



CITY MANAGER'S OFFICE

AGENDA REPORT

DATE: DECEMBER 18, 2012

TO: MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: LASHONDA WILSON, MANAGEMENT ANALYST

SUBJECT: UPDATE ON THE CITY OF RICHMOND MUNICIPAL IDENTIFICATION/STORED VALUE CARD PROGRAM

STATEMENT OF THE ISSUE:

On May 1, 2012, the Richmond City Council authorized the City Manager or his designee to proceed with contract negotiations with SF GLOBAL, the Third Party Administrator, to implement the Richmond Municipal Identification/Stored Value Card system at no cost to the City of Richmond. Per City Council's request, staff is providing a status update on the program implementation, including City cost recovery and indemnification.

RECOMMENDED ACTION:

RECEIVE a status update from City staff and SF GLOBAL the Richmond Municipal Identification/Stored Value Card program.

FINANCIAL IMPACT OF RECOMMENDATION:

Per Ordinance No. 16-11, the City Council directed staff to issue an RFP for the development and implementation of a Municipal Identification Card program that will be operated by a Third Party Administrator with the caveat that the program be fully cost-covered to the greatest extent possible. The Finance Director believes that it is possible to establish the Richmond Municipal ID Card program so that is fully cost-covered with no subsidy from the City.

DISCUSSION:

Background

The Richmond City Council approved Ordinance No. 16-11 N.S., amending chapter 2.64, Article II, of the Richmond Municipal Code (Attachment 1) authorizing a Municipal Identification program to provide for the issuance of Municipal ID cards to residents of the City of Richmond for the purpose of improving public safety, increasing civic participating, and supporting local commerce.

On October 21, 2011, the City of Richmond (City) released a Request for Proposals (RFP) soliciting proposals from qualified vendors and service providers who were able to utilize their own systems to produce and distribute customized and secured Richmond Municipal Identification (ID) Cards with the capacity to facilitate certain payment and banking functions and possibly interface with some of the existing City of Richmond systems.

On December 16, 2011, the City received two (2) responses to the RFP:

- Capture Technology
- SF GLOBAL

Between December 2011 and February 2012, a group comprised of various City staff was convened to review and score both proposals. The review panel included representatives from the following departments: Employment & Training, Richmond Police Department, Successor Agency's Housing Division, City Attorney's Office, Library's Literacy for Every Adult Program, Finance Department, Information Technology, Human Resources, and City Manager's Office.

In February 2012, a team of five (5) City staff interviewed both respondents. After thorough consideration of the written proposals, the interviews, the reference checks, and internal discussion, City staff is recommending that Council authorize the City Manager or his designee to negotiate a contract with SF GLOBAL, the Program Administrator, to implement the City's Municipal ID Card program. SF Global will work with University National Bank as the financial entity to be associated with the card.

On May 1, 2012, the Richmond City Council authorized the City Manager or his designee to proceed with contract negotiations with SF GLOBAL to implement the Richmond Municipal Identification/Stored Value Card system at no cost to the City of Richmond.

At that meeting, Council also requested that staff return to City Council to:

- (1) Provide an update on the status of the project,
- (2) Ensure that the City is indemnified during the implementation of the project, and
- (3) Certify that the implementation and administration of the Program will be operated at no net cost to the City or any of its divisions, subdivisions, or agencies.

Municipal ID Card Components

The City believes that the Richmond Municipal ID Card will make it easier for all Richmond residents to participate in local and regional commerce and that it will fill a void by providing an official form of personal identification for many Richmond residents who currently lack one.

In addition to the uses described above, residents will be able to use the ID Card component to:

- Prove their residency in the City,
- Access City programs, services and activities,
- Help to substantiate their identity to law enforcement personnel,
- Receive discounts at participating local businesses (if a rewards and discount program is implemented with local merchants as part of the program).

Richmond Municipal Cards will be sold at two different prices:

- Full price: \$15 full price
- Reduced price \$10 (Youth, Seniors and Low-income Residents)

Residents may also have the ability to utilize their ID card as a pre-paid debit card. SF Global, the Program Administrator, will offer the debit card component solely as an option, not as a requirement, to Muni ID Card applicants or holders. For those cardholders choosing to activate and use the debit card account, fees will be charged as referenced in the fee schedule (Attachment 2) to be included in the final contract. The Program Administrator desires to lower the fees in the future through expansion of the program into different cities.

Residents will be able to use the Pre-Paid Debit Card portion of their cards to:

- Load cash onto their Card via Point of Service at participating businesses and other locations
- Load checks for a fixed rate at local businesses participating in the Transfercel load network.
- Load the card for free via Direct Deposit
- Check balance 24/7 on Internet, voice systems (IVR) and soon, their mobile device (if they opt in to the program by signing up for secure mobile services)
- Make purchases at POS terminals and withdraw cash at ATM's
- Make purchases and reservations over the phone and on the Internet
- Pay bills over the phone, on the Internet and through the mail using the 16-digit card number or the setting up an ACH debit to the card.
- Through the IVR (interactive voice response system), website and as soon as practicable, the mobile phone, make economical domestic and international money transfers, including card-to-card transfers to other Transfercel cardholders, both foreign and domestic (such as friends and family members).
- Link card to their cell phone to enable secure mobile financial transactions.

