

Franklin County

Treasurer

Josie Koelzer



Request for Proposals Banking Services

August 17, 2016

**Proposals are Due at 3pm PT
September 23, 2016**

INTRODUCTION

The Franklin County Treasurer (FCT) is charged with the fiduciary and operational responsibility for the cash management of public funds, which includes two categories of public funds and accounts: (1) funds and accounts located in the County treasury; and (2) District funds, which are accounts placed in the custody of the County Treasurer and which the FCT acts as 'de facto' treasurer. Funds within these accounts are comingled for investment and cash management purposes.

The Franklin County Treasurer is offering this Request for Proposal (RFP) to solicit qualified financial institutions interested in submitting Proposals to provide banking services for Franklin County and its Junior Taxing Districts. Financial institutions may submit a Proposal to provide banking services for all requested services, but the FCT may find it necessary and/or desirable to split services between two or more financial institutions.

The objectives of this RFP are to:

- Secure a qualified financial institution to provide banking services necessary to collect and disburse County and District funds.
- Ensure the safety of public funds.
- Secure economies of scale pricing.
- Provide efficient and accurate information reporting of all financial transactions.

Proposals will be evaluated by the Treasurer to determine which Proposal provides the best overall value to FCT.

CONTRACT TERM

Term and Extensions: The initial term of the Agreement will be for a period of not more than five (5) years, with an option to renew the Agreement for an additional three (3) year period, or any portion thereof. The initial contract period will commence December 1, 2016 and end December 1, 2021.

SOLE POINT OF CONTACT

The FCT RFP Coordinator is the **sole point of contact** at FCT for this procurement. Please direct all questions regarding the RFP via email only. Upon issuance of this RFP and until FCT has awarded the Agreement all communications with FCT regarding the RFP shall be with the FCT RFP Coordinator as follows:

Josie Koelzer, Treasurer
Franklin County
1016 N 4th Ave Suite A203
Pasco, WA 99301
Phone: (509) 545-3518
E-Mail: jkoelzer@co.franklin.wa.us

TIMELINE

Please return one (1) "Original" and three (3) copies of your proposal, along with one (1) electronic copy by September 23, 2016 **by 3:00 pm** to:

Josie Koelzer, Treasurer
Franklin County Treasurer's Office
1016 N 4th Ave Suite A203
Pasco, WA 99301

The Franklin County Treasurer intends to follow the following schedule for this RFP process, but reserves the right to adjust if necessary. Potential bidders will be notified of any changes.

| ACTIVITY | DUE DATE |
|---|--------------------|
| Publication of RFP | August 17, 2016 |
| Written Question Submittal due Date | August 24, 2016 |
| Responses to Questions Issued by County | September 9, 2016 |
| Proposals due | September 23, 2016 |
| Finalist interviews | October 11, 2016 |
| Contract Award | October 18, 2016 |
| Contract Start Date | December 1, 2017 |

Proposals should be prepared simply and economically, providing a straight forward, concise description of capabilities to satisfy the requirements of the request. Special bindings, displays, promotional materials, etc. are not required.

Proposers may e-mail or mail written questions to the RFP Coordinator. Questions will be accepted until the date set forth in the Procurement Schedule. Early submission of questions is encouraged. Questions and answers will be posted on the Franklin County "ownCloud" website by amendment. Links to the site and passwords will be provided per request to participate in the RFP. Proposers may only rely on written statements issued by the RFP Coordinator. Any oral communications are unofficial and are not binding on Franklin County.

This RFP does not obligate the Franklin County Treasurer to contract for the services specified herein. The FCT reserves the right to cancel or reissue the RFP in whole or in part, for any reason, at the sole discretion of the FCT at any time prior to the execution of a contract.

FCT reserves the right to make an award without further discussion of the Proposal submitted. Therefore, the Proposal should be submitted initially on the most favorable terms that the Proposer can offer. At its discretion, FCT reserves the right to request best and final offers from the RFP finalists.

MINIMUM QUALIFICATIONS

To be considered for selection, financial institutions must have at least the following qualifications:

- A. Be a full-service bank with a presence within Franklin County, or have a branch within five miles of the Franklin County Courthouse.
- B. Hold a charter from the US Government or State of Washington.
- C. Be a member of the Federal Reserve System and have access to Federal Reserve System services.
- D. Be a Washington State qualified depository for public funds in compliance with the Washington State Public Deposit Protection Act (RCW 39.58).

