



City of
Susanville
Request for
Proposals for
Banking
Services

CITY OF SUSANVILLE, CALIFORNIA

REQUEST FOR PROPOSALS FOR BANKING SERVICES

Table of Contents

I. INTRODUCTION 1

 A. General Information1

 B. RFP Tentative Timeline.....2

 C. Background 3

 D. Current Banking Structure.....3

 E. Terms of Contract.....3

II. NATURE OF SERVICES REQUIRED 3

 A. General Requirement.....3

 B. Deposit Services4

 C. Disbursement Services4

 D. Electronic Transfer of Funds.....5

 E. Reporting5

 F. Bank Balances 6

III. PROPOSAL REQUIREMENT.....6

 A. Submission of Proposal.....6

 B. Technical Proposal7

 C. Sealed Total Cost Proposal.....12

IV. EVALUATION PROCEDURES.....13

 A. Evaluation Committee.....13

 B. Review of Proposals 13

 C. Evaluation Criteria13

 D. Final Selection14

 E. Collusion15

 F. Right to Reject Proposals 15

CITY OF SUSANVILLE, CALIFORNIA

REQUEST FOR PROPOSALS
FOR BANKING SERVICES

I. INTRODUCTION

A. General Information

The City of Susanville is requesting proposals from qualified firms (“Proposers”) to provide professional banking services and related financial services (“Services”). Currently, the City’s general banking and point of sale merchant services are provided by Bank of America. The City’s primary objective is to evaluate the current market environment for banking services, and establish a new contract with a financially secure financial institution that best meets the needs of the City and offers the highest quality of service at the lowest overall cost. The City wishes to create efficiencies, make improvements where possible, and take advantage of new technologies.

The City encourages Proposers to submit the most competitive proposal possible, offering the highest quality service and enhancements to improve our current management of cash flow at a competitive price. While much of the information provided in this RFP is based upon current services, it is the City’s desire to maximize the use of automated and electronic technology services to improve our banking, cash management, and customer service capabilities without sacrificing internal controls especially in the areas of account reconciliation, direct deposit, positive pay, ACH and wire transmissions, and other electronic transactions. Of equal consideration is a responsive service-oriented relationship with the selected Proposer(s). The City seeks an institution that demonstrates a strong commitment to customer service by demonstration of its services and products in addition to cost savings.

There is no express or implied obligation for the City of Susanville to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

For a firm to be considered, the City must receive one (1) original with signatures and five (5) copies of the proposal by 4:00 p.m. **Friday, September 8, 2017** at the following address:

City of Susanville
Attn: City Clerk
66 North Lassen Street
Susanville, CA 96130

All proposals must be in a sealed envelope and clearly marked “Sealed Proposal-Banking Services.”

The City of Susanville reserves the right to reject any and all proposals submitted.

During this process, the City of Susanville reserves the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. The City may accept any item or group of items of any proposal which will produce the most satisfactory results suited to the City's requirements.

The City of Susanville reserves the right to retain all proposals submitted, and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Susanville and the firm selected. To the fullest extent permitted by law, the City reserves the right to award any combination of services, reject any or all proposals, and/or waive informalities, minor irregularities, inconsequential deviations, and minor variations from specifications in proposals received. An "Evaluation Committee" comprised of City staff or such other persons as City may select in its sole discretion shall determine which proposer has submitted the proposal that best serves the overall interests of the City and attains the highest overall evaluation score. If no responsive proposals are received, the services performed or the supplies or equipment furnished may be obtained without further competitive bidding.

B. RFP Tentative Timeline

The following schedule details key dates and times related to this RFP. City reserves the right to revise this schedule.

It is anticipated the selection of a firm and approval by City Council will be completed on **Wednesday, September 20, 2017**. Following notification of the selected firm the next day, it is anticipated a contract will be executed between both parties by **Wednesday, October 4, 2017**.