Public Outreach

SF Global and City staff have met with and will continue to meet with city employees, residents, and members from community-based organizations to provide information to and receive input from them regarding program components, including but not limited to outreach materials, card deployment, and future assessment of the success of the program.

Cost Recovery

The ordinance states Ordinance No. 16-11 shall not become effective, and the Municipal Identification Card program described herein shall not be implemented, unless and until the

Finance Director – after selection of a Third Party Administrator and thorough review of the Administrator’s implementation plan – certifies to the City Council that the implementation and administration of the Program will be operated at no net cost to the City or any of its divisions, subdivisions, or agencies. The ordinance shall become effective immediately upon Council acceptance of the Finance Director’s findings.

The Finance Director believes that it is possible to implement the Richmond Municipal ID Card Program so that it is fully cost-covered with no subsidy from the City.

Except for application and processing fees required from applicants to apply for Municipal Identification Cards, and banking fees required for the activation and usage of the debit/banking component by cardholders, it is agreed that SF Global shall manage and operate the Program at its own cost and shall be responsible for and pay all costs of the Program, including, but not limited to, facilities and staff costs, materials, training of staff, computer and telephone equipment and services and all other costs associated with operating the Intake Centers.

The Program Administrator SF Global will also compensate the City for all associated costs incurred by applicable City of Richmond staff for the oversight and administration of the Program. The final Agreement will include hourly rates for applicable staff, as well language regarding the process for invoicing by the City and reimbursements by the Program Administrator. This will allow the City to recover costs only for actual time spent and allocated to the project.

Indemnification

City Council, per direction given at the May 2012 City Council meeting, wanted to ensure that the City was completely indemnified with regards to the implementation of the Richmond Municipal ID Card Program. The City Attorney’s Office and Risk Management have and will continue to work with SF Global on the indemnification and insurance language in the final contract to ensure that appropriate coverage is provided and that the City is protected from any liability. While there is no guarantee that an individual would file an action against the City for the program, staff is convinced that the following language will be sufficient to protect the City from liability.

The City of Richmond, its City Council, and its officers, agents, and its employees shall not be answerable or accountable in any manner for any loss or damage that may occur by reason of the operations of the Program Administrator for any supplies or equipment used by the Program Administrator, his agents or employees, or for injury or death to any person or persons, either employees, workmen, or the public, or for damage to property or loss of use thereof from any cause whatsoever arising out of the conduct of this Agreement. The Program Administrator shall defend, indemnify and hold harmless the City of Richmond, the City Council, City officers, agents and employees from and against any lawsuits, claims, or actions brought by any person or persons for or on account of any property damage, bodily injury, disease, illness or death sustained by or arising from the provision of a Municipal Identification Card and the use by Program Administrator of the City’s name.

The City of Richmond shall not be liable for any injury or damage that may result from acts of God, natural disaster (including but not limited to earthquake, fire and flood), storms and any leaks caused by same or from any damage done or occasioned by or from plumbing, water, or pipes, or other apparatus or electrical wiring out of repair.

SF Global shall procure, prior to commencement of service, and keep in force for the term of the Agreement, at their own cost and expense, the policies of insurance or certificates or binders as necessary to represent that coverage as specified the City is in place with companies doing business in California and acceptable to the City.

Contract Negotiations and Next Steps:

Since May 2012, conversations between City staff and the Program Administrator have included but were not limited to the following topics:

- Discussing the City's level of indemnification
- Ensuring that there will be no cost to the City of Richmond to implement the project
- Partnering with a local banking institution for the pre-paid debit card feature
- Confirming transaction fees to ensure that they align with Ordinance No. 16-11 and comparing fees to other banking institutions
- Developing a detailed implementation plan and timeline
- Understanding Municipal ID Card application and intake process
- Discussing local hire and staffing of intake centers
- Discussing possibilities for office locations
- Creating partnerships with local merchants and vendors

City staff will ensure that the final agreement will conform to the requirements of Ordinance No. 16-11, allows for the recovery of City staff costs, indemnifies the City, and contains all necessary protections to protect the private information of the cardholders.

City staff hopes to complete contract negotiations and to have an executed contract with SF Global no later than March 2013. SF Global anticipates implementation taking 60-90 days once the contract is executed which means that Richmond Municipal ID Cards could start to be issued in May or June 2013.

DOCUMENTS ATTACHED:

Attachment 1 - City of Richmond Ordinance No. 16-11
Attachment 2 – Draft Pre-Paid Debit Card Fee Schedule