



**DEPARTMENT OF PROCUREMENT SERVICES
NON-COMPETITIVE REVIEW BOARD (NCRB) APPLICATION**

Complete this cover form and the **Non-Competitive Procurement Application Worksheet** in detail. Refer to the page entitled **"Instructions for Non-Competitive Procurement Application"** for completing this application in accordance with its policy regarding NCRB. Complete "other" subject area if additional information is needed. Subject areas must be fully completed and responses merely referencing attachments will not be accepted and will be immediately rejected.

Department	Originator Name	Telephone	Date	Signature of Application Author
Finance	Richard Ponce	745-2892	5-1-2016	
Contract Liaison	Email Contract Liaison	Telephone		
Steve Sakai	steve.sakai@cityofchicago.org	744-2894		

List Name of NCRB Attendees/Department	
Richard Ponce	
Steve Sakai	

Request NCRB review be conducted for the product(s) and/or service(s) described herein.
Company: Forte Payment Systems, Inc.

Contact Person: Linnay Zazueta	Phone: 866.290.5400 ext. 701	Email: linnay.zazueta@forte.net
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Project Description: Payment gateway services

This is a request for:

New Contract

Amendment / Modification

Contract Type

Blanket Agreement Term: ____ (# of mo)

Standard Agreement

Type of Modification

Time Extension Vendor Limit Increase Scope Change

Contract Number: **17560**

Specification Number: **51810**

Modification Number: _____

Department Request Approval	Recommended Approval
DEPARTMENT HEAD OR DESIGNEE	BOARD CHAIRPERSON
Erin Keane	Rich Butler
PRINT NAME	PRINT NAME
7/11/16	JUL 12 2016
DATE	DATE

(FOR NCRB USE ONLY)

Recommend Approval/Date: 7-11-16

Return to Department/Date: _____

Rejected/Date: _____

Set 7/12/16

Approved Rejected

CHIEF PROCUREMENT OFFICER

7/12/16

DATE



**DEPARTMENT OF PROCUREMENT SERVICES
NON-COMPETITIVE REVIEW BOARD (NCRB) APPLICATION
JUSTIFICATION FOR NON-COMPETITIVE PROCUREMENT WORKSHEET**

All applicable information on this worksheet must be addressed using each question found on the "Instructions for Non-Competitive Procurement Application" in this application.

Justification for Non-Competitive Procurement Worksheet

PROCUREMENT HISTORY

In December 2004, the Department of Revenue (before its merge into the Department of Finance) issued an RFQ(RFP) (Specification No. 22215), in order to solicit "Check Processing Services".

In January 2006, the Chief Procurement Officer recommended that this requirement be brought forth to the Sole Source Board since the attempts to solicit these services were unsuccessful and did not result in a contract.

In October 2006, the NCRB approved pursuing a contract with ACH Direct, Inc.

In May 2007, the NCRB approved an amendment to the ACH Direct scope for the addition of processing online check payments.

On June 25, 2008, the contract was awarded on this date, to ACH Direct, Inc., under PO# 17560, with a 5+3 year term.

-Continued-

ESTIMATED COST

The estimated annual cost is \$184,152 per year.

DoF requests an estimated PO vendor limit increase in the amount of \$195,058.03, estimated as the amount that may be needed to cover the additional 12-month extension period, ending 6/24/2017. DOF will reevaluate the need for an additional VLI, if required to exercise the requested 12 month extension option, to complete the replacement contract process.

Attached by reference is the OBM Approval Form and VLI calculation worksheet.

-Continued-

SCHEDULE REQUIREMENTS

The current 6/24/2016 contract end date is to be extended for at least an additional 12-month period, with one 12-month extension option, in order to sustain uninterrupted payment transaction and related services from the Vendor, while providing additional time for the Department of Finance's Payment Processing division to construct the Scope requirements and compensation format for an RFP solicitation for the new/replacement contract.

-Continued-

EXCLUSIVE OR UNIQUE CAPABILITY

1. Only the current Vendor has the online Payments Gateway infrastructure available via the existing contract and is willing and able to provide uninterrupted services as proposed in this extension request. Customized software development and integrations into the City systems required for the payments gateway operations, currently only exists with this Vendor. Their continued involvement is needed to sustain the processing of over \$650 million dollars in annual revenue payments.

(Continued)

OTHER

1. Payment gateway services were implemented with the goal being to process electronic check (ACH) payments, check and ACH bank verification, and check conversion services. These services have, thus far, supported the City in its ability to realize over \$3.2 billion of payments to the City.



DEPARTMENT OF PROCUREMENT SERVICES NON-COMPETITIVE REVIEW BOARD (NCRB) APPLICATION INSTRUCTIONS FOR NON-COMPETITIVE PROCUREMENT APPLICATION

INSTRUCTIONS FOR PREPARATION OF NON-COMPETITIVE PROCUREMENT APPLICATION

If a City Department has determined that the purchase of supplies, equipment, work and/or services cannot be done on a competitive basis, a justification must be prepared on this "Justification for Non-Competitive Procurement Application" in which procurement is requested on a or non-competitive basis in accordance with 65 ILCS 5/8-10-4 of the Illinois Compiled Statutes. Using this instruction sheet, all applicable information must be addressed on the worksheet. The information provided must be complete and in sufficient detail to allow for a decision to be made by the Non-Competitive Procurement Review Board. For Amendments, Modifications, describe in detail the change in terms of dollars, time period, scope of services, etc., its relationship to the original contract and the specific reasons for the change. Indicate both the original and the adjusted contract amount and/or expiration date with this change.

Attach a DPS Checklist and any other required documentation; the Board will not consider justification with incomplete information documentation or omissions.

