

DATE: 03/16/98⁹⁹ AGENDA ITEM # 14
() APPROVED () DENIED
() CONTINUED TO _____

To: James L. App, City Manager
From: Mike Compton, Director of Administrative Services
Subject: Banking Services
DATE: March 16, 1999

Need:

For the City Council to consider awarding a bid for banking services to Heritage Oaks Bank.

Facts:

1. The City invited bids for banking services since the current five year award was due to expire.
2. Bids were distributed to every bank and savings & loan institution with a headquarters or branch office within the City.
3. Two bids were received; one from Heritage Oaks Bank and one from the Bank of America. The bids have been tabulated and the results are attached as Exhibit "A".
4. The tabulation, based upon estimated quantities services to be provided, indicates that the total cost of services for both proposals are nearly identical, less than \$48 separate the two proposals.

Analysis and
Conclusions:

Given the results of the bids, the Fiscal Policy Committee has recommended that the award for banking services be given to Heritage Oaks Bank for the five year period ending March 31, 2004. It should be noted that Mayor Picanco abstained from participating in the recommendation due to a potential conflict of interest.

The difference between the two bids is practically insignificant. The time and effort required to change banks is significant and should not be undertaken unless the cost differential makes it worthwhile.

Fiscal
Impact:

The cost for banking services as proposed by Heritage Oaks Bank is similar to the cost currently incurred by the City for said services. Monthly service fees for the last twelve months totaled nearly \$15,000.

Options:

- a. That the City Council award the bid for banking services to Heritage Oaks Bank in accordance with the RFP and their response dated February 2, 1999 for the five year period ending March 31, 2004; or
- b. Amend, modify or reject any of the options above.

MEMORANDUM

To: Mike Compton, Director of Administrative Services
From: Veeda Cumming, Accounting Manager
Date: February 21, 1999
Subject: Banking RFPs

In January 1999, Requests for Proposals for Banking Services were sent to all banks or savings and loan institutions with headquarters or branch offices in the City of Paso Robles.

Of the ten RFPs sent out, proposals were submitted to the City only by HOB (HOB) (the City's bank for the past five years) and Bank of America (BoFA) (the City's former bank). Wells Fargo Bank indicated some interest in submitting a proposal but ultimately sent a letter saying they did not feel they could accommodate the City's banking needs.

I have performed a detailed review of the two proposals received and have concluded that they are very close in pricing for the City's basic banking needs on the General Deposit Account as shown on the attached spreadsheet. In order to more completely analyze the proposals, follow-up questions could be asked of BoFA regarding the cost of wires in/out.

With the closeness of pricing in mind, I then compared a few key points as follows:

- The City utilizes night drop box services for Dial-A-Ride and Fixed Route receipts year-round, as well as swimming pool receipts in the summer. The uncounted receipts (checks, currency and coin) are placed in locking bank bags or disposable, tamper proof bags. Each morning, the bank's vault tellers count and record these deposits. This procedure was implemented after the City suffered the loss of a day's transit receipts due to a burglary at the transit offices. Since this implementation, no losses have occurred. Additionally, it provides a secure location for the swimming pool receipts each night.

It appears that BoFA does not offer the full range of this service in Paso Robles.

- BoFA no longer offers custody and safekeeping services. Effective November 30, 1998, their agreement with Bank of New York expired.
- BoFA is currently able to provide on-line banking services to accommodate automatic payment by utility, business license, etc. customers to the City, as well as electronic payment by the City to its vendors. HOB expects to have on-line banking and cash management capabilities by June 30, 1999.
- BoFA's automated system for daily retrieval of account balance/activity information (BAMTRAC) is updated by 5:30 a.m. daily. HOB's automated system is not as sophisticated and is generally not updated until 9:00 a.m. each day. However, HOB does have personnel available to retrieve updated information by 8:00 a.m. most days. In light of the fact that we now use the City's cash sheet balance instead of the bank's available balance for daily investing of the City's idle cash, this advantage of BoFA over HOB does not carry substantial weight.

