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## REQUEST FOR PROPOSAL FOR BANKING SERVICES FORMAL BID NO. 08-118

### I. INTRODUCTION

The City of Turlock is currently seeking proposals from qualified financial institutions interested in providing comprehensive banking services. The City of Turlock intends to select one financial institution to deliver the services described herein and detailed in Section III.

A proposer must be a qualified public depository, as defined by Section 53635.2 of the California Government Code to perform its obligation under this proposal in compliance with all applicable federal and state laws, regulations, statutes and policies.

The City of Turlock prefers a financial institution that is a member of the Federal Reserve System. Proposers that are not members of the system shall identify their correspondent member bank. The City will not absorb costs incurred for transactions processed through the correspondent banking relationship.

The City will endeavor 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, time line and any other aspect of the process at any time 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 financial institutions in connection with the preparation or submission of a proposal. The awarding of any contract shall be contingent on the availability of funds and required City Council approval. The decision to award any contract to a particular financial institution will be based on a variety of factors; no single one of which will determine the final award decision.

Please provide options that may create efficiencies, process improvements, and/or take advantage of new, applicable technologies. The City truly appreciates the effort all the proposers and their respective staffs will put forth in responding to the Banking Services Request For Proposal for the City of Turlock.

### II. PROPOSAL PROCEDURES

#### 2.1. SCHEDULE OF PROPOSAL

Issue RFP	July 9, 2008
Pre-Proposal Conference	Thursday, July 24, 2008 at 2:00 pm, City Hall Tioga Conference Room
Proposals Due	Monday, August 11, 2008, 3:00 pm
Proposer's Presentation/ Oral Interview	By appointment only
Selection Made	August 26, 2008 at regularly scheduled Council Meeting
Contract Signed	No later than September 19, 2008
Conversion Date	No later than November 1, 2008

## **2.2. PRE-PROPOSAL CONFERENCE**

The pre-proposal conference will be held on Thursday, July 24, 2008 at 2:00 pm, at City Hall, in the Tioga Conference Room. The purpose of the conference is to familiarize prospective bidders or their representatives with the specification requirements and to answer questions that may arise prior to the proposal submission date.

## **2.3. PREPARATION OF PROPOSAL**

Each proposal shall be prepared simply and economically avoiding the use of elaborate promotional materials beyond those sufficient to provide a complete, accurate and reliable presentation.

## **2.4. NUMBER and SUBMISSION OF PROPOSAL COPIES**

Six (6) copies of the proposal should be submitted. Proposals should be sent to:

Julie Burke, Senior Accountant  
City of Turlock – Finance Department  
156 South Broadway, Suite 110  
Turlock, CA 95380

All proposals must be delivered to the above offices on or before Monday, August 11, 2008, at 3:00 pm. **Proposals received after the above date and time will not be considered.**

## **2.5. TIME AND LOCATION OF PROPOSER'S PRESENTATION/INTERVIEW**

If, in addition to the submission of the written proposal, the proposer would like to meet with City staff to present their proposal, the proposer should contact Julie Burke at (209) 668-5542, ext. 1317 to schedule an appointment.

At the discretion of the City of Turlock, financial institutions submitting proposals may be requested to make oral presentations as part of the evaluation process.

## **2.6. EFFECTIVE PERIOD OF PROPOSALS**

All proposals must state the period for which the proposal shall remain in effect. Such period shall not be less than 120 days from the proposal date.

## **2.7. RIGHT OF REJECTION BY THE CITY OF TURLOCK**

Notwithstanding any other provisions of this RFP, the City of Turlock reserves the right to award this contract to the financial institution that best meets the requirements of the RFP, and not necessarily, to the lowest bidder. Further, the City of Turlock reserves the right to reject any or all proposals prior to execution of the contract, to waive any non-material irregularities or information in any proposal and to accept or reject any items or combination of items, with no penalty to the City of Turlock.

## **2.8. CONTRACT NEGOTIATIONS**

After a review of the proposals, and possible oral presentations, the City of Turlock intends to enter into contract negotiations with the selected financial institution. These negotiations could

include all aspects of services and fees. If a contract is not finalized in a reasonable period of time, the City of Turlock will open negotiations with the next ranked firm.

