

SAMPLE



CITY OF SUNNYVALE, CALIFORNIA

**REQUEST FOR PROPOSALS #F0007-01
FOR
BANKING SERVICES**

July 6, 2000

**PROPOSALS DUE:
WEDNESDAY, AUGUST 2, 2000, AT 3:00 PM**

**In the Purchasing Division
Sunnyvale City Hall Annex
650 West Olive Avenue
PO Box 3707
Sunnyvale, CA 94088-3707**

**BUYER: ELAINE WESELY
(408) 730-7418**

INTRODUCTION

The City of Sunnyvale, California is an industrial / residential community located 40 miles south of San Francisco with an employment base of approximately 115,000. Sunnyvale is generally considered the heart of Silicon Valley, with high-tech companies comprising the majority of Sunnyvale's industrial sector. The City was incorporated in 1912 and became a Charter City on May 18, 1949. It operates under a Council / Manager form of government. The seven-member City Council appoints a City Manager who appoints all other employees according to provisions of the charter and the Civil Service Rules and Regulations.

Sunnyvale's current population is over 132,000 within 24 square miles of the City. The City provides the full range of municipal services contemplated by its Charter. The City has approximately 820 full-time employees, plus over 300 part-time and other employees working in the following operating departments: Community Development, Employment Development, Finance, Human Resources, Information Technology, Libraries, Office of the City Attorney, Office of the City Manager, Parks & Recreation, Public Safety, and Public Works.

The City's primary banking relationship is currently maintained at Union Bank of California. The City has determined that it is appropriate at this time to formally bid out its banking arrangements in order to establish a new contract commencing January 1, 2001. The City wishes to create efficiencies, make improvements where possible, and take advantage of new, applicable technologies. The City intends to maintain all banking services with one financial institution to maximize cash flow and minimize administrative costs. As such, banking services proposals must include services for the account system outlined. Proposals for partial services or a different cash management system will not be considered. This RFP does not cover any other services, such as custody services, certificates of deposit, investments, or bond trustee services.

The intent of this RFP is to identify a financially secure federal or state chartered banking institution that can offer the highest quality of service at the lowest overall cost to the City of Sunnyvale. The establishment of a three (3) year contract commencing January 1, 2001 is desired, with an option to renew for an additional two (2) years thereafter. The City requires fixed pricing for the first three years of the contract, with any price increases in years four and five limited by the prevailing Consumer Price Index.

The City will make every effort to 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, timeline, or any other aspect of the process at any time and as deemed necessary by City staff. 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 awarding of a contract shall be contingent on the availability of funds and the requisite staff and Council approvals. The decision to award any contract to a particular company will be based on many factors to include, but not limited to, branch location, products available, service levels, overall cost, quality of references, financial strength, etc. No single factor will determine the final award decision.

RFP AND PROPOSAL SCHEDULE

The City intends to follow the schedule described below during the procurement process for Banking Services, but reserves the right to alter the schedule at any time for any reason.

<u>ACTIVITY</u>	<u>DATE</u>
Release of RFP	July 6, 2000
Questions Due from Banks	July 14, 2000
Proposal Due Date	August 2, 2000
Commencement of Contract	January 1, 2001

PROPOSAL PROCEDURES

Proposal Format - A proposing bank **must** follow the instructions for preparing the proposal in the prescribed format. For the original proposal and the three copies, section tabs (A through Z) must be used in a *three-ring binder* with responses in the order described in the RFP. Each question in the RFP shall be repeated with the bank's response following. 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 section of the proposal. An alternative equivalent service may be offered.

Submission of Proposal – Proposal must be received by the Purchasing Division no later than 3 p.m. on Wednesday, August 2, 2000. Late proposals will not be considered. Proposal must be submitted in a sealed envelope, marked "Banking Services RFP #F0007-01", and delivered to: Purchasing Division, 650 West Olive, PO Box 3707, Sunnyvale, CA 94088-3707. Telephoned or faxed proposals will not be accepted.

Right to Reject Proposals - The City reserves the right to reject any and all proposals, to waive any non-material irregularities or informalities in any proposal, and to accept or reject any item or combination of items.