The City enjoys an excellent relationship with Heritage Oaks Bank, just as it did with Bank of America. Given the closeness of pricing and the realm of services offered by both banks, it appears unnecessary for the City to change banks at this time.

	VOLUME	HOB RATE	HOB \$\$	BofA RATE	BofA \$\$	Diff BofA vs HOB +/-)
General Dep Account						
Summary	1		0.00	0.00	0.00	0.00
			0.00		0.00	0.00
Detail:			0.00		0.00	0.00
Mo Bank Stmt	1	10.00	10.00	10.00	10.00	0.00
Mo Acct Analysis	1		0.00		0.00	0.00
Direct Deposits			0.00		0.00	0.00
Direct Withdrawals			0.00		0.00	0.00
Trf to Auto Sweep Ac			0.00		0.00	0.00
Branch Counter Dept	125	0.10	12.50	1.50	187.50	175.00
Curr Dep per \$100 or \$1000	57115	.08/1000	4.57	0.12/100	68.54	63.97
Coin Dep/Rolled or loose	2115	0.95	2.01	0.03	0.63	(1.37)
Cks Dept/Same bank	3200	0.08	256.00	0.04	134.40	(121.60)
Cks Dep/diff bank	4000	0.08	320.00	0.05	192.00	(128.00)
Dep items ret	15	3.25	48.75	3.25	48.75	0.00
Cks paid against acct	740	0.10	74.00	0.12	88.80	14.80
Inusff funds	1	16.25	16.25	15.00	15.00	(1.25)
Stop pmt orders	1	16.25	16.25	10.00	10.00	(6.25)
Bank bags	3	0.15	0.45	0.00	0.00	(0.45)
ACH Credits (deposits)	34	0.10	3.40	0.08	2.72	(0.68)
ACH Debits (payments)		0.15	0.00	0.10	0.00	0.00
Count & dep night dep	1	30/mo	30.00	23.10	23.10	(6.90)
Annual fee	1		0.00	17.50	1.46	1.46
Cks - CA	5	0.10	0.50	0.06	0.28	(0.23)
Cks - other			0.00	0.08	0.00	0.00
Incoming wires	0	10.00	0.00			0.00
Outgoing wires	0	20.00	0.00			0.00
ACH Orig: Files Fees		5.00	0.00			0.00
Debits		0.15	0.00			0.00
Credits	34	0.10	3.40			(3.40)
Bamtrac	1			25.00		0.00
			798.08		783.18	(14.90)
Items Needed to Clarify:						
BofA	Night drop of transit & pool deposits - cannot drop CASH in Paso Robles? Deposits must be pre-counted?					
BofA	Wire in/out - cannot determine BofA cost -- this may be covered at no additional cost using Bamtrac. Tab V, pg. 8-10 talks about it but does not define cost					
	However, it is clear that BofA does not charge for LAIF deposits/withdrawals					