PROCUREMENT HISTORY

1. Describe the requirement and how it evolved from initial planning to its present status.
2. Is this a first time requirement or a continuation of previous procurement from the same source? If so, explain the procurement history.
3. Explain attempts made to competitively bid the requirement (attach copy of sources contacted).
4. Describe in detail all research done to find other sources; list other cities, companies in the industry, professional organizations contacted. List periodicals and other publications used as references.
5. Explain future procurement objectives. Is this a one-time request or will future requests be made for doing business with the same source?
6. Explain whether or not future competitive bidding is possible. If not, explain in detail.

ESTIMATED COST

1. What is the estimated cost for this requirement or for each contract, if multiple awards are contemplated? What is the funding source?
2. What is the estimated cost by fiscal year?
3. Explain the basis for estimating the cost and what assumptions were made and/or data used (i.e., budgeted amount, previous contract price, current catalog or cost proposal from firms solicited, engineering or in-house estimate, etc.)
4. Explain whether the proposed Contractor or the City has a substantial dollar investment in original design, tooling or other factors which would be duplicated at City expense if another source was considered. Describe cost savings or other measurable benefits to the City which may be achieved.
5. Explain what negotiation of price has occurred or will occur. Detail why the estimated cost is deemed reasonable.

SCHEDULE REQUIREMENTS

1. Explain how the schedule was developed and at what point the specific dates were known.
2. Is lack of drawings and/or specifications a constraining factor to competitive bidding? If so, why is the proposed Contractor the only person or firm able to perform under these circumstances? Why are the drawings and specifications lacking? What is the lead time required to get drawings and specifications suitable for competition? If lack of drawings and specifications is not a constraining factor to competitive bidding, explain why only one person or firm can meet the required schedule.
3. Outline the required schedule by delivery or completion dates and explain the reasons why the schedule is critical.
4. Describe in detail what impact delays for competitive bidding would have on City operations, programs, costs and budgeted funds.

EXCLUSIVE OR UNIQUE CAPABILITY

1. If contemplating hiring a person or firm as a Professional Service Consultant, explain in detail what professional skills, expertise, qualifications, and/or other factors make this person or firm exclusively or uniquely qualified for the project. Attach a copy of the cost proposal, scope of services, and Temporary Consulting Services Form.
2. Does the proposed firm have personnel considered unquestionably predominant in the particular field?
3. What prior experiences of a highly specialized nature does the person or firm exclusively possess that is vital to the job, project or program?
4. What technical facilities or test equipment does the person or firm exclusively possess of a highly specialized nature which is vital to the job?
5. What other capabilities and/or capacity does the proposed firm possess which is necessary for the specific job, project or program which makes them the only source who can perform the work within the required time schedule without unreasonable costs to the City?
6. If procuring products or equipment, describe the intended use and explain any exclusive or unique capabilities, features and/or functions the items have which no other brands or models, possess. Is compatibility with existing equipment critical from an operational standpoint? If so, provide detailed explanation?
7. Is competition precluded because of the existence of patent rights, copyrights, trade secrets, technical data, or other proprietary data (attach documentation verifying such)?
8. If procuring replacement parts and/or maintenance services, explain whether or not replacement parts and/or services can be obtained from any other sources? If not, is the proposed firm the only authorized or exclusive dealer/distributor and/or service center? If so, attach letter from manufacturer on company letterhead.

MBE/WBE COMPLIANCE PLAN

- * All submissions must contain detailed information about how the proposed firm will comply with the requirements of the City's Minority and Women Owned Business program. All submissions must include a completed C-1 and D-1 form, which is available on the Procurement Services page on the City's intranet site. The City Department must submit a Compliance Plan, including details about direct and indirect compliance.

OTHER

1. Explain other related considerations and attach all applicable supporting documents, i.e., an approved "ITGB Form" or "Request For Individual Hire Form".

REVIEW AND APPROVAL

This application must be signed by both Originator of the request and signed by the Department Head. After review and final disposition from the Board, this application will be signed by the Board Chairman. After review and final disposition from the Board, this form will be presented to the Chief Procurement Officer recommending approval.

PROCUREMENT HISTORY - continued from the NCRB Justification cover page-

In April 2013, ACH Direct Inc., underwent a name change (only) maintaining its original PO# 17560, changing its name to Forte Payment Systems, Inc. (herein "Vendor").

In June 2013, the City exercised the unilateral contract extension option provision, which allowed for up to three extension years, thereby extending the contract for all three years, ending 6/24/2016.

1. Describe the requirement and how it evolved from initial planning to its present status.

The contract requires the Vendor to perform "check verification" services. This is a specialized service which enables the Vendor to verify whether or not a payment check has sufficient funds in the check-writer's bank account to cover the amount written on the check. Since the Vendor's online "Payments Gateway" Internet platform was first implemented to process payments for the City, about 900,000 payment transactions have been executed at a cost to the City in the amount of \$45,000. Those Payment Gateway transactions, however, have yielded approximately \$3.2 billion in revenue.

Additionally, the Vendor's check conversion services have allowed for the conversion of half of all returned checks not originally processed through their Payments Gateway. Of those converted checks, 70% are collected prior to the City having to perform normal returned payment processing and collection.

DoF will be submitting that draft RFP, for review, in the second quarter of 2016.

2. Is this a first time requirement or a continuation of previous procurement from the same source? If so, explain the procurement history.

This procurement is a continuation of a previous procurement from the same Vendor, Forte Payment Systems.

3. Explain attempts made to competitively bid the requirement. (Attach copy of sources contacted.)

The new replacement services RFP draft is in process and will be submitted to DPS prior to the Sole Source board meeting. The Department initially preferred to pursue the new Payment Portal RFP concept to determine its effect on the need for these payment services.

4. Describe in detail all research done to find other sources list other cities, companies in the industry, professional organizations contacted. List periodicals and other publications used as references.

