

City of Poulsbo
Banking Services
Request for Proposal
Due Date: 4:00 p.m. September 18, 2017

I. Introduction

The City of Poulsbo (City) invites commercial banking institutions (Bank) who possess the capability and expertise to provide depository and various other banking services, to submit proposals for the provision of those services according to the requirement set forth in this document. The purpose of this process is to identify the banking institution that can provide maximum services and competitive pricing to the City.

The City is a noncharter code city. The City operated under an elected mayor and an elected seven-member City Council. The City's Finance Department is responsible for banking services, purchasing, utility billing, accounts payable and accounts receivable, debt service, cash and investments, budget, payroll, grants, and financial reporting.

II. Conditions Qualifying a Bank to Propose

A. Location within the city limits

1. Bank must be a Federal or State of Washington chartered banking institution with branch banking facilities located within the city limits of the City of Poulsbo. If the headquarters of the proposing bank is not located within the city limits, a branch of the bank located within the city must offer the full range of banking services required by this Request of Proposal (RFP)

B. Mandatory Requirements

1. Bank must be approved by the Washington Public Deposit Protection Commission as a qualified public depository. The qualified designation must remain in effect for the duration of the Banking Services Contract
2. The Bank must be insured by the Federal Deposit Insurance Corporation (FDIC)
3. Legal Compliance. The Bank must be in compliance with all applicable laws, rules, regulations, and ordinances of the City of Poulsbo, the State of Washington and the United States.
4. The Bank must be a member of (or have access to) the Federal Reserve System and have access to all Federal Reserve System services.

C. Other Qualifying Conditions

1. The Bank must be full-service financial institution capable of providing the banking services identified in this Request for Proposal.
2. The Bank must provide copies of all documents required by State law (Public Fund Protection Act of 1969, chapter 193) as a part of the submittal to the City. The Bank must meet or exceed the requirements outlined therein.

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III. Time Schedule

Event	Date
Request for Proposals Issued	August 18, 2017
Deadline for Questions	September 1, 2017
Proposal Responses Due	September 11, 2017
Preliminary Selection of Firm	October 5, 2017
Recommendation to City Finance Committee	October 18, 2017
Council Approval	November 1, 2017
Notify Bank Chosen	November 3, 2017
Transition and Testing period (no compensation)	December 1, 2017
Effective Date of New Contract	January 1, 2018

These dates are estimates and subject to change by the City

IV. Proposer Questions

A. RFP Coordinator

1. Upon release of this Request for Proposals(RFP), all communications concerning this acquisition must be directed to the RFP Coordinator listed below:

Jana Brown, Accounting Manager
City of Poulsbo
200 NE Moe Street
Poulsbo, Washington 98370
Phone: (360) 394-9721
Email: Jbrown@cityofpoulsbo.com

2. All Proposers may send a request to the RFP Coordinator via email asking to receive a copy of all requests.
3. Unauthorized contact regarding this RFP with other City of Poulsbo employees may result in disqualification. Any oral communications will be considered unofficial and non-binding on the City of Poulsbo. Proposers should rely only on written statements issued by the RFP Coordinator.

B. Questions

1. All questions related to errors, conflicts or inadequate information in the RFP must be submitted in writing to the RFP Coordinator named above. Questions of this nature must be received a minimum of 10 days in advance of the scheduled deadline for receipt of answers within 3 days prior to the deadline.
2. All answered questions will be sent out to all those who have registered with the RFP Coordinator

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C. Disclaimer

1. The responsibility for determining and obtaining the full extent of all information needed to respond to the Request for Proposals (RFP) rests with the Bank. Submission of a proposal constitutes acceptance of the procedures, evaluation criteria, and other instruction of this RFP.

V. Submittal Instructions

A. Proposal Response

Bank submittals must be received in City Hall, in its entirety, no later than 4:00 p.m., Pacific Time in Poulsbo, Washington, on September 18 2017. All proposals and accompanying documentation will become property of the City of Poulsbo.