## **2.9. AWARD OF CONTRACT**

The proposer to whom a contract is awarded shall be required to enter into a written contract with the City of Turlock in a form approved by legal counsel for the City of Turlock. This RFP and the proposal, or any part thereof, may be incorporated into and made a part of the final contract. The City of Turlock reserves the right to negotiate the terms and conditions of the contract with the selected proposer.

## **2.10. CONTRACT TERM**

It is the intent to award a contract for three (3) years. The decision to renew the contract will be at the sole discretion of the City of Turlock.

### **III. SCOPE OF SERVICES**

Describe the financial institution's ability to provide the general banking services listed below:

1. Maintain a branch office in the City of Turlock.
2. Have assets in excess of \$1 billion and at least \$30 million in equity.
3. Establish demand deposit accounts as necessary to meet the banking requirements of the City of Turlock. At present, six (6) separate accounts are used; including three (3) zero balance accounts (ZBA). One receives the deposits (the Deposit account) and sweeps funds to the other two checking accounts (Payables and Payroll), as well as two (2) small checking accounts with minimal activity and a combined balance of approximately \$12,000. The City also has a separate regular checking account for Workers Compensation, where checks are written by a third party administrator.
4. Provide an overnight investment service (sweep) for excess cash balances in the demand deposit accounts, after minimum concentration account balance requirements are met. The concentration account will fund disbursements from these accounts automatically on a daily basis. Typically, \$1-6 million is available for overnight investment.
5. Process approximately 2,000 disbursement checks per month through payables, workers compensation, and payroll valued at approximately \$9-11 million. Of this number, approximately 800 are direct deposit payroll checks. Monthly deposits average \$11-13 million with approximately \$200,000 in cash and currency and \$4 million in checks. Returned items and resubmits are approximately 70 items per month.
6. Disburse funds via repetitive wire transfer upon on-line request of an authorized person.
7. Accept and send ACH transactions and provide on-line notification of ACH deposits within 24-hours.
8. Provide on-line payment processing. Can your system accommodate internet and telephone transactions that are processed on-line? Describe your capabilities and outline the security measures in place for the protection of sensitive information.

9. Provide stop payment services. Can stop payments be placed on-line? What is the deadline for same day action? How long will the stops remain in effect? Can stop payments be automatically renewed? If so, for how long and is there an additional charge?
10. Provide armored carrier collection of daily vault deposits from City of Turlock Finance Office at 156 South Broadway, Suite 114, Turlock after 1 p.m. Daily deposits average \$10,000 in cash and \$200,000 in checks.
11. Provide automated balance reporting services for all the City of Turlock accounts. Available information should include: closing ledger, closing collected, opening ledger, opening collected, float, previous day debit and credit detail (including bankcard deposits, and ZBA), and ACH credit and debit detail. Automated balance reporting should be available both at the City Finance Office and the Treasurer's Office.
12. Provide remote bankcard processing terminals at up to 5 locations for Visa and MasterCard. Bankcard deposits average \$350,000 per month.
13. Provide EP (electronic payment services). The City currently processes approximately 1,500 transactions per month.
14. Collateralize all collected balances, in excess of balances insured by the FDIC, as required by Sections 53530 et. seq. of the California Government Code.
15. Provide monthly activity statements and reports for all accounts. The statement cutoff should be the last day of the month. Statements must be sent by no later than the 6th business day of the following month.
16. Provide CD-ROM imaging of disbursement checks (front and back) and statements.
17. Provide safekeeping services. The City desires the financial institution to take custody of securities owned by the City and accept complete responsibility for their safekeeping from the moment of delivery to the financial institution until the securities' safe return and delivery to the City or appropriate agency upon expiration or termination of this Agreement.
18. Provide lockbox services. The financial institution will pick up remittances sent to a designated lockbox address, process customer payments, credit the City account and provide detailed daily activity. The City currently processes approximately 9,000 utility drop box payments each month.
19. Provide positive pay. The City does not currently utilize positive pay, however, we are considering this as a safeguard against check fraud. Briefly describe the process involved with positive pay and the costs associated with it.

#### **IV. INFORMATION REQUESTED**

##### **4.1. QUALIFICATIONS AND EXPERIENCE**

1. Describe the organization, date founded, ownership, and other business affiliations (please provide number and location of affiliated offices).
2. Provide the address of the office location that will service the City's account.
3. List the addresses of all branch offices in the City of Turlock.