Other payments gateway services, electronic check (ACH) payment processing, check and ACH bank verification, and check conversion are available in the marketplace today, so other vendors could probably be used to perform the same functions required by the City. However, the current Vendor has proprietary interfaces and software that is installed on their proprietary equipment to process payments today. Accordingly, the current Vendor is the only one capable of continuing to process transactions while a replacement technological approach is pursued, developed and implemented.

5. Explain future procurement objectives. Is this a one-time request or will future requests be made for doing business with the same source?

This request includes a 12-month extension period and one 12-month extension option to continue Vendor services, until a replacement contract can be awarded via a publically advertised RFP.

6. Explain whether or not future competitive bidding is possible. If not, explain in detail

Competitive bidding in the future is possible and is currently being pursued.

The new replacement services RFP draft is in the initial developmental phase within the DoF business unit, targeted for submittal to DPS in the 1st quarter of 2016.

Although there are no extension options remaining, until such time the new RFP leads the City to a replacement contract, the current payments gateway services contract must continue to be sustained and supported, in order to provide valued revenue processing services.

ESTIMATED COST - continued from the NCRB Justification cover page-

1. What is the estimated cost for this requirement or for each contract, if multiple awards contemplated?

As indicated in the NCRB Justification cover page, the estimated annual cost is \$184,152.00.

This NCRB request consists of price reductions which have been negotiated to become effective during the extension period.

What is the funding source?

016-100-27-2020-0140-0140

2. What is the estimated cost by fiscal year?

The estimated annual cost is \$184,152.00.

3. Explain the basis for estimating the cost and what assumptions were made and/or data used (i.e., budgeted amount, previous contract price, current catalog or cost proposal from firms solicited, engineering or in-house estimate, etc.).

Cost estimates were based on actual historic usage figures and anticipated price reductions.

4. Explain whether the proposed Contractor or the City has a substantial dollar investment in original design, tooling or other factors which would be duplicated at City expense if another source was considered.

The initial implementation and the more recent check conversion implementation of Payment Gateway services was a new venture, and required a substantial amount of Vendor investment, time, and human resources in order to develop the transaction interface to City systems and implement go-live. None of this development work was done at the expense of the City. Installation coordination (with DoIT), interface and testing of links into the City's existing cashing system, and the coordination of processes involving the City's ACH check processing, etc., required a substantial investment of time and effort.

Describe cost savings or other measurable benefits to the City which may be achieved.

The current schedule of compensation includes an ACH Gateway Fee of \$0.05 and a verification fee of \$0.24, both per transaction. Upon this 12 month extension becoming effective, *Forte Payment Systems* has agreed to reduce the ACH Gateway fee to \$0.03 and the verification fee to \$0.22 per transaction; just over an 40% and 8% reduction, respectively.

5. Explain what negotiations of price has occurred or will occur.

The current schedule of compensation includes an ACH Gateway Fee of \$0.05 and a verification fee of \$0.24, both per transaction. Upon this 12 month extension becoming effective, *Forte Payment Systems* has agreed to reduce the ACH Gateway fee to \$0.03 and the verification fee to \$0.22 per transaction; just over an 40% and 8% reduction, respectively.

Detail why the estimated cost is deemed reasonable.

Considering that the contract is due to expire when the City does not have a substitution that could immediately fill the void should the Vendor elect to cease services, the Vendor could have leveraged this condition to its advantage by keeping pricing and other performance measures static. However, the Vendor offered a price reduction without any conditional change.

SCHEDULE REQUIREMENTS - continued from the NCRB Justification cover page-

1. Explain how the schedule was developed and at what point the specific dates were known.

For the past three years and in the foreseeable future, there has been no discussion nor an anticipation concerning any type of "schedule" that is or has been developed or otherwise contemplated between the Vendor and the City – other than the more recent discussion concerning the business need for the continuation of uninterrupted services via a contract amendment process.

2. Is lack of drawings and/or specifications a constraining factor to competitive bidding?

No. Competitive bidding is possible in the near future. As indicated earlier, the scope of services that are currently delivered by the Vendor, shall be solicited through the Department of Procurement Services as a publically advertised RFP.

If so, why is the proposed Contractor the only person or firm able to perform under these circumstances?

Drawings and/or specifications are not an issue.

Why are the drawings and specifications lacking?

Drawings and/or specifications are not an issue.

What is the lead-time required to get drawings and specifications suitable for competition?

Drawings and/or specifications are not an issue.

If lack of drawings and specifications is not a constraining factor to competitive bidding, explain why only one person or firm can meet the required schedule.

Only the current Vendor can sustain the existing Payments Gateway services required during the extension period. The Payments Gateway operations currently only exist with this Vendor through their customized software that has been developed, integrated and approved to be compatible with the City systems required for payment transactions to be executed without interruption.

3. Outline the required schedule by delivery or completion dates and explain the reasons why the schedule is critical.

No "schedule-by" or "completion dates" or stand-alone type projects are contingent upon reasons for selecting this Vendor. The only schedule-related factors that relate to this request are the current contract expiration date (scheduled to expire on June 24, 2016) and the new replacement RFP (which is scheduled to be submitted to Procurement in the 2nd quarter of 2016 and be advertised for a new contract award and implementation date before the extension date expires).

4. Describe in detail what impact delays for competitive bidding would have on City operations, programs, costs and budgeted funds.

Delays in competitive bidding (via an RFP) would potentially result in lost opportunities to process additional payments through a new payments gateway at reduced costs. The new services contract could, potentially, provide the City with opportunities to reorganize, reduce overhead, or better manage payment services and other related costs.

EXCLUSIVE OR UNIQUE CAPABILITY - continued from the NCRB Justification cover page-

1. If contemplating hiring a person or firm as a Professional Service Consultant, explain in detail what professional skills, expertise, qualifications, and/or other factors make this person or firm exclusively or uniquely qualified for the project.

There is no intent and there are no plans for hiring any new entity, individual, or professional service being contemplated in this request – only the extension of the existing Vendor's contract to sustain uninterrupted services during a.