TERMS AND CONDITIONS

- 1) The FCT reserves the right to reject any and all proposals, and to waive minor irregularities in any proposal.
- 2) The FCT reserves the right to request clarification of information submitted, and to request additional information on any proposal.
- 3) After opening proposals, the FCT expects to enter into negotiations with one or more of the financial institutions that submit bids to finalize scope of services and contract terms.
- 4) The FCT reserves the right to award any contract to another financial institution, if the successful financial institution does not execute a contract within 45 days of being notified of selection.
- 5) Any proposal may be withdrawn up until the date and time set above for opening of the proposals. Unless timely withdrawn, each financial institution's proposal will be held open for a period of one hundred and twenty (120) days, or until one or more of the proposals have been approved by the FCT, whichever occurs first.
- 6) The County shall not be responsible for any costs incurred by the financial institution in preparing, submitting or presenting its response to the RFP.
- 7) Franklin County reserves the right, at any time before the execution of a contract to amend all, or a portion of this RFP. Amendments will be posted on a Franklin County "ownCloud" website. If there is any conflict between amendments or between an amendment and this document, whichever document was issued last in time shall be controlling.
- 8) Materials submitted in response to this RFP shall become the property of Franklin County and the proposals shall be deemed public records as defined by RCW 42.56. If Franklin County receives a request to view or copy a Proposer's proposal, the County will respond according to applicable law and the County's policy governing public disclosure. Franklin County will not disclose any information marked "Proprietary" in a proposal without giving the Proposer ten (10) days notice to seek relief in superior court per RCW 42.56.540.
- 9) Cooperative Purchasing: The Washington State Inter-local Cooperative Act 39.84 provides that other governmental agencies may purchase goods and services on this solicitation or contract in accordance with the terms and prices indicated, if all parties are willing.

DESCRIPTION OF SERVICES

The Franklin County Treasurer currently utilizes a primary concentration account to centralize banking activity. Associated with this account are currently 10 zero balance accounts dedicated to the clearing of warrants and checks for county departments and junior districts. In addition, 2 accounts are dedicated to capture selected ACH debits credits for Payroll and Federal/State Tax Payments. All of these ZBA's will have blocks and/or filters to restrict the type of activity allowed.

The concentration account captures the following types of activity:

- ZBA roll-ups.
- ACH debits and credits for credit cards, vendor payments, payroll, taxes, etc.
- Incoming and outgoing wires and account transfers.
- Currency and coin requests.
- Daily deposits utilizing Image Cash Letter (remote capture).
- Bank fees for supply orders.
- Misc. debits and credits.

In addition to the above accounts, Franklin County has an additional 13 checking accounts that are not connected to the concentration account, but the service charges of which are included in the Franklin County Treasurer combined account analysis. These accounts include the:

FC Assessors Revolving Fund, Department of Licensing Agency account, FC Corrections Work Release Fund, District Court impound accounts, FC Clerk Revolving Fund, FC Engineer, FC Planning, FC Prosecutor, FC Public Works Permit Fund, FC Sheriff Civil Refunds, FC Sheriff Reserve Account, FC Pest Control, and Advance Travel Fund.

Franklin County relies heavily on technology and requires comprehensive online banking services. Please detail your online capabilities and limitations. Typical online needs would be:

- Comprehensive balance and activity reporting.
- Image access of cleared and deposited items.
- Wire transfer with repetitive transfer templates.
- ACH initiation including ongoing storage of customer banking information.
- Stop payments.
- Payee positive pay management.
- File transfers.
- Monthly statements and account analysis.
- Multiple user access.
- Staged security profiles.
- User guides and tutorials.

Franklin County currently utilizes reverse positive pay to clear warrants and checks. A daily file is downloaded to our financial system to match against issued items. The county has been in the process of adding payee positive pay to the risk management of checks and warrants. Please include a

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discussion of file transfer types available for both processes, time deadlines, and the banks liability position on reverse positive vs. payee positive pay.