	VOLUME	HOB RATE	HOB \$\$	BofA RATE	BofA \$\$	Diff BofA vs HOB +/-)
Merchant Cr Card						
Visa/MC		2.50		3.90		
BofA rate appears to be based upon a certain volume which we may not meet						
Auto Sweep Acct						
Summary	1			100.00		
Mo Bank Stmt		0.00				
Trf from Gen Dep Ac		1.00				
Credit Interest		5.00				
Zero Bal Payroll Acct						
Summary	1					
Mo Bk Stmt	1	1.00				
Cks paid against acct	142	0.10	14.20	0.12	17.04	
Trf from Savings	2	5.00	10.00	0.00	0.00	
Stop pmt orders						
ACH Credits		0.10		0.08		
ACH Debits		0.15		0.10		
PC ACH Mo Maint	1	100.00	100.00	150.00	150.00	
Other:						
Safekeeping						
Summary				Not offered		
Mo stmt	1	10.00				
Trf In		15.00				
Trf Out		10.00				
Mo Int & Prin Pmts						
Safe Dep Box						
	1	120.00		65.00		
Daily Bal Reporting						
Automated System	1	0.00				
Bamtrac	1			25.00		
Price Guarantee beyond 1st yr						
		2 years		2 years		
Payment for fees due						
		qtrly		qtrly		
How would Bank stipulate compensating balances?						
HOB - earnings credit calculated on 13 wk. T-Bill rate, changing monthly.						
Excess or deficit earnings will carry forward through end of each quarter						
BofA - rate determined using Earnings Allowance Rate, depending upon on tier into which average positive collected balance in account falls.						
Float time						
Cks on same bank		1 day		Same day		
Cks on Calif		1 day		1 day		
Cks out of Calif		1 day		0 - 2 days		
Switch from Opt 1 to Opt 2						
# days notice		30 days/quarterly		30 days/quarterly		
Funds avail for immed investmt						
		next day		Investments are based on collected balances		
Rates apply to either pmt option?						
		yes		yes		



CITY OF EL PASO DE ROBLES

"The Pass of the Oaks"

January 8, 1999

Dear

The City of Paso Robles is soliciting proposals for the provision of its banking services.

In spite of the fact that the City enjoys a satisfactory relationship with its current banking institution, it is the City's practice to review and evaluate its banking services on a five year cycle. The current five year cycle will expire in the near future.

The enclosed Request for Proposal (RFP) outlines the City's banking needs fairly completely but may not be one hundred percent inclusive. Any items not included in the proposal will be negotiated with the successful proponent.

If you so desire, please complete the attached Proposal Form and return it to me on or before 3:00 p.m., Wednesday, February 3, 1999. If you have any questions or need further clarification, please submit your question in writing and send it to me via:

email: veeda@prcity.com
fax: (805) 237-6565
mail/hand deliver: City Hall, 1000 Spring Street, Paso Robles, CA 93446

Responses to your questions will be sent to all the banks we sent RFP's to.

We anticipate that our review of the RFP's will take about three weeks, during which time we may contact you with follow-up questions. We plan to present the results of the proposals to the City Council at their March 16, 1999 meeting.

Thank you for taking the time to submit a proposal.

Sincerely,

Veeda J. Cumming
Accounting Manager

Encl.

Jim Cowan, Manager
Santa Lucia National Bank
1240 Spring Street
Paso Robles, CA 93446

George Nunez, Manager
Mid-State Bank
845 Spring Street
Paso Robles, CA 93446

Launie Morones, Manager
California Federal Savings & Loan
1601 Spring Street
Paso Robles, CA 93446

Judy Block, Manager
Mission Community Bank
1226 Park Street
Paso Robles, CA 93446

Kacey Sullivan, Manager
Washington Mutual Bank
148 Niblick Road
Paso Robles, CA 93446

Larry Ward, Manager
Heritage Oaks Bank
P.O. Box 7012
Paso Robles, CA 93447

Steve Weiss, Manager
WestAmerica Bank
1204 Spring Street
Paso Robles, CA 93446

~~Charlie Bradley, Manager~~
~~Bank of America~~
~~1511 Spring Street~~
~~Paso Robles, CA 93446~~
Carole LaRocca, Vice President
Bank of America, Government Services #1427
345 Montgomery Street
San Francisco, CA 94104

Manager
United Community Bank
825 Riverside Avenue
Paso Robles, CA 93446

Carol T. Anderson, Vice President
Wells Fargo Bank
65 West Alisal Street, 2nd Floor
Salinas, CA 93901

CITY OF PASO ROBLES
DEPARTMENT OF ADMINISTRATIVE SERVICES

REQUEST FOR PROPOSAL
(RFP)
BANKING SERVICES

A. INTRODUCTION

The City of Paso Robles' current banking services are satisfactory. However, it has been five years since the City has reviewed its banking services. As a public agency, it is appropriate that the City regularly review and evaluate its banking needs, alternate services and related costs.