For questions regarding the RFP, please contact Deborah Savage, Finance Manager at 530-252-5112 or email: dsavage@cityofsusanville.org

C. Background

The City of Susanville is a general law city operating under the Council-Administrator form of government and serves an area of 3.5 square miles. The City has a population of approximately 15,046, is located in Lassen County, and provides full municipal services. The City has approximately 72 full-time and 40 part-time temporary and seasonal employees. Total expenditures for all funds are budgeted at approximately \$16 million for the 2017-18 fiscal year.

D. Current Banking Structure

The City currently has one primary Operating Account.

1. Primary Operating Account – Deposit activity includes all cash and check transactions and credit card deposits. In addition, this account is used for all incoming and outgoing ACH transactions, as well as incoming and outgoing wires, and LAIF transfers. Payroll and Accounts Payable checks are also included in this account.

E. Terms of Contract

The City intends to award a five (5) year contract with five (5) one-year renewal options, subject to annual review and recommendation of the City Administrator, satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm), concurrence of the City Council and annual availability of an appropriation.

II. NATURE OF SERVICES REQUIRED

A. General Requirement

The City would require that the bank have a local branch network in order to meet the organization's cash management needs.

Requirements include:

1. The bank must be a Federal or State of California chartered commercial banking institution with at least one full-service branch located within Susanville city limits.

2. The bank must be a qualified depository for public funds pursuant to the applicable State of California codes. All balances must be fully collateralized through the pool collateral system required under the State of California.
3. The bank must fulfill orders for currency and coin through the City's courier and provide full account reconciliation, positive pay, electronic fraud protection, electronic deposits and disbursement, online wire entry and online stop payment placement
4. Online reporting includes detail report of prior day transactions.
5. Provide key measures of the bank's financial strength, including ratings from nationally recognized rating service(s) and banking rating service(s). Include one copy of the bank's most recent audited financial statement and one copy of the bank's rating from a nationally recognized rating service.
6. Provide the financial institution's current level of public funds deposited and related collateral market value.

B. Deposit Services

The City collects approximately 3,000 checks per month (36,000 checks per year), and approximately \$10,000 -\$15,000 in currency and coin per week.

All monies collected within the City are physically routed from multiple locations to the City's Administrative Services Department located City Hall (66 North Lassen Street, Susanville, CA 96130), and the Finance Division is responsible for processing and preparing the deposits to the bank. All checks, cash and coin processed by the Finance Department are deposited daily at the banking center using sealed deposit bags.

Required services include:

- 1 Process the deposits of cash, and checks both at local bank branch or vault locations.
- 2 Image deposited items.
- 3 Provide online access for deposit reconciliation including images of deposited items and returned items.
- 4 Provide online and email notification of deposit issues within 24 hours.

C. Disbursement Services

The City issues a total of approximately 500 checks per month. Positive pay services and check reconciliation services are used.

- 1 Approximately 475 Accounts Payable checks and 25 Payroll checks per month are issued through the main operating account.

Accounts Payable positive pay data is transmitted to the bank weekly. Payroll positive pay is transmitted bi-weekly.

Payroll is processed bi-weekly. Approximately 88% of employees receive direct deposit of their pay. However, approximately 11 employees still receive checks; this tends to be seasonal, as part-time temporary employees are hired for the busy summer months.

Required services include:

- 1 Provide positive pay services with online transmission of check details.
- 2 Provide positive pay exception item review and correction online.
- 3 Provide online stop payment services (Specify timing and duration).
- 4 Provide an electronic file of paid/cleared check images (front and back), in addition to any alternative electronic archival system used by the bank.
- 5 Provide online access to cashed check images.
- 6 Cash payroll checks at no charge to the employee.
- 7 Specify payroll transmission deadlines.
- 8 Method of reversal of automatic direct deposits for errors.

D. Electronic Transfer of Funds

The City processes approximately 250 ACH Credits and 37 ACH Debits each month, which includes the bi-weekly direct deposit of payroll. A small number of wire transfers (approximately 5) are also received or executed each month.

Required services include:

- 1 Accept and send ACH transactions.
- 2 Accept ACH payment files from third parties.
- 3 Provide ACH debit blocking services.
- 4 Provide a secure electronic method with dual authorization for wiring funds.