Attach a copy of the cost proposal, scope of services, and Temporary Consulting Services Form.

The Temporary Consulting Services form is not applicable.

Please see attached excerpts of original scope and current compensation schedule labeled and signed as follows: "No Change in Original Contract Scope".

2. Does the proposed firm have personnel considered unquestionably predominant in the particular field?

No.

3. What prior experiences of a highly specialized nature does the person or firm exclusively possess that is vital to the job, project or program?

Only the current Vendor manages the existing customized software that has been developed, integrated and approved to be compatible with the City systems required for payment transactions to be executed without interruption.

4. What technical facilities or test equipment does the person or firm exclusively possess of a highly specialized nature which is vital to the job?

Only the current Vendor operates the network that has been integrated and approved as compatible with the City systems required for payment transactions to be executed without interruption.

5. What other capabilities and/or capacity does the proposed firm possess which is necessary for the specific job, project or program which makes them the only source who can perform the work within the required time schedule without unreasonable costs to the City?

The years of professionalism, expertise, and responsiveness experienced throughout the years, from inception through current day relationships, as well as the confidence in meeting the deliverables without problem or breach, is a quality possessed by the Vendor and provided to the City by the Vendor, and a service expectation to be sustained without interruption.

6. **If procuring products or equipment, describe the intended use and explain any exclusive or unique capabilities, features and/or functions the items have which no other brands or models, possess.**

Not applicable.

Is compatibility with existing equipment critical from an operational standpoint?

Yes.

If so, provide detailed explanation?

Compatibility with the City's existing payment network is essential. The interface of web, kiosk, and payment site stations through the Department's cashiering system to the Vendor's payments gateway is a critical requirement.

7. **Is competition precluded because of the existence of patent rights, copyrights, trade secrets, technical data, or other proprietary data (attach documentation verifying such)?**

Not applicable.

8. **If procuring replacement parts and/or maintenance services, explain whether or not replacement parts and/or services can be obtained from any other sources.**

Maintenance is provided by the Vendor under the terms of the contract at no additional cost, as part of the current contract.

All costs are included in the per-transaction cost.

If not, is the proposed firm the only authorized or exclusive dealer/distributor and/or service center?

Not applicable.

If so, attach letter from manufacturer.

Not applicable.

MBE/WBE COMPLIANCE PLAN

- * **All submissions must contain detailed information about how the proposed firm will comply with the requirements of the City's Minority and Women Owned Business program. All submissions must include a completed C-1 and D-1 form, which is available on the Procurement Services page on the City's intranet site. The City Department must submit a Compliance Plan, including details about direct and indirect compliance.**

Currently, the Vendor intends to sustain its current MBE/WBE compliance plan with *JJC Group, Inc.* as its MBE in the amount of 16.9% of the DUR contract value, and 4.5% with *Computer Products & Supplies International, Inc.* as their WBE.

However, per the online Certification and Compliance tool (C2), the timing involving the following conditions tentatively precludes providing details about direct and indirect compliance: (i) *JJC Group, Inc.*'s certification expired on 11/18/2015. When contacted by Finance, their re-certification plans were not definitively clear. Although C2 indicates that the dollars paid by the Vendor to *JJC Group*, to date, have exceeded the 16.9% goal, it is not clear how the MBE participation requirements shall be met moving forward; (ii) *Computer Products & Supplies International, Inc.*'s certification expires on 5/1/2016. When contacted by Finance, their re-certification plans (with the County) were being initiated. However, C2 indicates no activity between the Vendor and *JJC Group*.

Insofar as the current state of the MBE/WBE compliance plans of the Vendor are considered to be sustained as before, with no change in scope, etc., nevertheless, the certification status of the original MBE and WBE partners are uncertain. Furthermore, the contact person that has been with the Vendor since the contract was originally negotiated and awarded with the City, has been the City's main contact person throughout these years, but just recently left the company. All of the parties involved at this time (*JJC Group*, *Computer Products & Supplies*, the Vendor, and the City) will need to convene and determine what the near-future MBE/WBE compliance plans should be, and agree upon a final solution.

OTHER -continued from the NCRB Justification cover page-

1. **Explain other related considerations and attach all applicable supporting documents, i.e., an approved "ITGB Form" or "Request for Individual Hire Form".**

See attached scope of service and pricing.

REVIEW AND APPROVAL

This application must be signed by both Originator of the request and signed by the Department Head. After review and final disposition from the Board, this form will be presented to the Chief Procurement Officer recommending approval.



DEPARTMENT OF FINANCE
CITY OF CHICAGO

Date: July 12, 2016

To: Jamie L. Rhee
Chief Procurement Officer

Attention: Richard Butler
Non-Competitive Review Board (NCRB), Chairman

From: Erin Keane
Erin Keane
City Comptroller

Subject: Additional 12-month Extension, One 12-month Extension Option and VLI (for *Forte Payment Systems, Inc.*)

Source Req. 116901 (unapproved) Specification 51810 PO 17560

Current Contract Number (if applicable): 17560

Expired Specification Number (if applicable): N/A

Original Start Date (if applicable): June 25, 2008 (name changed from *ACH Direct, Inc.*, on 4/2/2013)

Original End Date (if applicable): June 24, 2013

Current End Date (if applicable): June 24, 2016

Original Extension Options Available: Up to 3 years

Contract Description: Check Processing Services

Revenue Generating Value: \$650,000,000 per year (approx.)

