

# City of Capitola



## **Request for Proposal Banking Services**

Issue Date: September 9, 2013  
Proposal Deadline: October 17, 2013

City of Capitola  
Finance Department  
420 Capitola Ave.  
Capitola, CA 95010

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# **REQUEST FOR PROPOSAL BANKING SERVICES**

The City of Capitola is seeking proposals for Banking Services for its bank accounts, related depository, and cash management services in accordance with this Request for Proposal. This Request for Proposal is expected to result in a firm fixed price contract. All proposals must be submitted to the Finance Department at 420 Capitola Ave, Capitola, CA 95010 by 5:00 P.M. on October 17, 2013. All proposals must be in the format specified, enclosed in a sealed envelope and clearly identified with bid title, name of proposer, and date of bid closure. These proposals will not be opened and ready publicly.

## **INTRODUCTION**

The City of Capitola is seeking proposals from qualified public depositories (a state or national bank located in this state, as defined by Section 53635.2 of the California Government Code) to provide a variety of commercial banking services. The bank must be a member of the Federal Reserve System, a federally or State of California chartered financial institution; and in good standing among other comparable banks. The respondents must be adequately capitalized to accommodate the City's cash and investment management needs.

The City intends to select a financial institution with a branch office in Santa Cruz County to provide the banking services listed below. The RFP does not cover institutional custody services or corporate trust services.

1. General Banking Services
2. Merchant Card Processing
3. Purchasing Cards

It is the intent of the City to award the contract for an initial three-year period with the option to renew it for additional three-year periods at the sole discretion of the City. The City desires fixed pricing for the three year contract period. Prices in subsequent years shall be negotiated based on satisfactory customer service.

## **BACKGROUND**

The City of Capitola is General Law City incorporated in 1949. The City is a small coastal community located within Santa Cruz County. The City occupies approximately two square miles, with a population of 9,974. Capitola enjoys a rich history and offers residents diverse recreational activities. City attractions include Capitola Village, which is located along a wide beach with expansive views of Monterey Bay and is home to numerous craft galleries, boutiques, and restaurants; a regional mall, historical museum, and a municipal wharf.

The City of Capitola currently maintains a primary commercial banking relationship with one depository

institution. The City has determined that a review of the services offered by qualifying institutions is appropriate at this time. It is the City's preference to maintain all commercial banking services with one financial institution to maximize cash flow and minimize administrative costs. The City encourages financial institutions to submit the most comprehensive proposal possible offering the highest quality of service while providing opportunities for improving the current management of cash flow. The City is also interested in various technological advances that could improve banking, cash management, and customer service capabilities.

The City will administer the proposal process in accordance with the terms and dates outlined in this RFP; however, the City reserves the right to modify the activities, time line, or any other aspect of the process at any time, as deemed necessary. By requesting proposals, the City is in no way obligated to award a contract or pay the expenses of proposing banks in connection with the preparation or submission of a proposal. The award of any contract shall be contingent on the requisite staff and Council approvals.

## **PROPOSAL REQUIREMENTS**

Two copies of the proposal should be submitted in a binder format. Proposals shall consist of Tabs A – W. All financial institutions are encouraged to be creative and innovative in responding to this RFP. Discuss any creative pricing or payment options the bank can provide. Describe alternate approaches to the requested services where feasible or additional services offered or recommended, which may not be specifically requested but of benefit to the City.

**Proposal Format:** A proposing financial institution must follow the instructions for preparing the proposal in the prescribed format. Please answer the questions in section tabs (A through W) using the number sequence shown. Do not include any extraneous or marketing information.

**No Proposal:** If a service requirement or section of the proposal cannot be met by a proposer, then “No Proposal” should be indicated on the Bid Form and in the relevant tabbed section of the proposal. An alternative equivalent service may be offered.

**Contracted Services:** If a service is provided by a third party, please indicate this clearly on the Bid Form and in the relevant tabbed section of the document.

**Cover Letter: (One page preferred).** The letter should designate the proposing bank, the address of the bank office where the relationship will be domiciled, the address of the local branch, if different, and be signed by an authorized bank officer. The cover letter should also include the primary contact for this Request for Proposal. No pricing information should be included in the cover letter.

### **All Proposals shall include the following tabs:**

Tab A - Table of Contents

The table of contents should reflect the RFP format.

### Tab B - Minimum Qualifications

To be considered for selection, proposing banks must meet certain minimum qualifications.

1. Is your institution a State or National Bank as defined in California Government Code Section 53630.5?
2. Do you have established offices within the City of Capitola? Please list branch and ATM locations within the City of Capitola, County of Santa Cruz, and within the State of California, when applicable.
3. Is your bank a member of the Federal Reserve System with access to all Federal Reserve services?
4. Are you insured by the Federal Deposit Insurance Corporation (FDIC)?
5. If your financial institution is not insured by the FDIC, please disclose your association and how you are insured.
6. Is your institution a qualified depository of public funds in compliance with Section 53649 of the California Government Code? Would your institution be capable of collateralizing public fund deposits exceeding \$5 million? What is your institution's current level of public funds deposits and related collateral? How will you collateralize the City's deposits?