E. Reporting

The City requires access to daily balances and transaction reporting information. The City requires access to prior day reporting including ledger balance, available balance, and summary and details of credits/debits posted. Current day (intra-day) reporting requirements include, but not limited to, details of electronic debits and credits, wire transfer activity, controlled disbursements, and ACH receipts.

Required services include:

1. Provide online balance reporting services.
2. Allow approximately 4 City employees with different levels of authorization to access the bank's online reporting system.

3. Provide account reconciliation services for disbursements (full, partial or positive pay, depending on account).
4. Provide monthly activity statements and reports for all accounts by the 10th day of the following month, with the ability to export transaction details into MS Excel.
5. Provide a detailed monthly account analysis statement for each individual account and a consolidated statement showing charges for all account services.

F. Bank Balances

During the past year, the City maintained an average collected balance of \$300,000. Balances are currently used to offset service fees and bank charges.

Required services include:

1. Total account will be interest bearing (or non-interest bearing for a reduction in fees) and must be 110% collateralized at all times pursuant to all applicable sections of the California Government Code.

III. PROPOSAL REQUIREMENTS

A. Submission of Proposal

The following material is required to be received by **4:00 p.m. on Friday, September 8, 2017** for a firm to be considered. Telephone, electronic, faxed, or late proposals will not be accepted and will be returned to the proposer unopened. Hand delivered proposals must be received at the Office of the City Clerk. It is the proposer's responsibility to see that their proposals are sent in sufficient time to be received by the department/location specified below before the submittal deadline. Proposer assumes the burden of delivery.

Submittal must include the number of proposals as per the directions outlined below. One document contained in the submittal must have original signatures and must be signed by a person who is authorized to bind the proposer.

The proposer shall place *one original with original signatures and five (5) copies* of the '**Technical Proposal**' in one sealed envelope and *one original with original signatures and five (5) copies* of the '**Total Cost Proposal**' in one sealed envelope. Envelopes shall be marked "**RFP for Banking Services**" and the **Type of Proposal**. Proposers should send the completed proposal to the following address:

City of Susanville
Attn: City Clerk
66 North Lassen Street
Susanville CA 96130

Technical Proposal

The following material is required to be received by **4:00 p.m. on Friday, September 8, 2017** for a firm to be considered:

One Original and Five (5) copies of the Technical Proposal, to include the following:

1. Title Page

Title page showing the request for proposal's subject, the company's name, address, telephone number of the contact person, and the date of the proposal.

2. Table of Contents

3. Transmittal Letter

A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement as to why the firm believes itself to be best qualified to perform the services and a statement that the proposal is a firm and irrevocable offer for forty five (45) days.

4. Detailed Proposal

- a. Provide a general overview and brief history of your organization, including customer service philosophy, parent and/or subsidiary companies, and the number of employees.
- b. Provide the address of the primary office and/or branch location that will service the account and where the City will conduct its banking business.
- c. Describe the bank's direct experience in providing similar services for other governmental agencies, specifically local government agencies located in California. Please include the number of public agency clients, the dollar amount of public funds on deposit, the types of services offered, and the bank's knowledge of and adherence to the California Government Code.
- d. Provide the bank's current credit ratings by Standard & Poor's Rating Services and Moody's Investor Services. If the Proposer is not rated by these rating organizations, provide other evidence of the institution's financial strength.
- e. Discuss the firm's current capital structure, adequacy, and coverage. If applicable, provide the firm's risk-based capital classification (Well Capitalized, Adequately Capitalized, Under Capitalized, and Significantly Undercapitalized).
- f. Include an electronic copy of the most recent audited annual financial statement and the latest 10-k report with the proposal.
- g.

5. Personnel

- a. Provide the name, title, address, phone number, fax number and e-mail address of the primary contact person(s) assigned to this account.

b. Describe your firm's policy on changing the primary contact person on an account.

c. Name the individuals who will work with the City on a day-to-day basis. Information should include:

- i. Identify what each person's role and responsibilities will be.
- ii. Biographical information.
- iii. Experience working with governmental agencies.
 - a. Number of years experience in this field.
 - b. Number of years with your firm.

d. Will a specific customer service representative or a customer service department be assigned to handle day-to-day transactions for the City?