Execution of Agreement - If a bank is not able to execute an agreement within thirty (30) days after being notified of selection, the City reserves the right to select the next most qualified proposing bank or call for new proposals, whichever the City deems most appropriate. The bank shall be required to enter into a written contract with the City of Sunnyvale in a form approved by legal counsel for the City. The City of Sunnyvale reserves the right to negotiate the terms and conditions of the contract with the selected provider.

Incorporation of RFP / Proposal - This RFP and the bank's response, including all promises, warranties, commitments, and representations made in the successful proposal, will become binding contractual obligations and will be incorporated by reference in any agreement between the City and the bank.

Authorized Signatories - Bank personnel signing the cover letter of the proposal or any other related forms submitted must be authorized signers with the requisite authority to represent their firm and to enter into binding contracts with clients.

Validity of Proposals - Proposed services and related pricing and warranties contained in the proposal must be valid for a period of 120 days after the submission of the proposal.

BANKING SERVICES PROPOSAL CONTENT AND FORMAT

In order for the City to be able to adequately compare and evaluate proposals, all proposals must be submitted in accordance with the format detailed below.

Cover Letter: (One page maximum.) The letter should designate the proposing bank, the address of the bank office where the relationship will be housed, the address of the closest local branch, if different, and be signed by an authorized bank officer. No pricing information should be included in this section.

Tab A - Table of Contents: (One page maximum.) Table of Contents should follow the RFP format.

Tab B - Bank Profile: (One page maximum.) Please provide the following information:

Bank Overview - General overview of bank, customer service philosophy, and identification of the primary office or branch that the City will be assigned to and where the City will conduct its banking business.

Experience - 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.

Relationship Management - Identify 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.

Tab C - References: (One page maximum.) Please provide three (3) references (preferably public agencies) for whom you have provided banking services similar to those required by the City. Include the following information for each reference:

Contact Name:
Title:
Name of Customer:
Address:

Telephone Number:
Fax Number:
of Yrs. as Customer:
Services Utilized:

Tab D - Demand Deposit Accounts: (One page maximum.) The City currently uses fifteen (15) demand deposit (checking) accounts. The General Account serves as the concentration account for disbursements and deposits. The City may wish to set up three accounts as Zero Balance Accounts. The Schedule of Bank Accounts below reflects the desired account structure. The City does not guarantee that the balances will be maintained at these same levels.

<u>Name of Account</u>	<u>Balances</u>
General Account (Sweep, Disbursements, Deposits, Parent ZBA)	\$6,422,124
Worker's Compensation Account (Third Party Administrator, ZBA)	\$ 102,357
Miscellaneous Deductions (Child Support Payments from Employees, ZBA)	\$ 5,470
Property Management Account (Rental properties, ZBA)	\$ 11,006
Petty Cash – Senior Center	\$ 1,077
Petty Cash - WPCP	\$ 600
Petty Cash – Book Returns	\$ 200
Petty Cash – City Hall	\$ 2,135
Petty Cash – Columbia Middle School (For specially funded projects)	\$ 70
Petty Cash – Sunnyvale Middle School (For specially funded projects)	\$ 70
Petty Cash - Community Development	\$ 562
Petty Cash – Corp. Yard	\$ 1,662
Petty Cash – Employment Development	\$ 1,512
Petty Cash – Library	\$ 1,123
Petty Cash – Public Safety	\$ 1,468

Please provide answers to the following questions:

1. Does the bank offer Electronic Bank Statements, whereby the City can receive its bank statement in an electronic file in a desired custom format?
2. How many days after month-end will the City receive its bank and analysis statements?
3. Does the bank offer Zero Balance Accounts (ZBA's)? If so, please describe the service.

4. Does the bank allow for statements to be generated on dates other than the end of the month, i.e., based on the City's accounting cycle?

Tab E – Collateralization of Deposits: (One page maximum plus contract.) Please detail the bank's procedures for collateralizing public funds deposits and include answers to the following questions:

1. What types of securities are used as collateral?
2. Which bank department is responsible for tracking deposits and monitoring collateral?
3. What is the bank's current level (\$ amount) of public funds deposits and the related collateral?
4. What is the frequency of reporting to the State Treasurer's Office?
5. Please include a copy of the Bank's Contract for Deposit of Moneys in this Section.