### Tab C - Bank Overview

1. *Banking Overview* - Please provide an overview of bank, governmental client service philosophy, and corporate organization including identification of the government services unit, location of corporate, processing center, and branch localities. Also please provide any relevant information regarding a correspondent bank relationship, including a list of the financial institution's holidays.
2. *Experience* – Describe the bank's direct experience in servicing public sector clients. Please include: the number of public agency clients, the dollar amount of public funds on deposit, and bank's knowledge of and adherence to the California Government Code and other applicable laws. Will the bank be able to comply with transaction confirmations and respond to other requests for data as needed from the City's auditors?
3. *Relationship Management* – Identify the size and scope of your public banking unit, bank officers responsible for the City's accounts, what each person's role and responsibilities will be, and the relevant credentials and experience of each person on the relationship management team. Please specify the name and title of who will be designated as the bank's relationship manager for the City.
4. *Differentiation* - Please describe what sets the bank's government banking unit apart from others. Does the bank provide a toll-free number for Customer Service?
5. *Customer Service* – The expected time to return calls will be 30 minutes to one hour. Can you bank commit to this time requirement? What are the hours that a designated team or staff member is available to the City?
6. *Strength* – Please provide key measures of your banks financial strength, including total assets, market capitalization, ratings from Standard and Poor's; and Moody's. Include a copy of the banks most recent audited financial statements in Section W.

7. *Third Party Liability* – If there are third party services identified in any of the tabbed sections, will the bank interface directly with, and assume full responsibility for, any and all third-party service providers, such as armored carriers and couriers?

#### Tab D - Community Investment and Social Responsibility

1. *CRA Rating* - Provide the bank's Community Reinvestment Act (CRA) rating and describe in detail, specific projects and community involvement activity in Capitola and/or Santa Cruz County.
2. Are donations or *in-kind* contributions made to public agencies? If so, please give examples of recent contributions.
3. What types of incentives will your bank offer City employees to open accounts and have their paychecks direct deposited?
4. What provisions will your bank make for employees to cash their checks if they do not have an account with your bank?

#### Tab E - References

1. *References* - Please provide three (3) local government or client references that are of similar size and scope of service utilization as the City. Include the following information for each reference:
  - Customer name
  - Contact name and title
  - Telephone and fax number
  - Street address, State, zip code
  - Number of Years as Customer
  - Description of services provided including contract amount, when provided and project outcome

The City reserves the right to contact each of the references listed for additional information regarding your firm's qualifications.

Describe fully the last three contracts performed by your firm that have been terminated with or without cause. Please include the following information:

- Customer name
  - Contact name and title
  - Telephone and fax number
  - Street address, State, zip code
  - Description of services provided
  - Explanation for contract termination
2. *Statement of Past Contract Disqualifications* - The Financial Institution shall state whether it, or any of its officers or employees who have a proprietary interest in it, has ever been disqualified, removed, or otherwise prevented from bidding on, or completing a federal, state, or local government project because of the violation of law, a safety regulation, or for any other reason, including but not limited to financial difficulties, project delays, or disputes regarding work or product quality, and if so, explain the circumstances.

The staff of the Financial Institution who will be responsible for carrying out this Agreement have not, within the last two years, been convicted of any crime or pleaded nolo contendere or agreed to any

consent decree with respect to any matter involving breach of trust or fiduciary duty or securities law violations.

3. *Pending Litigation* – Does your bank have any pending litigation with any California government agency clients regarding banking services? If so, please describe the instance.

#### Section F – Check Processing

1. The city currently issues approximately 306 accounts payable checks per a month. The City is currently using ADP Payroll Processing Services; however the City is anticipated to begin processing payroll checks “in-house” in mid to late Spring of 2014. Over 90% of the 1,140 payroll checks are anticipated to be paid through direct deposit. The City would like funds to be available to employees the next banking day after the file is transmitted to the bank (see Wires, ACH, and Direct Deposits for additional information). Please describe in detail the ability of the bank to provide the above deposit services for the accounts named below:
  - o City of Capitola - General Account
  - o City of Capitola - Payroll
  - o City of Capitola – Parking Account
  - o City of Capitola – Paystation Account
  - o City of Capitola – SEUSD Traffic Mitigation Account
  - o City of Capitola – Successor Agency to the Redevelopment Agency Account
2. Can the City establish ZBA’s that are tied to our main operating account? Are there any limitations to the type of ZBA?
3. Will postings of the daily total from ZBA’s to the main account be accessible through a detailed report of the main account, or must the City access each account separately?
4. Do you offer truncation for paid items/checks, with images (front and back) transmitted to the City?
5. Do you offer check images on a Compact Disk-Read Only Memory (CD-ROM)?
6. Are the images also available online? For how long? Are the images also available by mail or fax? How soon after a check has been cashed is the image available?
7. Is the City capable of receiving an online report of checks paid daily and previous day? Can the check status be viewed online?
8. Do you offer full and partial account reconciliation? Please describe the bank’s reconciliation services. How are ‘stop’ payment checks being coded in the account reconciliation file?
9. What methods do you provide for stop payment orders, and how do you confirm this? Can the request be input online? If input online, is the confirmation immediate?
10. Within what time frame (hours) does the stop payment order take effect? Immediately?
11. How long do stop payment orders remain in effect? Do you have different duration options, such as 6 months, 1 year, or 2 years, without the need to implement extensions? Is the cost different for each option?
12. In the case of stale dated checks, will the bank agree to not honor any checks that have been outstanding

(based on the dated date of the check) for six months or more? Is there a cost to the City for reviewing and returning stale dated checks?

13. How does the bank compensate the City for checks that are cashed after a stop is placed or if stale dated, and how many days does it take for the bank to reimburse the City?
14. Does the bank have a safeguard mechanism at the teller windows to detect fraudulent checks that are not issued by the City or signed by authorized signers? Describe the bank's notification procedure within the banking system and to City contacts.
15. Will the bank guarantee that items drawn on the City accounts be paid regardless of the balance in the funding account? What is the charge for covering these items? Please be comprehensive in your response.
16. Describe the bank's policies concerning daylight overdrafts, and what, if any, impact these policies may have on the management of the City's accounts.

