    A. Please refer to the answer to number 8 above.

78. **Q.** Please provide a detailed diagram and transaction flow of your direct connectivity for the airport locations. Please include information on routers, servers, message formats, communication protocols, and anything else that impacts the method in which the transactions would be delivered to the processor.

        A. This information is not available and is deemed to be proprietary and confidential by the City's servers.

79. **Q.** In the RFP, you mention that servicing of the Internet/Revenue Web Site will be needed until the Revenue Department is brought into the city Wide OBPC Web Portal. Please be specific and address what type "servicing" will be expected. In addition, when does the City expect the Revenue Department to be brought into the City Wide OBPC Web Portal?

        A. The Internet Revenue Parking System web piece is currently not part of the Citywide OBPC Web Portal. Authorization services will be needed, short term, for the Internet Revenue Parking System until it is merged or brought into the City Wide OBPC Web Portal. The Department of Revenue expects to be brought into the City Web Portal in 2004.

80. **Q.** You indicate that you want a vendor that can process credit and debit transactions by stand alone units, or a system interfaced with the City's Cashiering System. What would be your preference, to have stand-alone devices at the point of sale, or a solution that interfaces with your system? Please describe in detail the City's Cashiering System, including the name of the software vendor.

        A. Please refer to answer to number 69 above.

81. **Q.** The RFP is for Credit Card and Debit Card processing services, yet in your opening you indicate that your intent of the RFP is to identify a provider for a processing "System." The "system" must include equipment, hardware, software, link-ups, and must be installed, operated, and maintained by the vendor. Will more emphasis be put on identifying a vendor whose expertise and main line of business is in processing electronic transactions, or will you be seeking a vendor that is more involved on the "system" solution side with the capability of contracting out the processing?

        A. The City will evaluate bids from potential vendors and bidders that meet the RFP's requirements as defined in the scope of work/services. Respondents may elect to team up with other companies or partners that provide the capabilities required to meet the City's objectives.

82. **Q.** Does the City accept online (PIN-based) debit transactions today? If so, please indicate the type of PIN pad you have in place at all points of sales equipped to accept PIN-based cards.

 A. No, the City currently does not accept PIN-based debit transactions.

83. **Q.** II. B. Term or Service. Please elaborate on the term. The Initial contract may be 3 yrs…. Will it be 3 years or not? If it may be less, then what would cause the original term to be less?

 A. The City anticipates that the term of the contract will be three years unless after the Evaluation Committee completes the evaluation process it recommends that the contract term be shortened and the Director of Revenue and the Chief Procurement Officer concur in this recommendation,

84. **Q.** What is the mechanism for the acceptance of recurring automatic electronic water bill payments?

 A. Recurring electronic payments is not a service currently offered by the City.

August 13, 2003

Addendum Number 2

To
REQUEST FOR PROPOSALS ("RFP")

For

CREDIT CARD AND DEBIT CARD PROCESSING SERVICES
Specification No. **11716**

Consisting of Changes To Exhibit 1, Scope of Services; Clarification; and Answers to 84 questions.

ACKNOWLEDGMENT

I hereby acknowledge receipt of Addendum Number 2 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