12 Month Extension End-Date Requested Here: June 24, 2017

Vendor Limit Increase (VLI) Amount: \$195,058.03

Total Contract Value after VLI: \$885,058.03 [= current limit + 12-month VLI]

This is a request for an additional 12 month extension, ending June 24, 2017, one 12 month extension option, a VLI, and for a letter of intent to extend this contract be sent to Forte to ensure a continuation of services of the above referenced NCRB contract with *Forte Payment Systems, Inc.*

This additional time is required because DOF failed to submit a replacement RFP within the 18-month minimum period required for a new solicitation request to be submitted to Procurement for review, advertisement, evaluation, negotiation, and award. DOF is now prepared to submit the replacement RFP request package to Procurement by July 18, 2016. The current Check Processing Services contract must continue to be supported in order to sustain critical payment processing options for customers and revenue fund generating operations for the City. This additional 12 month extension request also includes a VLI in the amount of \$195,058.03 to cover costs through the extension period. DOF will reevaluate the need for an additional VLI, if required to exercise the 12 month extension option to complete the replacement contract process.

I sincerely appreciate your consideration to address this NCRB matter understanding that neither our request for the extension nor our new/replacement RFP submittal are timely, and realize the affect that our requests place on your staff and overall operations.

The development of the new replacement payment gateway services RFP was delayed to better understand the relationship of these services and the new "Payment Processing Services for Payments to the City for Various Items" RFP, Specification #121714. Nevertheless, the submittal of the new/replacement RFP should *not* have delayed the request to extend the Forte contract.

Until such time that the new "Check Processing Services" RFP leads the City to a replacement contract, this current *Forte Payment Systems, Inc.*, contract which directly reduces City and customer payment processing costs and provides a revenue generating stream annually of \$650 million should be extended. The public directly benefits from this "no cost to the public" electronic check payment service. The City is implementing a customer-paid service fee charge of 1.86%, to cover payment processing costs when a credit card payment is received. The check processing services provided by Forte are a cost free alternative to the credit card service fee.

This request is for a continuation of the current contract; to: (i) extend the above-referenced contract for an additional 12-months (to provide sufficient time for the new replacement contract/RFP process to be completed, and for the new vendor to "go-live" with full implementation); and (ii) to increase the PO vendor limit to cover costs through the additional 12-month extension period requested herein.

The current schedule of compensation includes an ACH Gateway Fee of \$0.05 and a verification fee of \$0.24, both per transaction. Upon this 12 month extension becoming effective, *Forte Payment Systems* has agreed to reduce the ACH Gateway fee to \$0.03 and the verification fee to \$0.22 per transaction; just over an 40% and 8% reduction, respectively.

Forte Payment Systems is willing and able to sustain and support the current contract, and operate under the current terms, and conditions. Since implementation, \$3.2 billion of payments have been processed through 900,000 payment transactions using the Forte's proprietary "PaymentsGateway" solution. Additionally, check conversion services have collected returned "bad" check payments while significantly reducing the City's manually performed returned payment processing and collection efforts.

Forte's MBE/WBE Compliance Plan will be submitted under separate cover to the Deputy Procurement Officer of the Certification/Compliance division of Procurement. Generally, however, Procurement's Certification and Compliance System (C2) reporting tool indicates that Forte is currently 15.675% **above** their 16.9% MBE goal although they are 1.663% below their 4.5% WBE goal. Since there is an indication that their overall plan will need to be revised pursuant to their MBE no longer being certified, and the original indirect compliance with a WBE no longer providing meaningful participation, DOF shall consult with Forte further to develop a new approach towards compliance. DOF shall submit the revised compliance plan to Procurement as soon as Forte adequately addresses this matter. DOF commits to work diligently with Forte in order to submit the compliance plan to Procurement by June 15th.

Also, Forte has been trying, albeit unsuccessfully, to complete an online EDS. Although Forte has been in ongoing communications with Procurement's online EDS Help Desk, there seems to be some technical difficulties in their ability to complete the process successfully. As soon as their new online EDS is completed, a certificate of completion shall be provided.

Attached, in support of this request, are the following:

- Source Requisition (attached by reference)
- Department of Procurement Services' Project Checklist
- Non-Competitive Procurement Justification write-up
- EDS Certificate of Completion print (after resolution of technical problems)
- Insurance certificate
- Copies of current Scope (marked "No Change in Scope")
- New Compensation Schedule (at reduced rate)
- OBM Approval form

Please contact me, at 744-2887, if you require further information.

Attachments

EK:sys

**cc: Tina Consola – Department of Finance
Richard Ponce – Department of Finance
Mark Galvan – Department of Finance
Steve Sakai – Department of Finance
Teri Davis – Department of Finance**

Project Checklist

Attach required forms for each procurement type and detailed scope of services and/or specifications and forward original documents to the Chief Procurement Officer; City Hall, Room 806.

Date:
July 12, 2016

Department Name:
Finance

Requisition No.: 116901 **Specification No.:** 51810

PO No.: 17560 **Modification No.:**

Contract Liaison:
Teri Davis

Telephone:
4-9080

Email:
Teri.Davis@cityofchicago.org

Project / Program Manager:
Richard Ponce

Telephone:
5-2892

Email:
Richard.ponce@cityofchicago.org

For blanket agreements, original or lead department must consult with other potential departments who may want to participate on the blanket agreement. If grant funded, attach copy of the approved grant application and other terms and conditions of the funding source. **Note:** 1) Funding: Attach information if multiple funding lines; 2) Individual Contract Services: Include approval form signed by Department Head and OBM; 3) ITGB: IT project valued at \$100,000.00 or more, attach approval transmittal sheet.

*Contract Liaison Signature

***By signing this form, I attest that all information provided is true and accurate.**

Project Title:
Check Processing Services

Project Description:
Additional 12-month Extension with VLI, plus 1-Year Extension Option for Forte Payment Systems, Inc.