Franklin County uses physical branches in Pasco, and Connell to accept deposits for many junior districts and county departments. List your available branches within the county and their capabilities, including night depositories. If you do not have branch services, have you established cooperation agreements with another financial institution to accept physical deposits for your customers? Remote deposit processing may be expanded to cover some areas. Please describe the cost of the equipment and activity fees if remote deposit is recommended.

The Treasurer's office uses remote deposit processing for taxes received in their offices. Equipment and software is provided by Technology Unlimited, Inc. Include your experience and limitations of file transfers generated with their software.

Other deposits received in the Treasurer's office are received from other departments in sealed polybags. Most contain mixed coin and currency. All physical deposits from the Treasurer are transported by armored car service. Include limitations or pricing exceptions for cash/coin deposits. Do you use a third party vendor to process transported deposits and change requests? How are change requests submitted? Where is the cash vault located, and what is the time deadline for same day credit? Can armored car services be included on the county's account analysis?

The Treasurer's office transmits a monthly and semi-annual ACH debit file. In this case, the consumer bank information and reference ID are housed in the financial institution's ACH module and the Treasurer uploads the amounts based on the reference ID. Does your ACH module have the capability to maintain 1,500 consumer ID's in one batch and accept an amount only match? What time limits are invoked for file acceptance at the bank? Describe the security features available.

The Treasurer initiates ACH and wire transfers nearly daily. Most of the ACH's / Wires are sent using preset templates. Discuss the security protocol for your ACH/wire system. What are the time deadlines for same day wires and ACH batches? Is there an overall limit the financial institution will impose?

Cash Flows

The Franklin County Treasurer's concentration account averages 80 million dollars in debits and credits a month. During the tax collection months of April and October debits and credit can total 100 Million. The largest wire received in April, 2016 from a tax service company was 10 million dollars. On the last day of the month, the Treasurer wires 15 to 20 million dollars for tax distributions, and school district and other payroll accounts.

Please discuss the availability of funds and the requirements for funding outgoing wires. Is there a daylight overdraft limit? The Treasurer typically pays for banking services with compensating balances, but will consider other options. Describe any limitations to balances and how compensating balances are calculated. In the rare occasion an account overdraft occurs, how is an overdraft fee calculated and on which balance (ledger, collected, pre-reserve, post-reserve, etc.).

EVALUATION/SELECTION PROCESS

Proposals will be evaluated by a committee selected and chaired by the Franklin County Treasurer. Evaluations will be based, in part, on the criteria below which the Treasurer may weigh in a manner she deems appropriate. Selection of the preferred financial institution involves a qualitative decision process that weighs a number of varying options, capabilities, and services. As a result, the selection process is inherently subjective, and the Treasurer's selection of its preferred financial institution is entirely the Franklin County Treasurer's sole decision based on the costs, services, or other factors the Treasurer deems most appropriate. Examples of criteria to be considered include:

- Responsiveness to the RFP: The FCT will consider all material submitted to determine whether the financial institution's offering complies with the RFP.
- Ability to Perform Required Services: The FCT will consider all the relevant material submitted by each financial institution and other relevant material it may otherwise obtain to determine whether the financial institution is capable of providing services of the type and scope specific to the RFP.

The following elements may be given consideration by the FCT in determining whether a financial institution is capable:

- The ability and capacity of the financial institution and the skills, experience, and availability of the specific individuals to be assigned to the County to perform the services required.
- The quality of performance by the financial institution on previous and similar contracts and such other information as may be secured and considered relevant by the County, including information on customer service and obtained from references provided.
- The ability of the financial institution to present professional and innovative work; the skill of the financial institution as demonstrated by samples of similar work and/or references from similar organizations.
- Strength and stability of the financial institution. The financial institution's financial standing among its peers and the associated credit quality ratings.
- The FCT will conduct interviews and/or site visits of the finalist(s) as part of the final selection process.
- Other factors that the Treasurer believes would be in the County's best interest to consider which were not previously described.

RFP RESPONSE INSTRUCTIONS

Only three sections of the Franklin County Banking Services RFP require responses:

- 1) Banking Services Questions; and
- 2) Statement of Bank Qualifications.
- 3) Attachment "A".