Banks submitting proposals assume all risk related to the method of dispatch chosen. The City of Poulsbo assumes no responsibility for delays caused by any delivery service. Postmarking by the due date will not substitute for actual proposal receipt. Late proposals will not be accepted nor will additional time be granted to any Bank wishing to submit a proposal. Proposals may not be delivered by facsimile transmission or other telecommunication or solely by electronic means.

B. No Proposal

If a Bank cannot meet a service requirement, then the term “No Proposal” should be entered on the Proposal Form for that specific requirement. In the case of a “No proposal” remark, the Bank may offer an equivalent alternative service. Failure to substantially propose on all basic services may result in bid rejection.

C. Multiple Banks

A Bank may submit equivalent alternative proposals for any and all of the optional banking services.

D. Proposal Deadline and Submittal instructions

All proposals should be directed to:

City of Poulsbo
Finance Department
200 NE Moe Street
Poulsbo, WA 98370

All proposals must be in a sealed envelope and clearly marked in the lower left-hand corner: “RFP-Banking Services”.

All proposals must be received by September 18, 2017 at 4:00 pm. Two (2) copies of the RFP must be presented. No faxed, emailed or telephone proposals will be accepted.

Proposals should be prepared simply and economically, providing a straight forward, concise description of provider capabilities to satisfy the requirements of the request. Special bindings, colored displays,

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promotional materials, etc. are not required. Emphasis should be on completeness and clarity of content. The City encourages the use of recycled paper and double-sided printing whenever possible.

E. Late Proposals and Modifications

Any modifications or late submittal received after the time of opening will not be accepted. Late proposals shall be returned unopened.

F. Public Information

Submittals are considered public information once a proposal is opened by the City. Only under limited circumstances can submittal information be considered proprietary and not subject to disclosure. In no case can a Bank indicate that their entire submittals is proprietary, and the City shall make the sole determination of what information may be considered proprietary based upon the City interpretation of the Public Disclosure laws.

G. Right to Reject Proposals and Waive Informalities

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

H. Execution of Agreement

If a Bank does not execute an agreement within fifteen (15) days of notification of award by person or by mail, the City may give notice to the Bank of the City's intent to select the next most qualified "proposing Bank" or call for new proposals, whichever the Finance Director deems most appropriate.

I. Non-Endorsement

As a result of the selection of a firm to supply equipment and/or services, the City is neither endorsing nor suggesting that the Bank's equipment and/or services are the best or only solution. The Bank agrees to make no reference to the City of Poulsbo in any literature, promotional material, brochures, sales presentation or the like without prior express written consent from the City.

J. Cost of Preparing Proposals

The City of Poulsbo is not liable for any costs incurred by Banks in the preparation and presentation of proposals in response to this RFP.

VI. Selection Process

A. Qualifications and Criteria for Selection

1. Vendors must demonstrate an ability, knowledge and background in successfully providing banking services. Experience in municipal banking services is preferred.
2. Proposals for this project must be accompanied by at least three (3) references of recent successful banking relationships (municipal preferred).
3. The chosen proposal under this project will be determined by a number of factors, with emphasis on the overall quality of banking services to be provided. Other evaluation factors will include:

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- **Proper Submission of Proposal:** Receipt of proposal by due date (September 18, 2017) as outlined in this proposal according to our specifications. Late submissions or delivery via facsimile or email will not be considered.
- **Comprehensiveness of Services Provided:** Overall capabilities of the bank to meet the required service levels described in this RFP.
- **Public Sector Experience and Resources:** The Bank's experience in providing services to the public sector, as well as dedicated resources and personnel.
- **Strength and Stability of Bank:** The bank's financial standing among its peers and the associated credit quality ratings.
- **Charges for Services:** The amount of proposed charges and pricing increases in subsequent years.
- **Cost of Transition:** The total cost of changing banks.
- **Service Enhancements:** The bank's efforts to understand our banking needs and goals, and the creativity the bank shows in introducing new technologies and efficiencies to improve our current practices and procedures.
- **Assigned Relationship Manager/Team:** The credentials and experience of the person(s) assigned to our relationship.
- **Community Involvement:** The City of Poulsbo is interested in all proposing banks' community involvement specifically through their Community Reinvestment Act (CRA) policies and performance under each of the Lending, Investment and Service tests in the Poulsbo/Kitsap County area.
- **Other Factors:** Any other factors that we believe would be in our best interest to consider which were not previously described.