4. Describe the experience of the financial institution in providing similar services for other public clients.
5. Include copies of the most recent audited financial statement with the proposal.

#### **4.2. PERSONNEL**

1. Provide biographical information on financial institution officers that will be directly involved in the management of the City of Turlock account; who the primary contact will be; and what, if any, experience these officers have in working with public (municipal government) clients.
2. Provide an organization chart for the personnel who will be associated with the City of Turlock account, including the roles of each person, and illustrating the relationship among the personnel.

#### **4.3. BANKING SERVICES**

1. Describe the financial institution's ability to provide the banking services described in Section III, Scope of Services above, and to what extent, if any, the service is automated.
2. Describe how interest will be calculated and credited on all accounts. Be specific.
3. Provide return history for overnight repurchase agreements or other appropriate sweep facility for the latest 12 month period available.
4. What is the ledger cutoff time for deposits? What time would the financial institution propose to schedule the daily armored car collection to ensure that deposits meet this deadline?
5. Provide a copy of the availability schedule that would apply to deposits into the City of Turlock accounts.
6. Provide a list of the bank's holidays.
7. Describe how the financial institution will collateralize the City of Turlock deposits.

#### **4.4 CONTROL**

1. Describe the EDP and/or manual system used to provide banking services along with backup and recovery capabilities.
3. Provide a detailed description of the controls in place to insure the integrity of the funds transfer system.
4. Describe the types of insurance and bonding carried.
5. Include a copy of the Statement of Auditing Standards (SAS) 70 covering operational controls.

#### **4.5. CONVERSION**

1. Describe a conversion plan to transition the City of Turlock's use of this service to your financial institution.
2. What lead-time do you expect will be necessary before the conversion begins?
3. Indicate your plans for educating and training the City of Turlock employees in the use of your systems.

#### **4.6. REPORTING**

1. Describe the frequency and format of reports that you would provide to the City of Turlock.
2. Include sample reports and records.
3. Is the financial institution willing/able to develop customized reports? If so, please provide specific pricing information.

#### **4.7. PRICING AND ACCOUNT ANALYSIS**

1. Provide a complete fee schedule for all of the services described in your proposal. A list of the City's estimated monthly transactions is provided at the end of this proposal for pricing purposes. Fees related to all services described in the proposal must be listed, even if the service is not show on the schedule. Also, include any one-time or set-up charges, research fees, minimum fees, and all other fees that will be charged. Prices must be guaranteed for the initial, 3-year, term of the contract.

- Account Maintenance (Demand, ZBA, Controlled Disbursement)
- Wire Transfer (Incoming, Outgoing, Outgoing-Repetitive)
- Intra-Bank Transfers
- Deposit Ticket (Branch and Operation's Center)
- Item Deposit (Check and ACH)
- Cash Deposit
- Item Paid (Paper, ACH)
- Direct Deposit of Payroll
- Stop Payment (Manual and On-Line)
- FDIC Insurance Charge (or percentage)
- Return Item Processing and Resubmitting Item
- Uncollected Funds Charges
- Balance Reporting Fees (fixed and per item)
- Set Up Charges (if any)
- Bankcard Processing (list all related charges)
- Check Retention/Microfilming
- Daily Armored Carrier Service
- Sweep Fees
- Internet Payments (IP) via Internet and Phone
- Electronic Payments (EP)
- Lockbox Services
- Positive Pay

As noted above, the City will not absorb any costs associated with transactions processed through a correspondent bank relationship if the proposer is not a member of the Federal Reserve System. Please identify whether this situation would apply and how such costs would be identified and handled.

2. Does the City of Turlock have the option of compensating your financial institution on either a fee or balance basis? Is the price the same for either option? If not, what is the difference? If on a fee basis, can excess balances be used to partially offset activity charges?
3. If there is a discrepancy between the City and the bank, please describe the procedures used to correct the difference and to ensure an adjustment is made. What time period does the City have to report the discrepancy?
4. Please provide a sample analysis statement for the City of Turlock account. How soon after month-end is the analysis statement mailed? Does the bank offer electronic analysis and bank statements?
5. How is your earnings credit determined, adjusted, and applied? Please include in your explanation the impact of your reserve requirement, your formula for converting service charges to balance requirements, and a listing of your earnings credits and reserve requirements for the most recent 12-month period.
6. Describe the financial institution's policies concerning daylight overdrafts and what, if any, impact these policies may have on the management of the City of Turlock's accounts.