#### Section G - Positive Pay

The City of Capitola does not currently have Positive Pay. The addition of positive pay has been recommended by our auditors; however the City needs to determine if this would be cost-effective. Please provide information related to positive pay.

1. Describe the bank's capabilities for Positive Pay and indicate what fields are currently included. How flexible is the bank's file format?
2. Do you offer name verification (payee validation) under positive pay? Is it a one-line payee verification or 2-lines payee verification? How restrictive are name specifications for the printed checks? Do you have restrictions such as 12 point font, no bolded names, etc.? Do you have high read rates?
3. Following a successful submission of the Positive Pay data, can the bank accept subsequent add/delete data to become effective immediately for manual or void checks?
4. How are exception items under Positive Pay reported to the City? Describe how the bank provides image viewing for exception items.
5. What is your procedure and timeline for paying or returning exception items? What is your default disposition if you do not receive the pay decision response by the deadline?

#### Section H - Wires, ACH and Direct Deposits

The City is currently using ADP Payroll Processing Services; however it will begin processing payroll checks "in-house" beginning in the late Spring of 2014. It is anticipated that the bi-weekly payroll will generate approximately 1,140 payroll checks on annual basis; with a 90% direct deposit participation rate.

1. The City anticipates using ACH for Direct Deposit of employees' payroll. Describe types of direct deposit files acceptable to the bank. What are your cut-off times for delivery of a direct deposit file? What is the 'drop dead' deadline to guarantee employee posting? Are there fees associated with missing the standard deadline? Are fees different if the direct deposit files are delivered prior to deadline date?



2. Describe the acknowledgments you provide and timeline when (a) you receive a file transmission, and (b) when a file transmission fails.
3. Describe your procedure for notifying the City when an ACH, a payroll ACH or wire transmission fails. How soon will the notification occur? Is the City's bank account make whole immediately when a wire or ACH transmission fails?
4. Do you recommend/require pre-notifications for every transaction prior to transfer?
5. What screening measures does the bank use to minimize errors on files sent to you i.e., pre-notes, ABA screening, etc.? Describe how you handle return items and returned pre-notifications.
6. Are there any restrictions on the software we can use to prepare our payroll in order to be compatible with your direct deposit service?
7. The City may submit tax payments and other time sensitive payments by ACH file transmission. What are your different file transmission options? What are your delivery and transmission deadlines? Can transmissions be initiated and monitored online?
8. If the City uses your service for making tax payments, do you guarantee the timing of the payment? If the payment has been made within your cut-off time, but is delayed, will you absorb any penalties and interest charges assessed by the tax authority? Describe any restrictions or limitations.
9. Does the City have the ability to change, add or delete an item after transmitting our ACH file to you? If yes, describe the procedure and cut-off times?
10. Describe your system security in general and how it will guard against unauthorized ACH debits to the City's accounts. If unauthorized ACH transactions post to the City's account, describe how the transaction would be resolved.
11. What assistance do you provide in establishing a new ACH transmission? Do you provide access to a database of ACH member institutions and ABA transit routing codes? What is the cut-off time in Pacific Standard Time for initiating ACH and when the recipient account receive the funds?
12. Describe the bank's online wire transfer capabilities. What is the cut-off time in Pacific Standard Time for initiating wire transfers to ensure same-day execution?
13. What safeguards and security measures does the bank have in place to protect the City, especially against unauthorized use of the system? Are there daily limits on wire transfers? Include a description or sample of the bank's fund transfer agreement.
14. Is your bank both a sending and receiving bank of the National Automated Clearing House Association (NACHA)?
15. With regards to your ACH and wire services, what are the bank's contingency plans in the event of a system failure? Do you offer these services by means other than a computer system? Do you have backup process if internet/transmission lines are unavailable? Will the City be immediately notified of any changes or problems and the ability to re-send a file or delete a file?

#### Section I - Deposit Activity

City Hall serves as the primary depository for City departments. In May of 2013, the City began using the

current bank's desktop deposit services. Currently, the City collects approximately 750 checks per month, which are scanned in via a desktop deposit scanner. In addition, about \$53,200 in currency and coins per month are deposited from City Hall. The City also uses armored car services to collect parking meter and paystation coins and currency from multiple locations. Although it seldom happens, the City also receives checks in foreign currency.

1. Describe the bank's required preparation for cash deposits, currency, coins, checks, and checks in foreign currency.
2. Does the bank offer desktop deposits of checks? Please describe comprehensive fee information related to this service and use of equipment.
3. Describe funds availability (when it becomes ledger credit) and cut-off times for:
  - a. Scanned check deposits
  - b. Checks drawn on the same bank
  - c. In-coming ACH direct deposit and incoming wires
  - d. Do you guarantee immediate credit (same day funds credit) on all incoming wire transfers and U.S. Treasury and State of California checks upon receipt?
4. Are you an approved State Depository? Are your availability policies different from the Federal Reserve Bank's availability schedule? Will the City receive same day availability of funds for all images and check deposits drawn on the bank?
5. The City Finance Department requires weekly cash including coin deposit delivery to the bank. What are the packaging criteria for accepting currency deposit delivery? Does the bank have an efficient system to process high volume of cash and coins? Are you currently accepting deposits through third-party armored car services?
6. What is the same-day ledger cut-off for direct local branch deposits, should it ever be necessary? How many bank branches do you have in the City of Capitola and/or Santa Cruz County?
7. Will the bank be able to fulfill the City's requirement that all returned deposit items will be re-deposited at least once? Is there a charge for this? Is there a NSF check fee for the first and/or second return on the same deposit?
8. Describe how the bank handles any deposit discrepancies, including checks deposited to the City by mistake. What supporting documents are provided for deposit adjustments? How will you notify City Finance Department?
9. Describe your return procedures for checks. If the original check is deposited, will you return it? How long does it take for returned items to be sent to the City? Is an automatic reclearing option available? Can you provide an internet based returned-check list with images both front and back?
10. What are the cut-off times for image and check deposits at the banks operations center to ensure same day ledger credit?