B. Responsiveness to Criteria

Services will be evaluated on availability, time schedules, reporting, and in the case of interest bearing demand account; services will be evaluated on interest rates.

All proposals from qualified public depositories that pass the completeness test and financial strength/capacity tests and provide a satisfactory service level will then be ranked based upon least total cost to the City. Total cost to the City is defined as the lowest combination of projected monthly service costs, highest earnings factor specified in the Bank's proposal and the resulting compensating direct fee. However, the City reserves the right to select the Bank which, in its opinion, provides the best combination of service quality and costs to the City.

The basic required service proposal will be evaluated separately from any optional service proposal. Please make each proposal separate so that each can be evaluated on its individual completeness and cost criteria.

VII. Terms and Conditions

A. Cancellation of Contract

The Banking Services Contract shall provide that either the City of the selected Bank reserves the right to cancel any agreement at any time upon ninety (90) days written notice of its intent to terminate any

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agreement. A decision to terminate the depository contract during the initial five years of the contract may NOT be as a result of profitability or non-profitability by either party.

B. Awarding of Contract

The City of Poulsbo Banking Services Contract is expected to be awarded at the City Council Meeting (November 1, 2017) at 7:00 p.m. in the City Council Chambers, 200 NE Moe Street, Poulsbo, Washington.

C. Draft Contract Form

A draft contract form is attached. This form is supplied by the City and may be used for this agreement. The City reserves the right to reject any proposed agreement or contract that does not conform to the specifications contained in this RFP and which is not approved by the City Attorney.

D. Contract Duration

The awarded Bank shall enter a five-year contract with the City. Prior to expiration of the five-year term, the City and the Bank may mutually agree to additional year(s) at fees not to exceed an increase based on 90 percent of the Consumer Price Index All Urban Consumers, Seattle-Tacoma-Bremerton Area (CPI-U), issued for the June to June period. This is the CPI-U published by the U.S. Department of Labor, Bureau of Labor Statistics, P.O. Box 192766, San Francisco, California 94119-3766.

VIII. Scope of Services

A. General Information

The City is soliciting proposals for a primary banking relationship with a Bank or Firm which operates an office within the city limits. The City will be contracting for the following general services for a five year period beginning January 1, 2018 and ending December 31, 2022. At the City's option, an extension, will be permitted with the same terms and conditions of the original contract and as it is amended.

The following is a listing of mandatory services the City requires of its Bank:

- Demand deposit checking accounts
- On-line services
- Remote Deposit Capture (Check 21)
- Overdraft Protection
- Trust and Escrow Agent Services
- Banking Supplies
- ACH Debit/Credit Services
- Payroll Direct Deposit
- Account Reconciliation Processing
- Positive pay protection
- Safekeeping (Optional)
- Excellent customer service & response

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B. Services Required

1. **Checking Accounts:** The City currently utilizes two checking accounts: 1) the primary checking account, which includes accounts payable & payroll check processing; and 2) a Municipal Court operating account. The Bank would furnish the City with additional checking accounts as needed. Currently, City staff daily scans all checks electronically and remotely deposits into the appropriate account. Cash deposits (consisting of cash, coin and non-MICR read checks) are then picked-up at City Hall (one location) via an armored service once per week and delivered directly to the Bank's vault. NSF checks must be processed twice before being returned to the City.

