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BANKING SERVICES REVIEW

(Regional Councillor Van Bynen declared an interest in this item as his daughter is employed by The Royal Bank of Canada, and did not participate in the Committee's consideration of this matter.)

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, January 6, 2005, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. The existing banking services agreement with the Toronto Dominion Bank be extended for two years to expire on April 3, 2007;

2. The Regional Chair, Treasurer and Clerk be authorized to execute all documents necessary to effect the foregoing; and

3. Regional staff be authorized to take all necessary actions to implement these recommendations.

2. PURPOSE

The purpose of this report is to extend the banking services agreement currently in place with the Toronto Dominion Bank for an additional two years based on the same terms and conditions as the existing agreement.

3. BACKGROUND

In March 2000, Council approved a proposal from the Toronto Dominion Bank for banking services to cover a five year period ending April 3, 2005. As part of the Request for Proposal, proponents were requested to allow the extension of the agreement for a further two years at the Region's option.

The services covered by the agreement with the Toronto Dominion Bank include:

- Maintenance of various bank accounts;
- Electronic cheque reconciliation services;
- Direct deposit payroll;
- Pre-authorized payment collection for Housing York Inc. and Long-Term Care Facilities;
- VISA/debit card facilities for the Provincial Offences Office and other areas.

- Services to satellite offices;
- Stop payments and night deposit facilities; and
- Implementation of E-commerce initiatives.

Based on servicing criteria and cost savings the contract was awarded to the Toronto Dominion Bank. The Toronto Dominion Bank has provided banking services to the Region of York since its incorporation in 1971 and previously for the County of York since 1958.

The services covered by the banking services agreement with the Toronto Dominion Bank do not include safekeeping of investments. These services are currently provided by the Royal Bank of Canada and will be the subject of a future Request for Proposal.

4. ANALYSIS AND OPTIONS

4.1 Existing Bank Services Agreement

The bank's schedule of fees charged for the services referenced above have been the same since April 2000. The actual fees charged have averaged approximately $39,000 over the past three years, but will vary annually based on our service requirements and transaction volumes. The Toronto Dominion Bank has agreed to extend the agreement for an additional two years with the same service fees and terms.

The Toronto Dominion Bank has had a considerable amount of experience servicing the Region's account and therefore fully understands the Region's banking needs. In addition, servicing levels have been consistent and deemed more than satisfactory from staff's perspectives.

4.2 Potential Transition Disruptions

The Financial Services Branch will be upgrading the Peoplesoft accounting system throughout the first half of 2005. As a result any change in banking services at this time could lead to service bottlenecks, delays and possible system failures which could impact the operations of the Region as a whole.

As the Toronto Dominion Bank has agreed to keep its servicing charges at existing levels while maintaining service requirements for two more years it is proposed that any review or request for proposal for banking services be postponed at this time.

5. FINANCIAL IMPLICATIONS

There are no additional costs as a result of the recommendations contained in this report. The 2005 budget for banking service charges is $39,000 based on our current estimates of service requirements and transaction volumes.

6. LOCAL MUNICIPAL IMPACT

There is no direct financial impact to the area municipalities as a result of the recommendations contained in this report.

7. CONCLUSION

Based on the considerations described in this report, it is recommended that the agreement for banking services with the Toronto Dominion Bank which is due to expire on April 3, 2005 be extended for an additional two years to April 3, 2007. It is also recommended that staff be authorized to take all necessary actions to implement these recommendations.

The Senior Management Group has reviewed this report.