Tab F - Bank Compensation: (Two pages maximum.) The City compensates for bank services primarily with balances and is billed for any account analysis deficiencies quarterly. Please provide the information requested below, including answers to the following questions:

1. What is the bank's Earnings Credit Rate (ECR) based on, and how is it calculated?
2. List the bank's actual ECR for the months of April, May, and June 2000.
3. What account analysis settlement period will be offered? Monthly, quarterly, or semi-annually?
4. How long will the bank's pricing as indicated in this proposal and the Banking Services Bid Form be fixed?
5. Please detail exactly which types of items and services can be applied against the City's account analysis in addition to standard bank services. Is there a mark-up for any of the items? If so, how much?
6. Does the City have the option of compensating on a fees or balances basis? Please describe any differences in related costs to the City with either option.
7. How long will it take for the bank to correct any billing errors on Account Analysis?
8. What procedure is used to make any adjustments to Account Analysis statements and how long does it take for adjustments to take effect? How are adjustments handled if the analysis period has already ended?

Tab G - Wire Transfers: (One page maximum.) The City currently transacts wire transfers by telephone, initiating approximately nine (9) outgoing wires and receiving six (6) incoming wires a month. Please describe the bank's on-line wire transfer service capabilities and include answers to the following questions:

1. What specifically does the bank recommend for the City's use and consideration?
2. What safeguards and security measures does the bank have in place to protect the City?

Tab H - Deposit Activity: (Two pages maximum.) The City currently uses an armored car service (Armored Transport) for daily deposit pick-ups at the following locations: Finance Dept., Libraries, Permit Center, Senior Center, Public Safety, and Community Center. The armored car service is contracted and paid for directly by the City and is not paid through Account Analysis. Total monthly deposits consist of approximately 15,000 checks (5,000 pre-encoded and 10,000 unencoded) and over \$200,000 in coin and currency. Deposited items are automatically reconciled once. Checks that are ultimately returned are mailed to the City.

The City requires the ability to use the local branch to make branch deposits, to get change, to allow employees to cash payroll checks, and for other miscellaneous activities. Branch deposits occur during the day or through night drop. Each City department or division has a unique identifier number printed on its deposit slips.

Please provide the information requested below and include answers to the following questions:

1. What is the bank's closest branch to City Hall?
2. What is the required deposit preparation for encoded checks deposited? Unencoded checks?
3. Please describe the bank's cash deposit requirements. How should the coin and currency deposits be bundled?
4. Please describe in detail the bank's procedures for handling deposit adjustments. What documentation on discrepancies does the bank provide? Is the documentation different for cash deposits and check deposits? What is the minimum adjustment amount? How soon would support documentation of a deposit discrepancy be provided to the City?
5. How are deposit adjustments and the related notification and support documentation handled for Night Drop deposits?
6. Please describe the bank's returned item handling and notification procedures. How long does it take for returned items to be sent to the City? Can the bank provide returned item information by the City department that deposited it, i.e., by identification or location number?
7. What are the cut-off times for deposits at the bank's local branch and at the bank's Operations Center to ensure same day credit? Where is the Operations Center / Cash Vault located?

8. Can the bank provide messenger service for routine business items or check deposits? If so, what is the monthly charge?
9. Can change orders for \$500 or less be made available to City departments without advance notice?
10. Can the bank provide emergency cash, up to \$50,000, with 24 hours notice on a confidential basis to the City's Public Safety Department? The currency must be provided in various denominations and used bills, and such transactions must be exempt from federal and state cash deposit reporting.

Tab I - Account Reconciliation: (One page maximum.) The City currently issues approximately 1,900 Accounts Payable, Payroll, and other checks monthly and uses Partial Account Reconciliation with daily data transmissions from the bank of checks paid information. This service essentially serves as Reverse Positive Pay, with the City accepting and matching files daily.