#### Section J - Direct Deposit Relationship – State of California

The City transacts with the State of California Local Agency Investment Fund (LAIF) and receives tax apportionments on a regular basis. All banks are required to be approved as a State of California Depository and be able to process LAIF transactions.

1. Is the bank an approved State of California Depository?
2. What is the charge per transfer to LAIF? From LAIF?
3. Please describe the method the financial institution processes payments from the State of California and LAIF transfers.
4. Does the bank have an office in Sacramento that maintains a direct DDA banking relationship with the State Treasurer's Office and the State Controller's Office?

Section K - Armored Car Services

The City currently contracts with Loomis, Fargo for Armored Car transport to pickup cash and checks from different City locations to be deposited at the bank. Our current contract expires in December of 2013. The City would like to review an optional proposal on this service (These can only be provided by a vendor that has adequate insurance coverage). Current Armored Car service is scheduled for the three (3) City locations requiring based on the schedule listed below. The City may add/remove additional site (s) within the same area based on development of a secondary parking lot. The picking up of pay machine (coin only) requires dollies and lift gates.

Site	Location	Schedule
City of Capitola – Police Dept.	411 Capitola Ave	1 x per week, excluding holidays
Change Machine #1	422 Capitola Ave	Seasonal service fluctuations 1 x per month: Nov – Mar 2 x per month: Apr – Oct Excluding holidays
Change Machine #2	422 Capitola Ave	Same as Change Machine #1

1. Does your bank have a contract for this service?
2. Who is your provider for this service?
3. Does your bank or third party provider for this service, provide secure transportation services for deposits? What are the costs for these services? Can the costs be paid from earning allowance credits through the bank's monthly Account Analysis Statement?

Section L - Cash Management, Reporting and Investment

The City currently uses a web-based daily balance and detailed reporting information system. The City's Finance Department requires daily cash balance reporting information for all accounts, for both prior day and current day (intraday) information. The City utilizes the web-based system for transfers between the City accounts and LAIF. The City requires at a minimum online monthly bank statement showing summaries, reconcilements and relevant detail.

1. Please describe you bank's online information reporting system including any costs associated with web-based reports. The City may request a demonstration of the online reporting system. In your response, please include the file export and the ability to implement internal controls (multiple levels of approval authority).
2. Describe or provide a sample copy of PC screens that show the information reports that the City can obtain from your system.

- a. Can the reports be custom-tailored for the end-user?
  - b. At what time is prior day information available for access by City staff? Is intra-day report available via the Internet? How often is intra-day information updated and when? Please provide a sample of prior day and intra-day reports that would be the best example of the system's capabilities. Include the reports in this section.
  - c. Is it possible to get online reports before the monthly statement is available? For example if we need information from the 10<sup>th</sup> of the month through the 20<sup>th</sup> of the month, is it possible to get that report on line in real time?
3. What are the computer hardware and software specifications for the bank's online system?
  4. Describe the systems security, including whether passwords, authentication, and/or encryption techniques used to protect online data?
  5. Does the online system have the ability to export information to third-party software or accept online files?
  6. Provide a report showing system down time for the past year. Include types of services that were unavailable and how it was communicated to the client. Describe your backup procedures for times when the system is unavailable. What is the bank's contingency plan for providing this information in the event of unexpected bank systems problems or natural disasters.
  7. How long is information maintained at the bank and online? Is historical data always accessible online? If not, describe the procedure for accessing the information and turnaround time.
  8. What other online or internet based systems are currently available to customers?
  9. Provide the frequency and format of reports that you will provide to the City.

#### Section M - Sweep Services

The City of Capitola currently does not have sweep services. The City may be interested in this option.

1. Do you offer an overnight sweep service for collected balances at the end of the day with automatic fund transfer?
2. Describe the overnight sweep account offered by the financial institution including overnight investment options available to maximize the City's potential earnings.
3. Is the bank's sweep an end-of-day or intra-day sweep?
4. What sweep investments are available for public funds clients? Please include a prospectus and sample financial statements on the fund.
5. What are the costs associated with the sweep (monthly maintenance, set-up charges, fund expenses, transaction fees, etc.)?
6. What are the total assets in your sweep program and what is the largest individual customer balance in the last month?
7. Provide historical rates on your sweep fund (s) for the past 12 months.

## Section N - Corporate Credit Cards

Currently, two City staff have been issued corporate credit cards. The *monthly* City credit line for all current card holders is about \$30,000. The estimated annual combined spend on the two cards is \$53,000. The City may consider issuing additional cards to at least two more executive level staff.