Please provide your responses to the 25 questions in the Banking Services Questions by repeating each question and providing an answer in the order presented and using the same numbering system. The Banking Services Questions response also has a page limit. Your entire response should be limited to 50 pages which includes The Statement of Bank Qualifications. Please do not submit a cover letter or executive summary with your response.

The format for each response should be one inch margins in size 11 Calibri font.

BANKING SERVICES QUESTIONS

1. Provide the names of individuals, with phone numbers and e-mail 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. What hours are they available?
2. Submit at least three (3) references from current public fund customers who can attest to the financial institution's experience as it relates to providing banking services. The references must include contact name, title, address, e-mail address, telephone number and services used.
3. Describe your institution's customer service philosophy and organizational structure and provide meaningful examples to illustrate.
4. Provide the following reports and information about your institution:
 - a. Link to your most recent financial statement.
 - b. SEC and/or Moody's credit rating or comparable rating.
5. Warrant and check clearing:
 - a. Describe procedures and processes for clearing warrants and checks.
 - b. The required transmission file format is included in Exhibit 1. Are you able to provide this file on a daily basis? If not, what is your recommended format?
 - c. What time of day is the file available?
 - d. What time deadline is imposed for us to return an item?
 - e. Who do you contact for questions and omissions?
6. Describe your Balance Reporting systems and availability:
 - a. What hardware/software does the bank use to deliver balance and transaction detail information?
 - b. What time is previous day information available for access by the customer?
 - c. What are the hours of access of the balance reporting system?
 - d. Does the bank provide current day information?
 - e. How frequently is this information updated throughout the day?
 - f. What transaction types are available on current day reports?
 - g. Describe the level of detail provided in previous and current day reports.
 - h. How many days of history can be accessed through the system?
 - i. In what format is information available?
 - j. Describe/list other online services.
 - k. Describe the stop payment services.
 - l. Check images. How long archived?
 - m. Deposit images. How long archived?
 - n. Training provided. Online user guides and tutorials.
 - o. Payee Positive Pay.
 - p. Activity reports by account. By what activities?
 - q. Wire reports. When does a wire show on report?
 - r. Can email notifications be customized? Assigned by user group?

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7. ACH Services:
 - a. What is the recommended service delivery method (i.e. direct transmission, on-line, or other)?
 - b. Can the bank maintain an updatable batch containing customer banking information? How many items?
 - c. What are the hardware/software requirements?
 - d. What training does the bank provide?
 - e. Does the software offer the ability to manage security and access levels by division and user?
 - f. What ACH report options are available?
 - g. What controls are in place to protect against lost files and duplications of transmissions?
 - h. Does the bank provide automatic file receipt acknowledgements? If so, how?
 - i. Describe the role of any third-party processor used by the bank to provide this service?
 - j. What are the hours of operation of the ACH unit?
 - k. What are the bank's cut-off times for customer initiation of ACH transactions?
 - l. Describe the procedures used to verify accurate and secure receipt of transmissions.
 - m. Can the bank automatically redeposit items returned for insufficient or uncollected funds?
 - n. How does the bank handle file, batch, and item reversals and deletions?

8. Reverse Positive Pay:
 - a. What is the file format and method of delivery for a cleared check/warrant file transmission?
 - b. What reports are available? Online or physical.
 - c. When is the daily file available?
 - d. What is the process for questioning an error in the check information or omission in the file? What is the time deadline to return a fraudulent check?

9. Payee Positive Pay:
 - a. What is the recommended service delivery method (i.e. direct transmission, on-line, or other)?
 - b. What are the hardware/software requirements?
 - c. What controls are in place to protect against lost files and duplications of transmissions?
 - d. Does the bank provide automatic file receipt acknowledgements? If so, how?
 - e. Describe the role of any third-party processor used by the bank to provide this service?
 - f. What is the bank's deadline for transmitting files/data?
 - g. How does the County notify the bank of voided and stop payment checks?
 - h. Does your bank have payee verification?
 - i. Is the positive pay service fully implemented at all bank branches?
 - j. How does the bank handle exception ("paid not issued") items?
 - k. Does the bank offer a daily listing of exception items online?
 - l. Are there defaults available for each account to either automatically return or pay on exception items?
 - m. What is the timeline for reporting exceptions to the county?
 - n. How are exceptions reported to the county? Will an image be available?
 - o. What is the timeline for the county to act on any exceptions?
 - p. What are the hours of operation of this service unit?