Please provide the information requested below and include answers to the following questions:

1. Does the bank offer Partial Account Reconciliation with data transmission capabilities? If so, please describe the services and what is recommended for the City's' consideration.
2. Describe the bank's on-line stop payment service. How long is a stop payment effective? How often do stop payments need to be reinstated?
3. Will the bank guarantee payment of all items even if it results in the account being overdrawn temporarily for the day?
4. Does the bank have the ability to confirm the status of a check as of the issue date?
5. Describe the bank's check truncation service and how to receive or make copies of paid items. How long does it take to obtain a copy of a paid check?
6. What is the bank's finesorting charge per item?
7. Does the bank offer a CD-ROM imaging service? If so, please describe the service including the quality of the images.

Tab J - State Activity: (One page maximum.) The City transacts State of California Local Agency Investment Fund (LAIF) transfers on a regular basis (approx. 6 - 8 transfers a month) and receives State warrants for deposit.

Please provide the information requested below, including answers to the following questions:

1. Is the bank an approved State of California depository?
2. What is the charge per transfer to LAIF? From LAIF?
3. What is the charge for the deposit of State warrants in Sacramento?

4. Please describe the LAIF transfer process. Are the transfers done by telephone, terminal, fax, wire transfer, etc.?
5. 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?

Tab K - Direct Deposit of Payroll: (Two pages maximum.) Direct Deposit of Payroll is currently in place, with most of the City's employees participating. The payroll files are sent to the bank by CPU-CPU data transmission for paydays that occur on every other Thursday.

Please provide the information requested below, including answers to the following questions:

1. Please describe the bank's ACH and Direct Deposit service.
2. What are the different ACH file transmission options available to the City?
3. What are the transmission deadlines for Direct Deposit ACH files? When (day and time) does the bank need the file from the City?
4. Please detail the bank's back-up plans for data transmissions. The City requires immediate notification of any changes or problems and the ability to re-send a file or to delete a file.
5. What screening measures does the bank use to minimize errors on files sent to you (ABA screening, etc.)?
6. Can payroll credits be sent to employees' savings accounts?
7. What special banking programs are available to employees who use Direct Deposit?

Tab L - Payroll Tax Processing: (One page maximum.) Please describe the bank's payroll tax withholding services and its related costs. The City requires the ability to report and pay state and federal tax withholdings automatically either by telephone or PC.

Tab M - Overnight Sweep: (One page maximum plus prospectus.) The City will continue utilizing an automatic, overnight DDA Sweep with all collected funds in excess of a \$1,000,000 peg balance swept into an investment fund.

Please describe the bank's DDA Sweep service and provide indicative rates on its Sweep product's fund(s) for the past three (3) months. Include answers to the following questions:

1. Is the bank's Sweep an End-of-Day or Intra-Day Sweep?
2. What Sweep investments or funds are available for public funds clients?
3. Does the fund(s) meet the California Government Code for allowable investments? What is the size of the Sweep fund(s)? Please include a prospectus in this section.

4. What are the costs associated with Sweep (monthly maintenance, set-up charges, fund expenses, transaction fees, etc.)?
5. Is a peg balance required? If so, how much? What are the procedures for changing the peg?
6. How many of the bank's public agency clients use Sweep? Please cite three such clients.

Tab N - Balance Reporting: (One page plus sample reports.) The City currently accesses daily balance reporting information (prior day) by PC and modem for its accounts.

Please describe the bank's on-line information reporting system and answer the following questions:

1. How can reports be custom-tailored for the end-user?
2. Can the City obtain current day (intra day) information? If so, please describe the service.
3. What are the computer hardware and software specifications for the bank's on-line system?
4. 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.
5. What is the bank's contingency plan for providing this information in the event of unexpected bank systems problems or natural disasters?
6. Can the bank provide credit or deposit information by location or identifier number? Can deposit adjustments also be listed by location number?

Tab O - Merchant Bankcard: (Two pages maximum.) The City currently accepts Visa and MasterCard credit card payments approximating \$300,000 in collections a month at nine (9) locations with fifteen (15) terminals. The City would also like to accept debit cards (handled at only one terminal now), as well as American Express and Discover Card.