This RFP describes the City's basic needs, work load volumes and recommends the best means of improving services. You are encouraged to identify and describe any progressive improvements that would reduce City costs and/or increase banking efficiency.

B. BANKING QUALIFICATIONS

Any bank submitting a proposal for the City's service bank must have an operations center within the State of California and branch office in the City of Paso Robles during the term of any agreement. It must be a member of the Federal Reserve System and must be insured by the Federal Deposit Insurance Corporation; and have direct Federal Reserve wire capabilities. It must have data processing facilities. The successful proponent as a City depository will be required to post collateral in compliance with Section 53651 of the California Municipal Code. The collateral must have a market value of at least 110% of the City funds on deposit. The City is willing to waive collateralization on the first \$100,000 of deposits.

C. GENERAL CONDITIONS

1. Submit three copies of your proposal.
2. All proposals shall remain firm for at least 120 days after the proposal date.
3. The City reserves the right to reject any and all proposals.
4. Respondents must make a careful examination of the City's requirements, specifications and conditions expressed in the RFP.
5. If any respondent in the process of submitting a proposal finds discrepancies in or omissions from the RFP, or if there is doubt as to the meaning, a request may be submitted in writing for interpretation or correction. Any changes in the RFP will be made only by written addendum by the City's Accounting Manager and mailed to each party sent an RFP.
6. Evaluation criteria will consist of the following major areas:
 - A. Banks must meet criteria specified in Bank Qualifications.
 - B. Completeness of proposal.
 - C. Financial strength and capacity of the banking institution.
 - D. Availability of services (both basic and optional),
 - E. Least total cost to City.
7. Upon selection of the successful banking institution, the City will prepare and negotiate its own contract with the selected provider.
8. The initial period of the contract will be for three years with an option for two one-year extensions.
9. Completed proposal form must be received by the City by 3:00 p.m. on Wednesday, February 3, 1999.

D. SPECIFIC BANKING SERVICES

1. Deposit Accounts

(a.) The Bank will provide a "General Deposit Account" on which daily deposits for the City of Paso Robles will be made. Deposits will remain in this account until such time as they are used by the City. The Bank will accept deposit items which are encoded and unsorted. The Bank will give immediate (same day) credit for deposit items received during the regular scheduled banking hours whether or not accompanying deposit items are fully processed on the day of their receipt. The Bank will credit the "General Deposit" for all checks in accordance with the Bank's availability schedule. The awarded Bank will notify the City, in writing, of any changes to the schedule.

(b.) The Bank will provide a sweep facility in order that funds residing in the general deposit account at the end of the day may be invested overnight.

(c.) The Bank will provide a "Zero-balance Account" for payroll. Funds will be transferred by phone from the general deposit account to the payroll account to cover check and ACH amounts each payday.

2. Wire Transfers - Direct Deposits and Withdrawals

(a.) The Bank will accept direct deposits to the City's general deposit account from the State of California's State Controller's Office, and State Treasurer's Office (Local Agency Investment Fund), etc., while guaranteeing immediate credit for such deposits. No fees shall be assessed nor the direct deposit reduced for accommodating these types of direct deposits or withdrawals.

(b.) The Bank will receive and guarantee immediate credit on all incoming wire transfers. The Bank will be notified by telephone prior to noon of any wire transfer (other than automatic sweep facility) that the City expects on a particular day. The City intends to consider these incoming wire transfers as available for same day investment either by the City or by the Bank through the automatic sweep facility.

(c.) The City will notify a designated person at the Bank prior to noon of any outgoing wire transfer. Wire transfers ordered by noon and not received by the destination by 2:00 p.m. will be traced from origin to destination to ascertain the party responsible for delaying the transfer. The City will expect full credit for any lost interest or charges resulting from a "fail" to consummate an investment transaction.