#### **4.8. REFERENCES**

1. Provide five references including the length of time you have provided services, client name, contact personnel, address, and phone number (local governments and public agency references, if possible), which are currently using the services for which you are proposing.
2. Provide a list of clients where similar services were provided who have terminated services in the last three years.

#### **4.9. INSURANCE AND BOND REQUIREMENTS**

1. **CONTRACTOR'S BOND:** Contractor shall provide proof of a bankers blanket bond on a form that is at least as broad as the Financial Institution Bond, Standard Form No. 24 with limits of at least \$1,000,000 any one loss and \$2,000,000 aggregate. Coverage shall include, but not be limited to:

Coverage A – Fidelity  
Coverage B – On Premises  
Coverage C – In Transit  
Coverage D – Forgery and Alteration

The bond shall be extended to apply to computer system fraud and fraudulent transfer instructions.

2. **CONTRACTOR'S INSURANCE:** Contractor shall not commence work under this Agreement until Contractor has obtained City of Turlock's approval regarding all insurance requirements, forms, endorsements, amounts, and carrier ratings, nor shall Contractor allow any subcontractor to commence work on a subcontract until all similar insurance required of the subcontractor shall have been so obtained and approved.

Contractor shall procure and maintain for the duration of this Agreement 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 Contractor, his agents, representatives, employees or subcontractors. Failure to maintain or renew coverage or to provide evidence of renewal may constitute a material breach of contract.

- (a) Minimum Scope of Insurance: Coverage shall be at least as broad as:
  - (1) Insurance Services Office Commercial General Liability coverage (occurrence Form CG 00 01) with an additional insured endorsement (form CG 20 10 11 85 or its equivalent), to be approved by the City of Turlock.
  - (2) Insurance Services Office Form CA 00 01 covering Automobile Liability, Code 1 (any auto).
  - (3) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.
- (b) Minimum Limits of Insurance: Contractor shall maintain limits no less than:
  - (1) General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
  - (2) Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.
  - (3) Workers' Compensation: as required by the State of California.
  - (4) Employer's Liability: \$1,000,000 per accident or bodily injury or disease.
- (c) Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by the City of Turlock. At the option of the City, either: (a) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its elective and appointive boards, officers, agents, employees, and volunteers; or (b) Contractor shall provide a financial guarantee satisfactory to the City of Turlock guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- (d) Other Insurance Provisions: The general liability policy is to contain, or be endorsed to contain, the following provisions:



- (1) The City of Turlock, its elective and appointive boards, officers, agents, employees, and volunteers are to be covered as insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of Contractor; and with respect to liability arising out of work or operations performed by or on behalf of Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided with two endorsement forms: 1) in the form of an additional insured endorsement to Contractor's insurance, or as a separate owner's policy (GC 20 10 11 85 or its equivalent language) and 2) a CG 20 37 10 01 endorsement form or its equivalent language.
- (2) For any claims related to this project, Contractor's insurance coverage shall be primary insurance as respects City, its elective and appointive boards, officers, agents, employees, and volunteers. Any insurance or self-insurance maintained by the City of Turlock, its elective and appointive boards, officers, agents, employees, or volunteers shall be excess of Contractor'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, return receipt requested, has been given to the City of Turlock.
- (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.
- (e) Waiver of Subrogation: Contractor hereby agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation.

The workers' compensation policy shall be endorsed to contain a waiver of subrogation in favor of the City of Turlock for all work performed by Contractor, its agents, employees, independent contractors and subcontractors.

- (f) Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.
- (g) Verification of Coverage: Contractor shall furnish the City of Turlock with original certificates and endorsements, including amendatory endorsements, effecting coverage required by this Agreement. All certificates and endorsements are to be received and approved by the City of Turlock before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications at any time.

3. CITY'S RIGHT TO REVIEW AND AMEND: The City of Turlock has the right to copies of the insurance policies or bond and reserves upon itself the right to approve or reject any insurance or bond as it deems appropriate.