Please provide the information requested below and include answers to the following questions:

1. Please describe the bank's Bankcard and Point-of-Sale processing capabilities. Do you offer an integrated PC-based networking system, whereby transactions can be input and tracked centrally by the City? What software does the bank use for card processing?
2. What authorization methods do you support and which do you recommend?
3. Please quote a discount rate and any other applicable charges for the credit card processing described above. Quote rates for both swiped and non-swiped transactions.
4. What are the fees associated with debit card transactions?
5. How is the applicable interchange fee determined for each transaction? What does the bank recommend to minimize interchange fees?

6. When and how are the discount rate and other fees charged the City?
7. Describe your reporting methodology and how adjustments and chargebacks are handled. Are chargebacks and other debit adjustments netted from daily proceeds or debited separately? Is the discount fee refunded when a chargeback or refund occurs?
8. 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? Will the bank break out settlement amounts by merchant location?
9. Can the bank supply the City with the terminals, printers, and pin pads, and if so, what is the cost to lease or purchase the requisite equipment?

Tab P - *Electronic Funds Transfer Services:* (One page maximum.) The City currently offers an ACH Direct Debit option to its utility customers, with 3,000 clients participating. The City is also considering an ACH Credit program for vendor payments.

Please describe the bank's EFT and ACH services and detail all of the costs associated with ACH for a vendor payment program. Also, include answers to the following questions:

1. Does the bank offer both ACH debit and credit programs?
2. What hardware, software, and special programming is required for the implementation of an ACH credit program for payments to City vendors?
3. Does the bank offer an electronic bill payment service? If so, please describe.

Tab Q - *Controlled Disbursement:* (Two pages maximum.) The City might consider the use of Controlled Disbursement for its A/P checks and other disbursements.

Please provide the information requested below and include answers to the following questions;

1. Does the bank offer Controlled Disbursement services? If so, what points are offered? What are the benefits of using Controlled Disbursement?
2. Are the points single presentment or dual presentment? What are the reporting times for each day's presentment totals?
3. How are the presentment totals reported? By what time each day would the City receive information on 100% of its clearings?
4. Can Partial Account Reconciliation continue to be used with the bank's Controlled Disbursement services?
5. Please detail the costs associated with your bank's Controlled Disbursement services.

Tab R - Misc. Questions - (One page maximum.) Please respond to the following questions:

1. Can the bank provide the City with Letters of Credit for various business transactions?
2. Does the bank provide a toll-free number for Customer Service?
3. What is the bank's policy regarding Daylight Overdrafts? Is there a charge for DOD's and if so, how is it calculated?
4. The bank will be required to provide certain transaction confirmations and respond to other requests for data as needed from the City's auditors. Will the bank be able to comply with such requests?
5. How are supply orders handled? Will the bank keep a record of which City department or individual ordered supplies, so orders can be researched and traced easily? Is there a mark-up on supply orders?

Tab S - Implementation Plan and Costs: (One page maximum.) The City requires a smooth and low-cost transition to a new bank or to enhanced services with its existing bank.

Please provide the information requested below and include answers to the following questions:

1. Please describe the bank's plan to implement the proposed services and to ensure a smooth, error-free conversion.
2. Please detail *all* costs and the responsible party (bank or City) associated with the conversion of all of the new services.
3. What size conversion allowance will the bank provide to the City? Please state a specific dollar amount.
4. Will the bank provide on-site training for City personnel for all of the services selected?
5. Describe in detail how the bank handles problem resolution, customer service, day-to-day contact, and ongoing maintenance for governmental clients. *Please be specific about exactly whom the City will be calling and working with for the above described situations.*

Tab T - Service Enhancements: (Two pages maximum.) Based on the information provided in the RFP and your firm's knowledge of the public sector, please describe any services or technological enhancements, not previously mentioned, that should be considered for further improving the effectiveness of the City's treasury management operations.

Exhibits For Banking Services Proposal

The following exhibits must be included with the proposal:

Tab U - *Banking Services Bid Form – Please complete and submit the form entitled “Banking Services Fee Schedule” which is included with this Request for Proposal.*

Tab V - *Standard Bank Fee Schedule for Government / Corporate Clients*

Tab W - *Sample Account Analysis Statement and User’s Guide*

Tab X - *Sample Partial Account Reconciliation Reports*

Tab Y - *Relevant Cash Management Agreements*

Tab Z - *Bank Credit Ratings
Most Current Annual Report*