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10. Depository Services:
 - a. What banking centers or branches are available in the County?
 - b. Can deposits be made at all branches?
 - c. Do you maintain a cash vault? Who manages it?
 - d. Who handles change requests? By what methods?
 - e. Can you provide armored car services under this contract?
 - f. Where is your cash vault?
 - g. What services do they provide?
 - h. Who do we contact for errors in deposits made by the vault?
 - i. How are we contacted for deposit corrections made by us?
 - j. At what dollar amount do you write off discrepancies? Are we notified? Are we charged?
 - k. Do you adjust the deposit amount or process an adjusting debit or credit?
11. Describe NSF or Returned Items processing procedures, fees or other related services available. The County will require re-depositing 'NSF' or 'uncollected funds' returned items so that they may be presented a second time prior to being charged back.
12. Describe how inquiries requiring research and adjustments are handled by the institution. Are there established turn-around times for research and adjustment items? If yes, specify.
13. REMOTE DEPOSIT (existing):
 - a. Do you accept an X-9 file transmission?
 - b. When does the file need to be transmitted for same day credit?
 - c. How are we notified of acceptance or rejection by the bank?
14. Describe and provide the formula used to determine FDIC/Deposit Insurance.
15. Describe and provide the formula used to calculate Service Charge Credits. Will a Sweep Account be used on overnight balances? If so, describe.
16. Describe and provide the formula for calculating overnight overdraft fees.
17. Service Enhancements: Describe any enhancements, technological or otherwise, that we should consider to improve operational or cash management efficiencies. Include the restructuring of account types.
18. Security/Protection Measures: What security features are in place to minimize the risk of unauthorized transactions? Elaborate on the use of tokens, security certificates, password reset procedures and bank initiated communication. Please attach a Wire Services agreement.
19. Provide information on how your institution 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.
20. Continuity of operations, retention, and data recovery
 - a. Describe the financial institution's experience over the past 5 years with system outages.
 - b. How long did the outage occur and what was the recovery experience?

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- c. Describe your financial institution's backup and recovery process.
 - d. Describe your financial institution's experience in educating and assisting customers planning for continuity of operations for local and regional disasters and emergency operations.
 - e. All transaction images must have a retention period of at least seven (7) years.
21. Conversion Plan: Describe the conversion plan you would coordinate to ensure a smooth transition from the current provider. Please provide a sample of the conversion schedule.
22. The County will be incurring significant expense in converting to a new primary bank. In addition to the pricing listed on Attachment A, detail the financial considerations the bank will provide regarding the following:
- a. Check and warrant stock.
 - b. Duplicate deposit slips for 40 locations.
 - c. Poly deposit bags.
 - d. Initial set-up fees for required services.
 - e. Additional programming fees that may be required for services.
23. Discuss any special conditions, other fees, other services, or deviations from the requested scope.
24. Sample Reports: Please provide sample reports for the following services:
- a. Bank statements.
 - b. Monthly bank account analysis.
 - c. Account services.
 - d. Sample Previous Day Report
 - e. Sample Current Day Report.
 - f. ACH report options.
 - g. Returned item(s) notification.
25. Banking agreements and legal documents:
- If your institution has specific agreements that you require your clients to sign and/or complete relating to contracts or other legal documents, please attach these documents to the end of your submission.

STATEMENT OF BANK QUALIFICATIONS

Each financial institution submitting a proposal for items included in this document shall prepare and submit the following data along with their proposal:

1. Name of Financial Institution _____
2. State of Washington Sales Tax Registration Number _____
3. Federal I.R.S. Identification Number _____
4. Name of Primary Contact for Submission _____
5. Contact Business Address _____
6. Contact Business Phone _____
7. Contact E-mail address _____

I certify that the institution:

- a) Is capable of providing the services as outlined in this proposal.
- b) Will comply with the rules and regulations outlined by the Revised Code of Washington and the Washington Public Deposit Protection Commission, and other applicable laws and regulations.

| | | |
|------------------|----------------------|------|
| Institution Name | Authorized Signature | Date |
|------------------|----------------------|------|