- Funding:**
- Corporate Bond Enterprise Grant Other:
 IDOT/Transit IDOT/Highway FHWA FTA FAA

LINE	FY	FUND	DEPT	ORGN	APPR	ACTV	PROJECT	RPTG	ESTDOLLAR AMOUNT
016	0100	027	2020	0140	220140				195,058.03

Check One:

New Contract Request

**By signing below, I attest the estimates provided for this contract are true and accurate.*

***Project / Program Manager Signature**

***Commissioner/Authorized Designee Signature**

Purchase Order Information:

Contract Term (No. of Months): 12

Extension Options (Rate of Recurrence): 1-Year

Estimated Spend/Value: \$ 195,058.03

Grant Commitment / Expiration Date:

Pre-Bid/Submittal Conference: Yes No

Mandatory Site Visit

Purchase Order Type:

Blanket/Purchase Order (DUR)
 Master Consultant Agreement (Task Order)
 Standard/One-Time Purchase

Procurement Method:

Bid RFP RFQ RFI
 Small Order

Special Approvals Required:

Emergency
 Non-Competitive Review Board (NCRB)
 Request for Individual Contract Services
 Information Technology Governance Board (ITGB)

Contract Type:

Architect Engineering Commodity Construction JOC SBI
 Professional Services Revenue Generating Vehicle & Heavy Equipment
 Work Service Joint Procurement Reference Contract

Modification or Amendment

Modification Information:

PO Start Date: 6-24-2008
 PO End Date: 6-24-2017
 Amount (Increase/Reduction):

MBE/WBE/DBE Analysis: (Attach MBE/WBE/DBE Goal Setting Memo)

Full Compliance Contract Specific Goals
 No Stated Goals Waiver Request

Modification/Amendment Type:

Time Extension Scope Change/Price Increase /Additional Line Item(s)
 Vendor Limit Increase Requisition Encumbrance Adjustment
 Other (specify):

Risk Management / EDS

Insurance Requirements (included) Yes No
 EDS Certification of Filing (included) Yes No

Vendor Info:

Name: Forte Payment Systems
 Contact: Tricia Lehman
 Address: 500 W. Bethany Drive Suite 200 Allen, TX 75013
 E-mail: tricia.lehman@forte.net
 Phone: 866-290-5400 ext 789

**FORTE PAYMENT SYSTEMS
 VENDOR LIMIT INCREASE WORKSHEET
 AMENDMENT PERIOD
 06-25-16 To 06-24-17**

Existing Scope Cost		12 Month
	Vendor Cost	Cost
Gateway		
Jan-16	10,535	
Feb-16	10,898	
Mar-16	14,750	
	<u>36,183</u>	
Avg Monthly Cost	12,061	
Avg Annual Cost		144,732
Returned Payment		
Jun-16	60,350	
	<u>3,285</u>	
Avg Monthly Cost		
Avg Annual Cost		<u>39,420</u>
Total Monthly Cost	15,346	
Total Annual Cost		184,152
Total Amendment Period Cost		\$184,152.00

VLI Calculation	
PO Balance as of 05-27-2016	\$95,481.97
Projected Payments	
Apr-16	(15,346.00)
May-16	(15,346.00)
Jun-16	(15,346.00)
One time Representment	<u>(60,350.00)</u>
	(106,388.00)
Projected	
PO Balance 06-24-16	(10,906.03)
Projected	
Amendment Period Cost	<u>(184,152.00)</u>
Shortfall	<u>(195,058.03)</u>
Total VLI	\$195,058.03
Current Contract Limit	\$690,000.00
New Contract Limit including VLI	\$885,058.03

VLI Worksheet

Forte PO# 17560

5-27-2016

PO Number	Supplier	Begins On	Expires On	Contract Limit	Amount	Amount Agreed	Matched Amount	Buyer
17560	FORTE PAYMENT	25-JUN-2008	24-JUN-2016	690,000.00	594,518.03	690,000.00	594,518.03	RADFORD, JACOE

\$690,000.00	Current Contract Limit
\$594,518.03	Current Encumbrances
\$95,481.97	PO Remaining Balance as of 5-27-2016

Section I: General Contract Information	
Department Name	Finance
Department Contact Name	Richard Ponce
Department Contact Number	312-745-2892
Department Contact Email	Richard.Ponce@cityofchicago.org
Contract Number	17560
Contract Subject Name	Forte Payment Systems formerly known as ACH Direct Inc. (Check Processing Services, Including Check Authorization and Electronic Check Conversion Services.)
Contract Initiation Date	6-25-2008
Original Contract Amount	\$690,000.00
Original Contract Expiration Date	6-24-2013
Budgeted amount for current year	\$159,000
Year to date expenditure	\$594,518.03 {in FMPS for <i>Forte Payment Systems</i> PO# 17560}
Are funds	<input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> TIF <input type="checkbox"/> Grant
What is the funding strip?	016-0100-0272020-0140
If contract modification or task request is approved, will department have enough funds to cover new expenditure?	Yes. Please note that funding for Year 2017 has not been approved and is yet to be determined. The department will have to request the appropriate funding in their Year 2017 budget request and funding is subject to the annual appropriation. Also, Finance will use salvaged funds from their account 0140 to cover the 2016 shortfall.
If no, what is the plan to address the short fall?	N/A
Section II: Contract Modifications	
Complete this section if you are modifying the value of an existing contract.	
Contract Value Increase	\$195,058.03 (VLI for 12-months)
New total contract amount	\$690,000.00 (current contract amt in FMPS) + \$195,058.03 (VLI) =

	\$885,058.03 (New contract amt).
New contract expiration date	6-24-2017 (12 month xtn)
Goods/services provided by this contract	Check Processing Services, Check Authorization, and Electronic Check Conversion Services.
Justification of need to modify this contract	Increase Vendor Limit to cover anticipated costs through the 12-month contract extension through 6-24-2017.
Impact of denial	This is a Revenue Generating contract, without it the City would not be able to accept Checks as a form of payment.
Section III. Issue a Request for Services to a Master Consulting Agreement	
Complete this section if you want to issue a request for services to a Master Consulting Agreement	
Value of planned task order request	N/A
Expiration date of planned task order request	N/A
Scope of services	N/A
Justification of need to issue request for services	N/A
Impact of denial	N/A
Section IV: Assessment of Office of Budget and Management Analyst	
Approve/Deny	Reason – The project is approved and funded.
OBM Analyst Initials	<i>BR</i>
OBM Analyst Name/number	Bryant Robinson 312-744-9590