(d.) The Bank shall provide same day notification to the City of direct deposits/wire transfers into the City's general deposit account of \$99,000 or more.

(e.) The Bank will accept ACH transmittal data via modem, diskette or secure website for payment of the City's payroll and vendors, and for other debits or credits. For example, the City plans to implement the use of ACH for customer payment of water and other bills to the City.

3. Merchant Card Services

The bank shall provide merchant card services to the City. The City currently accepts merchant cards (VISA, Mastercard, Discover/Novus, etc.) at two sites

with 6 on-line "swipe" terminals and printers. Replacement of the City's current terminals, printers, setup, supplies, etc. shall be provided at no cost to the City.

4. Account Reconciliation Services

(a.) The Bank shall provide a monthly check reconciliation report (bank statement) for the general deposit account with at least the following data:

- listing of all checks paid; in numerical sequence, listing check number, check amount and date paid.
- return all canceled checks, sorted by check number.
- listing of all deposits made in chronological order.
- recap of posted debits.
- recap of general deposits and other posted credit items.

(b.) The Bank shall provide a monthly check reconciliation report (bank statement) for the payroll zero balance account with at least the following data:

- listing of all checks paid, in numerical sequence, listing check number, check amount and date paid.
- return all canceled checks, sorted by check number.
- listing of all deposits made in chronological order.
- debit and credit memos in sorted chronological order.
- recap of posted debits.
- recap of general deposits and other posted credit items.

(c.) The Bank shall provide a monthly activity statement for the sweep account which indicates at least the following data:

- chronological listing of all transfers to and from the sweep and general deposit account.
- the amounts of interest earned and dates posted to the general deposit account.

5. Daily Balance Report

The Bank shall specify by what time the account balances for the general deposit account would be available by phone.

6. Account Analysis Statement

The Bank shall provide a monthly account analysis statement including itemized units of cost, volume of units, cost facts and total costs. Monthly analysis fees, if not offset by compensatory balances, shall be paid on a three month average (quarterly). A sample of the Bank's format should be included in the response. Statements should be received within 10 business days after the close of each

calendar month, and the quarterly statement should be received within 10 business days after the close of the third month.

Safekeeping Services

The Bank will maintain an account for the safekeeping of City owned securities. At present, the City owns between five and ten such items requiring safekeeping. Fees associated with safekeeping services shall be included in the bank account analysis. No 'hard' dollar reductions shall be made to the City's general deposit account.

8. **Night Deposit Services**

The Bank will provide a locking night deposit box, the contents of which will be retrieved by Bank each business day and counted and deposited by 10:00 a.m. the same day. The City uses the night deposit box for Greyhound and Transportation receipts year round and for swimming pool receipts in the summer. City employees or representatives place currency, coin and checks in bags, uncounted, for deposit.

9. **Safe Deposit Box**

The Bank will provide a safety deposit box for the safekeeping of various City documents that is at least 5" x 5" x 30" in size.

10. **Forms**

The Bank shall furnish all necessary forms including but not limited to deposit slips, stop payment orders, deposit bags, locking night deposit bags, etc.

11. **Returned Checks**

The Bank will provide the City the opportunity to make good any returned check deposited into its general deposit account within 3 business days of notification without adjustment to the total amount deposited.

12. **Returned Checks**

From time to time, the City, due to error, not deliberately, may issue checks when there are insufficient funds on deposit. The Bank will immediately (before 9:30 a.m.) notify City of such occurrence and will honor said checks and run associated fees through account analysis.

Check Form - General Deposit Account

The awarded Bank will also provide, at no charge, or reimburse the City, the cost of reprogramming the MICR numbers in City's check forms cartridge (approximately \$100)

Compensation shall be provided either in the form of a compensating balance, a direct fee basis or a non-interest bearing certificate of deposit.