1. Do you have an online system for accessing credit card information? Describe your online system and information (detail and summary data relating to purchases and payment) that is available to City staff.
2. Provide a sample copy of your monthly statement. What is the typical statement period? Does the City have flexibility in establishing the billing dates? Provide monthly statement cut-off date and payment due date or related time frame.
3. What are system support hours and customer service hours?
4. Provide any costs associated with initiating a card, annual fees, financing charges, and access to the online system. In addition, please provide information related to rebates or rewards associated with credit card purchases. If rewards or rebates are available for credit card purchases, are there additional fees or charges associated with these programs?
5. Is there a notification process to cardholder for late payment?
6. Describe the administration process for City users to access the online system.

## Section O – Bankcard Processing - Merchant (Credit Card) Services

The City's annual credit card receipts amount to about \$220,000. These receipts are associated with paystation revenues. The City may consider expanding this service to City Hall depending on costs and the availability to streamline processes. The City currently accepts credit card payments for Visa, Master Card, Discover Card, and may accept other payment brands in the future.

1. Please describe the bank's Bankcard and Point-of-Sale processing capabilities.
2. Please quote a discount rate and all other applicable charges for credit card processing. Quote for both swiped and non-swiped transactions.
3. What are fees associated with debit card transactions?
4. How is the applicable interchange fee determined for each transaction? What does the bank recommend to minimize fees?
5. If the City chooses to accept credit cards outside of paystation transactions, will the bank supply the City with terminals, printers, and pin pads, and if so, what is the cost to lease or purchase the requisite equipment?
6. When and how will the City receive funds for each day's transactions? Is settlement by ACH or Fed Wire? Are settlement amounts listed separately on the bank statement or will they appear as one lump sum?

7. Is the bankcard relationship managed by a separate unit of the bank, or by the Account Relationship Manager? Please briefly describe the structure of this area. What is your timeline for resolving disputes?
8. Describe the online reporting for merchant service accounts. Provide a list of available reports. Is your system capable of combining several merchant accounts into groups and assigning permission to run reports by group?
7. Please describe what assistance you can provide the City with Payment Card Industry (PCI) compliance.

#### Section P - Online Banking Information Systems, Security, Integration and Disaster Contingency

1. Describe your bank's online capabilities and security. In addition to your description, please also include the following items:
  - a. Does it have fraud detection programs for unauthorized transactions
  - b. Capability to upload or download electronic data from the bank to the City or from the City to the bank, or to outside third party such as the State of California
  - c. Availability of reports that can be exported to Microsoft products
  - d. Ability to place currency order online
  - e. Security for user access administration of online business banking.
2. Please describe in detail, the bank's compliance with State and Federal regulations pertaining to this area?
3. Please describe testing of core service applications and systems that assure information backup, anti-intrusion, and other privacy requirements.
4. Does your bank have a centralized program to manage changes and globally applied to all online programs, statements, reports being affected? Please describe the process, any related time stamps
5. Describe the bank's disaster contingency plans, contacts and backup systems for continued City operations in the event of system failure and natural disaster and other emergencies.

#### Section Q - Conversion Process and Training

In the event that your bank is selected, key branch and bank staff assigned to the City will be required to participate in an on-site review of City finances and other existing banking practices. The bank will be expected to make a written report to the Finance Director of its findings and recommendations and develop a conversion plan based on the review.

1. Describe the overall plan your financial institution would coordinate to ensure a smooth transition from the current provider.
2. Provide a typical conversion timeframe and indicate what factors could alter that conversion period. In addition, provide a sample conversion timetable/schedule.
3. Describe the onsite training to the City's staff for the operation and use of the financial institution's services and automated systems for areas of service.
4. Will the conversion be at no cost to the City? If not, provide information on the conversion costs. Will the bank provide a conversion allowance to the City? If so, how much?

5. Will the Bank take the lead and responsibility for conversion progress, with weekly updates of progress to staff?
6. Do you provide written user manuals for all services? How often are manuals updated? Are user manuals also available online?
7. Do you provide on-going training after implementation? Is the training available on-site, off-site or online?

#### Section R - Payment for Services, Bank Compensation

The City currently compensates for bank services through a combination of direct fees and an earnings allowance based upon compensating balances. In addition all ZBA accounts and other accounts are linked to the main operating account and fees are consolidated under the operating account, with the exception of merchant card fees. The City requires a monthly account analysis report with a summary page for all accounts.

1. Does the bank accept compensation in fees, balances, or a combination of the two? Is the price schedule the same either way?
2. List the banks Earning Credit Rate (ECR), and how it is calculated and applied. What accounts are taken into consideration?
3. Please explain in detail, how and when the FDIC assessment is computed and charged?
4. Please detail exactly which types of items and services can be applied against the City's account analysis in addition to the standard bank services, i.e. merchant bankcard processing, armored car service, bank courier service, etc.
5. What procedure is used to make any adjustments to Account Analysis statements and how long does it take for adjustments to take effect?
6. Please state the negative collected balance charge that the City will pay and, in detail explain how that charge is computed. Is the rate quoted in this proposal good for the term of the contract? Please provide escalation clauses and list your actual negative collected funds rate for each of the last 12 months.
7. Please provide a sample account analysis statement.
8. Are TMA codes included on the Account Analysis Statement? How is statement delivered and how quickly can we expect delivery?
9. Please provide a copy of your Account Analysis Statement as an exhibit
10. Does the bank have any special charges not specified in the pricing schedule that relates to operations of the bank account? For example, do you charge for an excessive error rate on encoding?
11. Will your bank guarantee the prices in this proposal for the contract period? If not, how will future price increases be calculated?

#### Section S - Payables or Electronic Payment Services

In addition to any information provided in Section H, the City could be interested in electronic bill payment

services for regular accounts payable transactions, if it is cost-effective.