June 24, 2016

City of Chicago Department of Finance
Richard Ponce
Deputy Director
DePaul Room 320
333 South State Street
Chicago, Illinois 60604

RE: Sole Source Request
Specification # 51810 PO # 17560

Dear Mr. Ponce,

Through the terms of the 1-year extension Amendment to the Professional Service Agreement between Forte Payment Systems, Inc. (formerly ACH Direct, Inc.) and the City of Chicago, Forte agrees to a revision in pricing for the City as follows:

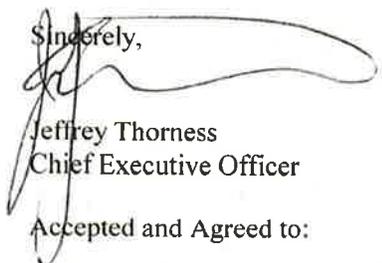
- Gateway Fee: \$0.03 per transaction
- Verification Fee: \$0.22 per transaction

Except as amended herein, all terms and conditions of the Agreement are hereby ratified and confirmed.

Please indicate your understanding and acceptance of the terms of this Amendment to the Professional Services Agreement by providing your counter-signature below.

We appreciate your business and look forward to continuing to provide you with high quality payment processing services.

Sincerely,



Jeffrey Thorness
Chief Executive Officer

Accepted and Agreed to:

CITY OF CHICAGO

By: _____

Printed: _____

Title: _____

Date: _____



JUN 07 2016

June 3, 2016

City of Chicago
Department of Procurement Services
Jamie L. Rhee
Chief Procurement Officer
121 N. LaSalle Street – Suite 806
Chicago, IL 60602

RE: Sole Source Request
Specification # 51810 PO # 17560

Dear Ms. Rhee,

The purpose of this letter is to request a 12-month extension of the Professional Services Agreement (“Agreement”) between the City of Chicago (“City”) and Forte Payment Systems, Inc. (“Forte” formerly known as ACH Direct, Inc.), dated June 25, 2008 and as amended on June 24, 2013.

Forte has served as the City’s exclusive and unique provider for ACH gateway and verification services since 2008 and desires to continue providing those services to the City. As such, Forte and the City have come to an agreement that all terms and conditions of the current existing Agreement will continue to govern the relationship between the parties thereto and Forte specifically hereby agrees to continue to fulfill all of its obligations to the City under the terms of the Agreement.

In support of its request to continue as the City’s exclusive and unique provider for ACH gateway and verification services, I have provided a list of processes and functionality that Forte has created for the City to better serve the City’s particular processing needs, including:

- Forte set up an ODFI relationship with Harris BMO solely to process the City’s ACH payments directly to their bank.
- Forte set up a special process to resubmit RCK items through our Virtual Terminal instead of our Direct Recovery product at the City’s request.
- Forte set up a special process to re-present returned ACH items to support the City’s reconciliation needs:
 - Forte set up “resubmit” MIDs and created a process where any returned ACH items are automatically resubmitted through the corresponding “resubmit” MID.
 - Forte made a change to our standard NSF return fee process – The City receives the entire fee charged to the customer, and then they pay us our portion on a monthly basis.
- Forte has worked with several of the City’s vendors to integrate with Forte on the City’s behalf.
- Forte manually creates a report every month to provide the City with return and Forte Verify results in the format that they have requested.
- Forte created a Data Explorer Job to provide the City with NSF return fee data on a weekly basis.

Through the terms of this letter, Forte agrees to a revision in pricing for the City as follows:

- Gateway Fee: \$0.03 per transaction
- Verification Fee: \$0.22 per transaction

June 3, 2016
Page 2

Except as amended herein, all terms and conditions of the Agreement are hereby ratified and confirmed.

Please indicate your understanding and acceptance of the terms of this Amendment to the Professional Services Agreement by providing your counter-signature below.

We appreciate your business and look forward to continuing to provide you with high quality payment processing services.

Sincerely,



Jeffrey Thorness
Chief Executive Officer

Accepted and Agreed to:

CITY OF CHICAGO

By: _____

Printed: _____

Title: _____

Date: _____



CERTIFICATE OF FILING FOR
CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT

EDS Number: 86506

Date of This Filing:06/07/2016 02:05 PM

Certificate Printed on: 06/07/2016

Original Filing Date:06/07/2016 02:05 PM

Disclosing Party: Forte Payment Systems, Inc. Title:Chief Financial & Operating Officer
Filed by: Jeff Kump

Matter: Electronic Payment Processing
Services

Applicant: Forte Payment Systems, Inc.

Specification #: 51810

Contract #: 17560

The Economic Disclosure Statement referenced above has been electronically filed with the City. Please provide a copy of this Certificate of Filing to your city contact with other required documents pertaining to the Matter. For additional guidance as to when to provide this Certificate and other required documents, please follow instructions provided to you about the Matter or consult with your City contact.

A copy of the EDS may be viewed and printed by visiting <https://webapps1.cityofchicago.org/EDSWeb> and entering the EDS number into the EDS Search. Prior to contract award, the filing is accessible online only to the disclosing party and the City, but is still subject to the Illinois Freedom of Information Act. The filing is visible online to the public after contract award.