- i. Describe the responsibilities of the customer service personnel, including the chain of command for problem resolutions.
- ii. Is local customer service support available at the bank's local branches?
- iii. If an error is discovered by the City, how would you propose to resolve it (i.e. who should the City contact first, etc.)?

6. References

Please provide at least three (3) references that are of similar size and scope of service utilization as the City, preferably local government agencies located in California.

7. Collateralization of Deposits

a. Confirm that the financial institution is a qualified depository for public funds pursuant to California Government Code Section 53648, and please detail the bank's procedures for collateralizing the deposits of public funds.

- i. What types of securities are used as collateral?
- ii. Which bank department is responsible for tracking deposits and monitoring collateral?
- iii. What is the bank's current level (\$ amount) of public funds deposits and the related collateral?
- iv. What is the frequency of reporting to the State Treasurer's Office?

b. Please include a copy of the Bank's Contract for Deposit of Moneys in the Section.

8. Deposit Processing

a. Please provide the address, name and telephone number of the branch managers at your branches in Susanville CA.

b. For deposits collected and transported by armored car, what bank location do you propose for the City's armored car to deposit funds for processing?

c. What is the cutoff time for deposits at the bank's local branch and at the bank's operations center to ensure same day credit?

d. Can checks, currency, and coin be included in the same deposit?

- e. Discrepancy in deposits.
 - i. How does the bank handle any deposit discrepancies?
 - ii. If the bank corrects a deposit, how will the City be informed of this change?
 - iii. Is there a threshold for deposit discrepancies before notifying the City?
 - iv. Does the bank use videotaping and dual custody for all deposits at the branch and operations center?
 - v. How does the bank substantiate its decisions in the case of discrepancies?

9. Returned Item Processing

- a. Please describe the bank's returned item handling procedures and notification options.
- b. Can returned items be automatically re-deposited? If so, how many times?
 - i. Does the bank offer any options that may increase the collection of NSF checks?
 - ii. Can the bank provide online access to electronic images (front and back) of returned items to the City? How soon after an item is returned can these images be accessed?

10. Electronic Business Payments

- a. What remittance detail is available for payments made to the City?
- b. If the City's bank account information changes, how will payments be redirected to the new account? Will individual businesses have to be notified of the account change?

11. Positive Pay

- a. Describe any specified transmission methods required by the bank?
- b. What is the deadline for the transmission of check data or issuance information to the bank?
- c. How frequently can transmission files be uploaded to the bank for the issuance of additional checks, and/or recently voided items? Is there a limit to the number of files per day?
- d. Does the bank offer the ability to manually enter single check disbursements used during the day?
- e. How will the City be notified of exceptions or rejected items? What is the procedure and timeline for paying or returning exception items?
- f. Does the bank provide online check imaging so that the City could review exception items electronically?

12. Stop Payments

- a. Can stop payments be placed online?
- b. How long will the stop payment remain in effect? Are there different term options?
- c. Can stop payments be automatically renewed? If so, for how long? Is there an associated fee for each renewal?

13. Wires and ACH Processing

.Describe the bank’s online transfer capabilities including the ability to create and store repetitive wire templates and to create future-dated wires. Can varying degrees of authorization be set, such as multiple authorizers, maximum dollar amounts, etc.?

- a. What is the cut-off time for same-day wire transfers?
- b. What ACH file transmission options are available?
- c. Can two (2) separate files be transferred on the same day?
- d. What are the transmission deadlines for ACH files?
- e. Can ACH payments be initiated online?
- f. What are the cut-off deadlines for ACH payments initiated online?
- g. How and by what method customers are notified that a transmission was successful in order to validate the credit totals transmitted? How soon is this provided after transmission?
- h. How are returned and rejected ACH transactions handled? What information does the bank provide to assist in identifying returned and rejected ACH transmission? When is this information available?
- i. Does the bank offer ACH Positive Pay?
- j. Describe the bank’s security system in general and how it will guard against unauthorized ACH debits to the City’s accounts. If an authorized ACH debit posts to the City’s account, describe how the transaction would be resolved.