1. Please thoroughly describe the bank's electronic bill payment, EFT and ACH services, as they related to accounts payable.
2. What hardware, software, and special programming are required for the implementation of an ACH credit program for payments to City vendors? Has the bank worked with any users of New World software to accept an export file.
3. Do you offer any electronic vendor payment services that provides the City with a rebate of merchant transaction fees?
4. Please detail all costs associated with ACH for a vendor payment program.
5. Please detail all costs associated with your automatic bill payment program.
6. Please detail all costs and processes for auto draft (automatic payment deductions).

#### Section T – Short Term Financing, Line of Credit

In 2011, the City nearly depleted its emergency and contingency funds due to a pipe failure and subsequent flood damage. Due to the timing of significant revenue receipts in December, temporary cash flow became a concern. While the City did not need outside resources or does not anticipate having this concern in the future, the City would like to review potential short-term financing options or a line of credit, if the need should arise. We anticipate the amount required would be less than \$500,000, with a loan period not to exceed two months. Can you provide information relating to availability and the costs of this option? Include if any origination fees would be calculated based on a flat fee or a percentage. If the loan is interest based, please indicate whether it would be tied to a particular index. If an index and/or fees are cited, would that be applicable through the contract term?

#### Section U – Investment Services

Please describe investments service offered by the financial institution; excluding the duplicate description of overnight Sweep account capabilities that were include in Section M. The City is particularly interested in short-term options to preserve potential cash flow needs. Please indicate the banks knowledge of the relevant sections of the government code as it relates to municipal investments.

#### Section V – Service Enhancements

Based on the information provided in the RFP and your bank's knowledge of the public sector, please describe any services or technological enhancements not previously mentioned, that may be considered for further improving the effectiveness of the City's treasury management operations.

#### Section W – Supplementary Information

1. *Provide a list of insurance carried and amounts covered* - Indicate insurance underwriter or if self-insured. The selected financial institution must within (20) working days of award of contract, provide and maintain in force at all times during the term of the services contemplated, Certificates of Insurance providing coverage as specified herein for Workers' Compensation, Commercial General Liability, Automotive Liability, and Error and Omissions Liability or Professional Liability in amounts consistent with the services provided and as determined jointly by the City and the Bank. Such policies shall be issued by companies admitted in the State of California. A copy of the City's Standard Insurance Requirements and Indemnity Clauses are attached for reference.



2. *Banking services bid form* – Please complete the form shown in the Appendix. In addition to submitting with proposal responses, this form **must also** be submitted in Excel format. The file is available by request from Tori Hannah, Finance Director, at thannah@ci.capitola.ca.us to be returned either via email or via CD with the proposal package.
3. *Standard Bank Fee Schedule for Government/Corporate Clients*
4. *Bank Credit and CRA Ratings*
5. *Most current Annual Report*
6. *Statement of Auditing Standards (SAS) 70 – Covering Operating Controls*
7. *Sample Account Analysis Statement and User’s Guide*
8. *Sample Account Reconciliation Reports, Account Statements, and any Positive Pay Reports*

## **EVALUATION OF PROPOSALS AND NEGOTIATIONS**

All proposals submitted will be reviewed by an evaluation panel consisting of the City of Capitola and/or other personnel. At the completion of the proposal review, the panel will elect to invite the top scoring banks to make a presentation and provide a software demonstration, at no cost to the City. The City may request Best and Final offers. Based on the presentation and the Best and Final offers, if requested, the panel will select the proposal that best fulfills the City’s requirements. The City may negotiate with that bank to determine final pricing, and contract form. There will be on public opening and reading of bids.

Proposals will be evaluation on the following criteria:

- Understanding of the needs and operation requirements of the City
- The experience, resources, and qualifications of the financial institution and individuals assigned to this account
- Relevant experience managing similar account relationships with public institutions and similar clients
- Bank and branch locations
- Availability schedule
- Scope of services offered including degree of automation
- Financial strength and capitalization
- Adequacy of financial controls and protection against loss
- Quality and scope of conversion plan
- The value of any new product or service suggestions or other new ideas and enhancements
- Compliance with the requirements of this RFP and quality of proposals
- Proposed fees and compensation

A selection panel will be convened of City staff, which will include Finance, IT, and possibly other departments.

A member of the City's Finance Advisory Committee may also participate in the scoring of the final proposal selection process.

## CONDITIONS AND STIPULATIONS

The City reserves the right to reject any and all proposals, cancel all or part of this RFP, and waive any non-material irregularities or informalities and to request additional information and clarification regarding any particular service from the proposing banks.

By requesting proposals, the City is in no way obligated to select any proposal or pay expenses of the proposing banks in connection with the preparation or submission of a proposal. The City reserves the right to reject any bank for any reason. The proposal should be the best effort possible by the bank, since the City reserves the right to award the contract with no further negotiations. Conversely, the City reserves the right to negotiate with the successful proposer any additional terms and conditions not contained in their proposal, which are in the best interest of the City or to otherwise revise the scope of this RFP. All proposals, whether accepted or rejected, shall become the property of the City of Capitola. All proposals received become public records. The City's decision to award a contract will be based on many factors including, but not limited to service, cost, experience, financial strength, and ability to deliver, or for any other reason deemed by the selection committee to be in the best interest of the City. No single factor, such as cost, will determine the final decision to award. This RFP and the bank's response, including all promises, warranties, commitments, and representations made in the successful proposal, shall become binding contractual obligations, and will be incorporated by reference in the final agreement between the City of Capitola and the selected bank. All terms and conditions not specifically identified as exceptions will be considered acceptable to Contractor.