#### **4.10. SAMPLE CONTRACT**

1. Provide a sample of a proposed contract for your firm's services.

### **V. EVALUATION AND AWARD CRITERIA**

This RFP seeks a financial institution to provide comprehensive banking services to the City of Turlock. Selection will be made from a short list of proposers deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors listed below:

- Understanding of the needs and operational requirements of the City of Turlock.
- 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 agency clients.
- Financial institution location (i.e. availability for personal service and consultation.)
- Scope of services offered including degree of automation.
- Financial strength of proposing institution.
- 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.
- Quality and conciseness of proposals.
- Proposed fees and compensation. (Although fees and compensation will be an important factor in the evaluation of proposals, the City of Turlock is not required to choose the lowest bidder.)

SERVICE DESCRIPTION	Unit Price	Estimated Monthly Volume	Total Price
<b>GENERAL ACCOUNT SERVICES</b>			
ACCOUNT MAINTENANCE		5	
ZBA MAINTENANCE-MASTER		1	
ZBA MAINTENANCE-SUB ACCOUNT		2	
PHOTOCOPIES		1	
<b>DEPOSITORY SERVICES</b>			
CREDITS AND DEPOSITS		218	
BRANCH CURRENCY FURN (per \$10.00)		370	
BRANCH COIN FURN-ROLLED		32	
BRANCH NIGHT DEPOSIT		1	
COIN & CURRENCY DEP (per \$10.00)		1	
CHECKS DEPOSITED, SAME BANK		159	
CHECKS DEPOSITED, DIFFERENT BANK		11,419	
RETURN ITEM		22	
RESUBMIT ITEM		48	
RETURN ITEM NOTIFICATION-FAX		1	
DEP SUPP FURN-COIN WRAPPERS		3	
ARMORED CAR SERVICE		Daily	
ARMORED CAR ADDITIONAL SERVICE, IF ANY			
ARMORED CAR CASH VAULT SERVICE			
<b>PAPER DISBURSEMENT SERVICES</b>			
CHECKS PAID & DEBITS		43	
CHECKS PAID TRUNCATED		956	
NSF/OD ITEMS		0	
PC STOP PAYMENT		0	
CHECK PRINTING		1	
CASHIER'S CHECK		1	
CHECK IMAGE ITEMS		956	
CHECK IMAGE CD-ROM		1	
<b>ACH SERVICES</b>			
ONSITE BANKER PLUS ACH ORIG DEBIT/CREDIT		738	
ACH RECEIVED DEBIT/CREDIT		1,627	
ONSITE BANKER PLUS ACH FILE TRANSM		6	
ONSITE BANKER PLUS ACH USAGE		1	

SERVICE DESCRIPTION	Unit Price	Estimated Monthly Volume	Total Price
<b>EDI SERVICES</b>			
EDI TRANSLATION REPORT		1	
EDI TRANSLATION REPORT - INTERNET		21	
<b>WIRE TRANSFER SERVICES</b>			
PC-OUTGOING WIRE		3	
OUTGOING WIRE		1	
INCOMING WIRE		3	
INTRABANK TRANSFERS		5	
<b>ELECTRONIC BANKING SERVICES</b>			
ONSITE BANKER PLUS BASIC FEE (includes 2 accounts)		1	
ONSITE BANKER PLUS ADDITIONAL ACCOUNT		2	
ONSITE BANKER PLUS PER ITEM FEE (1st 200)		200	
ONSITE BANKER PLUS PER ITEM FEE (201-800)		800	
ONSITE BANKER PLUS PER ITEM FEE (above 800)		1,339	
<b>EARNINGS ALLOWANCE to offset account analysis charges (amount allowance is based on and interest rate)</b>			
Amount allowance based on:			
Minimum concentration account balance requirements:			
Earnings offset interest rate:			
Explanation (if any):			
<b>CREDIT CARD SERVICES</b>			
TERMINALS		5	
# of Monthly Transactions (Visa & Mastercard)		2,980	
Amount of Monthly Transactions		355,889	
Internet Accounts (part of above terminals)		2	
AVS Wats Authorization Fee per Transaction		1,540	
Transaction Fee		2,715	
Less Credit for Transactions Cleared Better Than Priced		2,774	
<b>ADDITIONAL Services (not listed above):</b>			
FDIC Insurance (if any)			
Set Up Charges (if any)			
POSITIVE PAY			
Sweep Interest Rate			