14. Merchant Card Services

The City currently only accepts credit payments through the traditional credit card acceptance (in person) (e.g. card swipe) and over the phone. The City has two terminals, one at City Hall and one at Diamond Mountain Golf Course.

- a. Please provide a detailed description of the entire merchant card process within your institution. Is your program housed through a third party vendor, if so, please explain.
- b. Provide a detailed rate and fee structure with breakdown of all fees, including bank and association charges.
- c. What type of online reporting services do you provide beside Card Processing Statement, such as above statistics in total?
- d. Discuss clearing time between deposit and posting to City’s main checking account.
- e. Discuss security features, including account number encryption and purging policy.
- f. Describe Payment Card Industry (PCI) data security standard compliance and liability. Please provide documentation.
- g. Discuss your chargeback policy (including the bank’s role in this process).

Statistics for 12 month activity, including City Services and Diamond Mountain Golf Course (July 2016 to June 2017):

1	Total Payment Processed	\$1.5 million
2	Net Sales Transactions Processed	10,068
3	Average Transactions Processed (“ticket size”)	\$326
4	Total Sales Refund Volume	\$50
5	Sales Refunds Transactions Processed	3

15. Implementation Plan and Costs

The City requires a smooth and low-cost transition to a new bank or to enhanced services with its existing bank.

- a. Please describe the bank's plan to implement the proposed services and to ensure a smooth, error-free conversion.
- b. Please detail all costs associated with the conversion of all the new services.
- c. Indicate the bank's plans for educating and training City employees in the use of your firm's systems. Will the bank provide on-site training for City personnel for all of the services needed?

16. Statements, Reconciliations, and Reporting

- a. How soon after the cut-off date will the statements and ARP ready?
- b. What types of indexing capabilities are available to locate checks from prior months?
- c. Are electronic images stored on the bank's online reporting system and for how long? If so, how does the bank charge for these services?
- d. Please describe the bank's online information reporting system and the types of reports that are available.
- e. Are there any limits on the number of the City users that could have access to the bank's online website and levels of authorization?
- f. What current day information is available through the reporting system?
- g. Can electronic reports be custom-tailored for the end user? Is there an additional charge?
- h. How many business days of balance history are stored on the reporting system for previous day and current day reporting?

17. Earnings Credit Rates

- a. Does the City have the option of compensating the bank on either a fee or balance basis? Is the price the same for either option? If not, what is the difference?
- b. How is your bank's earnings credit determined, adjusted, and applied? Please include in the explanation the impact of the bank's reserve requirement, the formula for converting service charges to balance requirements.
- c. Can excess earnings credit be carried over to a subsequent billing period? If so, how many periods?

18. Account Analysis Statements

- a. Please provide a sample analysis statement. How soon after month-end is the analysis statement mailed or readily available online?
- b. Will the bank pass on the FDIC charges to the City? If so, what is the current charge for an entire year on a \$5,000,000 balance? How is this charge computed?

19. Overdrafts

- c. Describe the bank's policy on and ability to provide daylight (intra-day) overdraft protection.
- d. What are the fees and interest charges associated with overdrafts? How are these charges calculated?
- e. Is there a fee per check or per occurrence when there is an overdraft? Is there a daily cap on fees?

20. City Issued Check Cashing

- a. Will the bank cash the City's checks without charge to either the City or check payee? If not, what is the charge? Is a check cashing agreement required? If yes, please include a copy.

21. Sample Contract

- a. Provide a sample of the proposed contract for your bank's services. Please also provide samples of all other documents which will need to be signed/entered into related to the provision of the services requested in this RFP including any documents referenced or incorporated into the contracts/agreements.