## ESTIMATED TIMELINE (Dates are subject to change)

- |  |                             |
|--|-----------------------------|
| • Distribution of RFP                                    | September 9, 2013           |
| • Deadline for Questions                                 | September 27, 2013          |
| • Closing Date   | October 17, 2013 at 5:00 PM |
| • Begin Selected Vendor Presentations/Interviews         | October 28, 2013            |
| • Review Recommendations with Finance Advisory Committee | November 19, 2013           |
| • Present Recommendations to City Council                | November 26, 2013           |

## CONTACTS

For questions regarding the scope of proposal or the proposal process, please submit questions through email or fax only to:

Tori Hannah, Finance Director  
420 Capitola Ave.  
Capitola, CA 95010  
Phone: (831) 475-7300  
Fax: (831) 479-8879  
Email: [Thannah@ci.capitola.ca.us](mailto:Thannah@ci.capitola.ca.us)

An Excel Banking Services Form is available upon request.

## **SUBMISSION INFORMATION**

Proposals must be submitted to:

**City of Capitola**  
**Finance Department**  
**Attention: Tori Hannah, Finance Director**  
**420 Capitola Ave**  
**Capitola, CA 95010**

All proposals must be delivered no later than **5:00 p.m. on October 17, 2013**. Late submissions or proposals delivered via fax or email will not be accepted.

To assist in provide timely updates to this Request for Proposal, including responses to questions submitted, we ask that potential firms complete the Intention to Submit a Proposal Form.

## **ATTACHMENTS**

Attachment A: Standard City Contract Language – Insurance and Indemnifications  
Attachment B: Banking Services Bid Form  
Attachment C: Intention to Submit a Proposal

Thank you for your interest in working with the City of Capitola for this service. We look forward to receiving your proposal.

## Attachment A – Standard Contract Information

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### SECTION 8 Insurance

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, his agents, representatives, or employees.

#### *Minimum Scope of Insurance*

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial Liability coverage (Occurrence Form CG 0001).
2. Insurance Services office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California.
4. Errors and Omissions Liability insurance appropriate to the consultant's profession. Architects' and engineers' coverage shall include contractual liability.

#### *Minimum Limits of Insurance*

Consultant shall maintain limits no less than:

1. General Liability: **\$1,000,000** per occurrence and \$2,000,000 in aggregate (including operations, products and completed operations) (including operations, for bodily injury, personal and property damage).
2. Automobile Liability: **\$1,000,000** per accident for bodily injury and property damage.
3. Errors and Omissions Liability: **\$1,000,000** per claim and in the aggregate. Limits

#### *Other Insurance Provisions*

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City of Capitola, its officers, officials, employees and volunteers are to be covered as additional insured's as respects: liability arising out of work or operations performed by or on behalf of the Consultant or automobiles owned, leased, hired or borrowed by the Consultant.

2. For any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after thirty (30) days' prior written notice by certified mail, returned receipt requested, has been given to the City.
4. Coverage shall not extend to any indemnity coverage for the active negligence of the additional insured in any case where an agreement to indemnify the additional insured would be invalid under Subdivision (b) of Section 2782 of the Civil Code.

### ***Acceptability of Insurers***

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City.

### ***Verification of Coverage***

Consultant shall furnish the City with original certificates and amendatory endorsements affecting coverage by this clause. The endorsements should be on forms provided by the City or on other than the City's forms provided those endorsements conform to City requirements. All certificates and endorsements are to be received and approved by the City before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

## **SECTION 9 Indemnification**

Consultant agrees to indemnify, defend, and hold harmless the City, its officers, agents and employees, from and against any and all claims, demands, actions, damages, or judgments, including associated costs of investigation and defense arising in any manner from consultant's negligence, recklessness, or willful misconduct in the performance of this agreement.

## Attachment B – Banking Services Bid Form

Please complete all items on the attachment. If your financial institution does not or cannot provide a specific requested service, please indicate "no proposal". If appropriate, recommend an alternate service and include as an attachment Price Per Unit X Projected Avg. Monthly Volume = Total Monthly Fee (TMF); TMF x 12 = Total Annual Cost Where fees vary from this formula, please indicate and provide an estimate of total annual cost. Volumes indicated represent the average monthly activity.

SERVICE DESCRIPTION	PER UNIT COST	AVERAGE MONTHLY VOLUME	TOTAL MONTHLY FEE	TOTAL ANNUAL COST
<b>BALANCE &amp; COMPENSATION INFORMATION</b>				
Dep. Insurance-Bank Assessment		1,720		
<b>TOTAL BALANCE &amp; COMPENSATION INFORMATION</b>				
<b>GENERAL ACCOUNT SERVICES</b>				
Account Maintenance		6		
Set-Up Fees / Other				
Remote Deposit - Account Maintenance		0		
ZBA-Depository + Master Maint		1		
ZBA Subsidiary Account Maint		1		
Debits Posted - Other		6		
Credits Posted - Other		35		
Paper Deposit Statement Mailed		6		
Facsimile Transmission		0		
IDS Statement Item Sorting		79		
Photocopies				
<b>TOTAL GENERAL ACCOUNT SERVICES</b>				
<b>DEPOSITORY SERVICES</b>				
Banking Center Deposits		4		
Curr/Coin Dep/\$100-Bkg Ctr		24		
Vault Deposit		9		
Dep Conditioning-Surchg-Vault		1		
Curr/Coin Dep/\$100-Vlt		509		
Coin Deposit-Non Std Bag-Vlt		40		
Coin Deposit-Std Bag-Vlt		0		
Change Order-Auto-Vlt		2		
Change Order - Mnl-Vlt		0		
Coin Supplied-Std Bag-Vlt		9		
Vault Deposit-Extended Hours		11		
Cash Letter/Item Proc Deposits		22		
Cks Dep Un-Encoded Items <sup>(2)</sup>		743		
Image Deposited Items - RDSO <sup>(2)</sup>		743		
Checks Deposited - Foreign Item		0		
Returns-Chargebacks		2		
Returns - Single Item Advance		1		
Returns-Reclear		2		
Deposit Correction-Cash		1		
Deposit Correction-Non-Cash		0		
Supplies-Deposit Tickets		-		
VRU-Account Transfer		1		
<b>TOTAL DEPOSITORY SERVICES</b>				
<b>PAPER DISBURSEMENT SERVICES</b>				
General Checks Paid Truncated		269		