The basic checking account services should at least consist of:

- Provide month-end statements electronically by the 3rd business day of the following month and provide paper statements to various auditors upon request;
 - Electronic check image retrieval on CD monthly including necessary software;
 - Provide individual and consolidated monthly account analysis for all accounts by the 10th day of the following month;
 - Provide an automated wire transfer system for transferring money to other Banks, along with appropriate security levels for wire transfer initiations and approvals;
 - Provide computer balance reporting system, with information on collected, available and closing balances, as well as details of all debits and credits posted to the account for the previous day, by 7:00 a.m. (PST) each business day;
 - Provide a reporting system that shows current day ACH transactions, by 9:00 a.m. (PST) each business day;
 - Provide support in answering questions, troubleshooting problems and resolving issues in a prompt manner;
 - Provide means to inquire about canceled checks and stop payment on checks upon proper authorization.
2. **On-line Services:** Currently the City utilizes most banking services via a secure on-line access to their banking accounts. It will be important to assure PCI compliance and equipment and data compatibility. Will need the following services within the on-line portal:
 - On-line secure account access by individual user
 - On-line daily deposits
 - On-line balancing reporting, transaction look-up, re-print of source document
 - On-line stop payments
 - On-line wire, ACH, and account transfers with the ability to future date transactions
 - On-line Positive Pay processing
 - On-line account management
 3. **Remote Deposit Capture (Check 21):** The City currently scans each check received and processes a batch deposit at the end of each day. Any specialized software and equipment needs for this would need to be included.

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4. **Overdraft protection:** Although the City will attempt to minimize daylight and overnight overdraft situations, it recognizes that there are times these situations will occur. It is anticipated these overdraft situations will not exceed \$1,000,000, if and when they do occur.
5. **Trust and Escrow Agent Services:** The City requires multiple trust accounts be made available and may require escrow agent services to hold letters of credit and other third party commercial documents.
6. **Banking Supplies:** The Bank will be required to provide a supply of coin rollers, security pre-numbered plastic deposit bags, deposit slips, and endorsement stamps for each location.
7. **ACH Debit/Credit Services:** The City processes many transactions using ACH and continues to grow.
8. **Payroll Direct Deposit:** Currently, the City transmits the payroll data to the Bank via internet one working day prior to payday. Deposits must be made into the employees' account by 8:00 a.m. on payday. Any deviation from these time limits must be stated in the proposal.
9. **Positive Pay:** The City electronically manages disbursements for internal controls and deterrence of check fraud.
10. **Safekeeping:** The City currently uses third-party custodian services for all City securities transactions with about 1 to 3 transactions monthly.
11. **Excellent customer service & response:** The City expects and places a premium on good, personalized service.

IX. Banking Services Questions/Statements

- A. **Provide the names** of individuals, with phone numbers and email addresses, who will be working on the proposed services and their areas of responsibility including their specific experience relative to the request for proposal requirements.
- B. **Submit at least three (3) references** (preferably from current local government customers) who can attest to the Bank's experience as it relates to providing banking services. The references must include contact name, title, e-mail address, telephone number and services used.
- C. **Community:** Describe your Bank's community participation/reinvestment program including your community Reinvestment Act (CRA) rating.
- D. **Customer Service:** Describe your Bank's customer service philosophy and organizational structure and provide meaningful examples to illustrate.
- E. **Statements:** Please provide the following sample reports:
 1. Monthly checking account statement.
 2. Monthly account analysis.
 3. Most recent Financial Statement
 4. SEC and/or Moody's credit rating or comparable rating
- F. **Funds Available:** provide a funds availability schedule. Describe one day, two-day availability and wire requirements.

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G. Balance Reporting:

1. What time is previous day information available for access by the customer?
2. Does the bank provide current day information?
 - a) How frequently is this information updated throughout the day?
 - b) What transaction types are available on current day reports?
3. How many days of history can be accessed through the system?
4. Sample printout of the daily on-line balance information.