22. Pricing and Account Analysis

- a. Please provide a complete fee schedule for all of the services described in your financial institution's proposal. Fees related to all services described in the proposal must be listed. Also, include any one-time or set-up charges, research fees, minimum fees, or all other fees that will be charged. Include any incentives or price breaks offered based on volume or other measures.
- b. Is the bank willing to guarantee the proposed fees for the entire term of the contract up to five (5) years? If not, for how long are the fees guaranteed?

C. Sealed Total Cost Proposal

Please indicate the total cost and attach any cost breakdown. The proposer is to submit a detailed cost proposal for all services and materials. The proposer shall determine a not-to-exceed allowance for reimbursements included within the cost proposal. The City of Susanville will not be responsible for the expenses incurred in preparing and submitting the technical proposal or the sealed total cost proposal. Such costs should not be included in the proposal.

The first page of the sealed total cost bid should include the following information:

- 1 Name of Firm
- 2 Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City of Susanville

IV. EVALUATION PROCEDURES

A. Evaluation Committee

Proposals will be reviewed by an Evaluation Committee which is expected to include the following: City Administrator, Finance Manager, Accounting Technician II

B. Review of Proposals

The Evaluation Committee will use a point formula during the review process to score proposals. Each member will first score each technical proposal by each of the criteria described in Section V (C) below. The full Evaluation Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Proportionate fractional scores will be assigned to other proposers.

The City of Susanville reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Evaluation Criteria

The following represent the principal selection criteria which will be considered during the evaluation process.

Any award made pursuant to this RFP will be based upon the respondent's proposal with appropriate consideration given to functional, technical, business, cost, and management requirements. Written proposals that satisfy all requirements specified in this RFP will be evaluated. The intent is to assess the ability of the respondent to provide banking services and its associated requirements, and whose services best meet the needs of the City. The City may request additional information from any of the firms submitting proposals. The following criteria will be used in evaluating proposals and in the selection of a financial institution (not in priority order):

- 1 Compliance with the requirements of this RFP and quality of proposal, including completion of all required responses in the specified format.
- 2 Operational requirements such as: understanding the needs and requirements of the City, as set forth in this RFP; scope and services offered including degree of automation; and bank and branch locations.
- 3 An example of the respondent's ability to deliver the indicated service in accordance with the specifications set out in this RFP.
- 4 Firm experience, including the respondent's stability, resources, qualifications, and relevant experience and/or record of past performance in implementing and delivering such services to local governments with like-kind operations located within the State of California.
- 5 Availability of sufficient high quality respondent's personnel with the required skills and experience for the specific approach proposed.
- 6 Financial strength of the proposing institution, and adequacy of financial controls and protection against loss.
- 7 The quality and scope of the proposed conversion, implementation and transition plan, and the value of any new product or service suggestions or other new ideas and enhancements.
- 8 Respondent's acceptance of the City's contractual terms and conditions, as applicable.
- 9 Overall cost of respondent's proposal.

At any time, the City, at its discretion and without explanation to the prospective financial institutions, can choose to discontinue this RFP without obligation to such prospective financial institutions.

Onsite Interview and Presentation

After an evaluation of all proposals, the City may invite selected financial institutions to meet with the evaluation team. As part of the RFP process, you may be required to present your company's ability to provide banking services at the City of Susanville, 66 North Lassen Street, Susanville, CA 96130. The presentation allows you to demonstrate your services and to give the City a better chance to evaluate your capabilities in detail. Scores will be reassessed after this onsite presentation.

D. Final Selection

The Susanville City Council will select a firm based upon the recommendations of the Evaluation Committee.

It is anticipated that a firm will be chosen on **Wednesday, September 20, 2017**.

Following notification of the firm selected, it is expected a contract will be executed between both parties by **Wednesday, October 4, 2017**.

E. Collusion

By submitting a proposal, each Proposer represents and warrants that its proposal is genuine and not a sham or collusive or made in the interest of or on behalf of any person not named therein; that the Proposer has not directly induced or solicited any other person to submit a sham proposal or any other person to refrain from submitting a proposal; and that the Proposer has not in any manner sought collusion to secure any improper advantage over any other person submitting a proposal.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City of Susanville and the firm selected. The City of Susanville reserves the right without prejudice to reject any or all proposals.