DEPARTMENT OF FINANCE
CITY OF CHICAGO

July 7, 2016

To: Monica Jimenez
Deputy Procurement Officer of the Certification/Compliance division

Attention: Richard Butler
Non-Competitive Review Board (NCRB), Chairman

From: 
Erin Keane
City Comptroller
Department of Finance (DOF)

Subject: 16.9% MBE and 4.5%WBE Waiver for *Forte Payment Systems, Inc.* ("Forte")
Source Req. 116901 (unapproved) Specification 51810 PO 17560
Original Start Date (if applicable): June 25, 2008 (name changed from *ACH Direct, Inc.*, on 4/2/2013)
Original End Date (if applicable): June 24, 1013
Current End Date (if applicable): June 24, 2017 (pending execution of Amendment)
Original Extension Options Available: Up to 3 years
Contract Description: Check Processing Services
Revenue Generating Value: \$650,000,000 per year (approx.)

Dear Monica:

This is an MBE/WBE waiver concurrence letter submitted by DOF in response to the MBE/WBE full waiver request submitted by *Forte Payment Systems, Inc.* (attached).

Forte's waiver request letter and DOF's concurrence letter are made in connection with a contract extension request submitted by DOF to the Non-Competitive Review Board (NCRB) in June 2016. The NCRB submittal was to seek NCRB approval for an additional 12-month contract extension as well as a VLI in the amount of \$195,058.03. The extension shall have *no* change in Scope, but it does include a contract price *reduction* from \$0.24 to \$0.22 per ATM-Verify Transaction; an 8-1/3% reduction to be realized during the extension period.

Back in 2008, when the contract was first approved by the NCRB to be drafted, Forte (formerly known as *ACH Direct, Inc.*) was required to comply with the City's MBE/WBE requirements. At that time, Forte was encouraged to commit to purchasing commodities and/or services that would meet the 16.9% MBE and 4.5% WBE goals, through direct or indirect means. In a good faith effort to meet those requirements, Forte engaged *JJC Group, Inc.* as their MBE and *Computer Products & Supplies* as their WBE, thereby meeting the 16.9% and 4.5% MBE/WBE goals, albeit on an indirect basis, by purchasing computer related supplies (e.g., PCs, printer, toner, etc.).

Forte Payment Systems, Inc.
pg. 1 of 2

Although *JJC Group* (Forte's MBE) is no longer certified, Procurement's *Certification and Compliance System (C2)* reporting tool indicates that Forte not only met their 16.9% MBE goal at the time, but they have exceeded the MBE goal by over 15%; although Forte is approximately 1.66% below their 4.5% WBE goal. In February of 2016, Steve Sakai contacted the President of JJC Group (Margaret). At that time, Margaret confirmed doing business with Forte several years ago, but she expressed that she was no longer interested in pursuing certification by the City of Chicago. She also said that she had ruled-out considering certification through Cook County's program as well.

DOF supports Forte's current MBE/WBE waiver request primarily because none of the contracted services are subject to direct compliance and the nature of their scope of services precludes any direct subcontracting opportunities. The services that Forte provides the City are performed online and in-house using Forte systems and Forte personnel which meet federal banking security requirements. Basically, the services Forte provides the City is to minimize the incidence of the City accepting a check with insufficient funds.

Because Forte has exhibited good faith efforts to comply with the spirit of the MBE/WBE program, especially when the contract was first awarded and has exceeded the MBE goals to date, DOF is now requesting this revenue generating contract with Forte, which shall also provide a price reduction during the extension period, be granted the waiver of the MBE and WBE portions of this contract as described above, and as requested by Forte as attached.

Please contact me at 744-2887 if you require further information.

Attachments

EK:sys

cc: Colleen Twohig – Department of Procurement Services
Tina Consola – Department of Finance
Richard Ponce – Department of Finance
Mark Galvan – Department of Finance
Steve Sakai – Department of Finance
Teri Davis – Department of Finance



June 24, 2016

City of Chicago – Department of Procurement Services
Jamie L. Rhee
Chief Procurement Officer
121 N. LaSalle Street – Suite 806
Chicago, IL 60602

RE: Forte MBE/WBE Waiver Request

Dear Ms. Rhee,

The purpose of this letter is to address the MBE/WBE requirements under the Professional Services Agreement (PO# 17560), dated June 25, 2008 between Forte Payment Systems, Inc. (formerly ACH Direct, Inc.) and the City of Chicago. We would appreciate your consideration in working with us to review the existing requirements and assessing how they can be managed going forward, insofar as the additional extension period is concerned (ending 6/24/2017).

The current agreement between Forte Payment Systems and The City of Chicago includes a requirement that all vendors contracting with the City buy/invest ~16.9% of the proceeds paid to an MBE and ~4.5% to a WBE. Forte has met the MBE requirement by making a substantial purchase at the onset of the agreement, above the required percentage, allowing for this requirement to be met through the term of the agreement. That one-time purchase, at the time, was credited as an “indirect” purchase (for equipment and toner, etc.) in an effort solely to meet the MBE goals.

Forte is requesting that the City grant us a waiver for the WBE requirement under the original term of the agreement and a waiver for both the MBE and WBE requirement through the extension term for the following reasons:

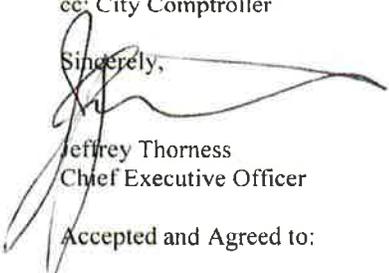
- Forte does not sub-contract services; all services provided to the City are managed within our organization.
- Forte has existing vendor contracts in place for purchasing commodities locally, here in Texas, and therefore it would be impractical for us to commit to making such purchases from vendors in the Chicagoland area.
- Forte is reducing its compensation (“fees that Chicago pays Forte) during the additional extension period.

Please indicate your understanding and acceptance of the terms of this Amendment to the Professional Services Agreement by providing your counter-signature below.

Thank you for your time and attention. We appreciate your business and look forward to continuing and growing our business relationship.

cc: City Comptroller

Sincerely,


Jeffrey Thorness
Chief Executive Officer

Accepted and Agreed to:

CITY OF CHICAGO

By: _____

Printed: _____

Title: _____

Date: _____