H. ACH Services:

1. What is the recommended service delivery method (i.e. direct transmission, on-line, or other.)?
 - a) Does the software offer the ability to manage security and access levels by user?
 - b) What controls are in place to protect against lost files and duplications of transmissions?
 - c) Does the bank provide automatic file receipt acknowledgements? If so, how?
2. What are the hours of operation of the ACH unit?
3. Describe the procedures used to verify accurate and secure receipt of transmissions.
4. How does the bank handle file, batch and item reversals and deletions?
5. If there is a problem with a transmission who is contacted?

I. Positive Pay:

1. What is the recommended service delivery method (i.e. direct transmission, on-line, or other.)?
 - a) What are the hardware/software requirements?
 - b) What are the file format specifications?
2. What is the bank's deadline for transmitting files/data?
3. What is the process for notifying the bank of a single check or small check run outside of the regular batch file?
4. How does the city notify the bank of voided and stop payment checks?
5. Does your bank have payee verification?
6. Is the positive pay service fully implemented at all bank branches?
7. How does the bank handle exception ("paid not issued") items?
8. Does the bank offer a daily listing of exception items?
9. What is the timeline for reporting exceptions to the city?
10. How are exceptions reported to the city? Will an image be available?
11. What is the timeline for the city to act on any exceptions?
12. What are the hours of operation of this service unit?

J. Remote Deposit Capture

1. What controls are in place to protect against lost files and duplications of transmissions?
2. Does the bank provide automatic file receipt acknowledgements? If so, how?
3. Describe the role of any third-party processor used by the bank to provide this service?
4. What is the bank's deadline for transmitting files/data?
5. How long is this information accessible?

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- K. Payment of Fees:** Respondents will need to provide information on the following:
1. The effective rate and formula used to calculate the service charge credit for collected fund balances;
 2. The proposed method for setting rates on a compensating certificate of deposit;
 3. A time frame proposed to pay any additional fees not offset by the service charge credit;
 4. whether a service charge credit/debit can be carried forward to the next period; and
 5. The formula for any fees in the event of an overdraft.
- L. Errors and Adjustments**
1. Describe your adjustment process for resolving deposit discrepancies.
 2. At what dollar amount do you write off discrepancies?
 3. Do you adjust the deposit amount or process an adjusting debit or credit?
 4. Describe how inquiries requiring research and adjustment are handled by the Bank. Are there established turn-around times for research and adjustment items? If yes, specify.
- M. NSF/Returned Items:**
1. Describe processing procedures
 2. What are the fees?
 3. Are there any other related services available?
- N. Security/Protection Measures:** What security features are in place to minimize the risk of unauthorized transactions?
- O. Service Enhancements:** Describe any enhancements, technological or otherwise, that we should consider to improve operational or cash management efficiencies.
- P. On-Line Banking:** Discuss your use of the internet in providing services to your municipal/business customers. What type of transactions, what type of security, limits and any plans for the future.
- Q. New Services:** Provide information on how your Bank plans to keep your product line competitive. Describe what approach the bank is taking in the development of new services and what new services and/or features the bank plans to offer and within what time frame.
- R. Implementation:** Provide a detailed description of the implementation process, including testing, and a sample implementation schedule.
- S. Security/Protection Measures:** What security features are in place to minimize the risk of unauthorized transactions?
- T. Disaster Recovery:**
1. What disaster recovery plans does the bank have to avoid interruptions in service?
 2. How quickly can back-up facilities be activated?
 3. What disaster recovery services can the bank provide to the city if we are unable to operate from our own facilities?
- U. Operation:** List the address and hours of operation at your nearest branch office and also the hours of operation for non-branch services.

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- V. Other:** Details on services provided but not listed that may be beneficial to the city. Such as Lockbox services, purchasing cards, etc.

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Attachment A
Bid Sheet

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Attachment B
Draft Contract Form