**Attachment B – Banking Services Bid Form**

Please complete all items on the attachment. If your financial institution does not or cannot provide a specific requested service, please indicate "no proposal". If appropriate, recommend an alternate service and include as an attachment Price Per Unit X Projected Avg. Monthly Volume = Total Monthly Fee (TMF); TMF x 12 = Total Annual Cost Where fees vary from this formula, please indicate and provide an estimate of total annual cost. Volumes indicated represent the average monthly activity.

SERVICE DESCRIPTION	PER UNIT COST	AVERAGE MONTHLY VOLUME	TOTAL MONTHLY FEE	TOTAL ANNUAL COST
Gen Disb Checks Pd - IS Front/Back Image		0		
Image Retrieval BA Direct		26		
Image Maintenance-Direct		6		
<b>TOTAL PAPER DISBURSEMENT SERVICES</b>				
<b>GENERAL ACH SERVICES</b>				
ACH Blocks Auth Instructions		10		
ACH Debit Received Item		19		
EFTPS Federal Tax Payment - Estimated <sup>(1)</sup>		3		
Direct Deposit of Payroll - Estimated <sup>(1)</sup>		2		
Direct Deposit of Payroll - Per Item <sup>(1)</sup>		85		
Direct Deposit of Payroll - Items Returned <sup>(1)</sup>				
ACH Credit Received Item		31		
ACH Blocks Auth Maintenance		1		
<b>TOTAL ACH SERVICES</b>				
<b>EDI SERVICES</b>				
Remote Deposit Maintenance		-		
Remote Deposit High Volume Scanner Maintenance		1		
Image Deposit		-		
Remote Deposit Check Imaging <sup>(2)</sup>		743		
Image Deposited Item - RDSO		-		
IRD Deposited Item - RDSO		-		
<b>TOTAL EDI SERVICES</b>				
<b>WIRES</b>				
Manual Wire Out - Domestic		0		
Elec Wire Out - Domestic		0		
Elec Wire Out - Book DB		0		
Direct Account Transfer		0		
Incoming Domestic Wire		1		
Intracompany Book Credit		0		
Online Wire Payee Advising		1		
<b>INFORMATION SERVICES</b>				
Online Exp. PDR Account		6		
Online Exp PDR Per Account		6		
Online Exp Research Item		401		
Online Exp PDR Item Stored 12 Mth		1,527		
Online Express Package		1		
Online Express Per Image Access		1		
<b>TOTAL INFORMATION SERVICES</b>				

**Attachment B – Banking Services Bid Form**

Please complete all items on the attachment. If your financial institution does not or cannot provide a specific requested service, please indicate "no proposal". If appropriate, recommend an alternate service and include as an attachment Price Per Unit X Projected Avg. Monthly Volume = Total Monthly Fee (TMF); TMF x 12 = Total Annual Cost Where fees vary from this formula, please indicate and provide an estimate of total annual cost. Volumes indicated represent the average monthly activity.

SERVICE DESCRIPTION	PER UNIT COST	AVERAGE MONTHLY VOLUME	TOTAL MONTHLY FEE	TOTAL ANNUAL COST
<b>CORPORATE CARD SERVICES</b>				
The City currently has two active cards		2		
Annual Fee - Per Card				
Current Monthly Percentage Rate				
Late Fee				
Rewards or Incentive Programs				
<b>MERCHANT BANKCARD SERVICES</b>				
Provide calculation and fee schedules				
<b>OTHER - NOT ADDRESSED IN THIS TAB</b>				
<b>SERVICE ENHANCEMENTS</b>				
Positive Pay				
Armored Car Services (Schedule in Section K)				
ePayables or Electronic Payment Services				
(Complete information should be provided in Section S)				
Line of Credit				

- (1) The City currently uses ADP Payroll processing services. The number of direct deposit accounts and services are provided for reference. The actual amounts may vary.
- (2) In May of 2013, the City implemented desktop deposits. A complete year of data is not available. It is estimated that the City will receive approx. 743 checks each month. If this service is available, please provide costing for both methods.
- (3) The City's average ledger balance is \$1.7 Million. The City has a three year plan to increase the amount of cash held in reserve.



## **Attachment C – Intention to Submit a Proposal**

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In order to provide timely updates to this Request for Proposal, including the responses to questions submitted, we ask that potential firms complete the following form and return it by e-mail to [thannah@ci.capitola.ca.us](mailto:thannah@ci.capitola.ca.us)

Business Name: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Contact E-mail: \_\_\_\_\_

Physical Address: \_\_\_\_\_

\_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

- Yes, we plan on submitting a proposal.
- Please continue to provide updates to the individual named above.
- No, we do not plan on submitting a proposal.

Reason: \_\_\_\_\_