**BANKING SERVICES
PROPOSAL FORM**

The Bank agrees to provide the requested services at the prices quoted. Please complete each column as applicable:

	Unit Price	Monthly Fee	Average Daily Compensatory Balance
I. General Deposit Account - Summary		_____	_____
I-A General Deposit Account - Detail		_____	_____
- Monthly Bank Statements	_____	_____	_____
- Monthly Account Analysis	_____	_____	_____
- Direct Deposits	_____	_____	_____
- Direct Withdrawals	_____	_____	_____
- Transfers to Automatic Sweep Account	_____	_____	_____
- Branch Counter Deposits	_____	_____	_____
- Currency Deposited per \$100	_____	_____	_____
- Coin Deposited/rolled or loose	_____	_____	_____
- Checks Deposited/same bank items	_____	_____	_____
- Checks Deposited/different bank items	_____	_____	_____
- Deposited items returned	_____	_____	_____
- Checks paid against the account	_____	_____	_____
- Checks paid against insufficient funds	_____	_____	_____
- Stop payment orders	_____	_____	_____
- Bank bags (3) 6" x 11 1/2"	_____	_____	_____
- ACH Credits	_____	_____	_____
- ACH Debits	_____	_____	_____

	Unit Price	Monthly Fee	Average Daily Compensatory Balance
- Count and Deposit Night Deposits	_____	_____	_____
- Other (list):			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
I-B Merchant Credit Card			
- VISA/Mastercard Rate (%)	_____	_____	_____
- Discover/NOVUS Rate (%)	_____	_____	_____
- Other	_____	_____	_____
II. Automatic Sweep Account - Summary			
- Monthly Bank Statement	_____	_____	_____
- Transfers from General Deposit Account	_____	_____	_____
- Crediting of Interest	_____	_____	_____
III. Zero Balance Payroll Account - Summary			
- Monthly Bank Statements	_____	_____	_____
- Checks paid against account	_____	_____	_____
- Checks paid against insufficient funds	_____	_____	_____
- Transfers from savings account	_____	_____	_____
- Stop payment orders	_____	_____	_____
- ACH Credits	_____	_____	_____
- ACH Debits	_____	_____	_____

	Unit Price	Monthly Fee	Average Daily Compensatory Balance
- Other (list):			
_____	_____	_____	_____
_____	_____	_____	_____

V. Safekeeping Services - Summary

- Monthly activity statements	_____	_____	_____
- Transfers In	_____	_____	_____
- Transfers Out	_____	_____	_____
- Monthly Interest and Principal Payments	_____	_____	_____

VI. Safe Deposit Box

_____	_____	_____
_____	_____	_____

VII. Daily Balance Reporting

_____	_____	_____
-------	-------	-------

VIII. Account Maintenance Standards

Service	Suggested Standards	Proposed Standards
Daily Account Balance	By 9:00 a.m.	_____
Monthly Bank Statements	Within 5 days after end of month	_____
Monthly Account Analysis	Within 10 days after end of month	_____

IX. Miscellaneous Additional Services

Use this section to elaborate on services your financial institution could offer the City which were not covered in previous sections:

X. Miscellaneous Specification Inquiries

A. How does the Bank propose to audit interest earnings on the sweep account to the general deposit account? What will the interest rate be and how is it determined? How often will it change?

B. For how long beyond the first year would the Bank guarantee the fixed prices quoted? On what basis would these fixed fees be modified?

C. When would payment for fees be due? Monthly, quarterly or annually?

D. How would the Bank stipulate compensating balances? On what rate or index will this be determined? Would excess or deficit earnings be carried forward to future months or backwards to prior months?

E. For what period of time would the financial institution agree to a fixed amount for compensating balance, regardless of the volume of transactions. How much notice prior to effective date of any change in compensating balance will the financial institution provide?

F. In the event that the City's actual collected balances exceed the amount stipulated, would the financial institution agree to pay interest on the excess? If so, please explain, stating period for calculation. Please submit formula.

G. If answer to previous question is negative, would the bank provide for an overnight interest bearing account to automatically receive funds in excess of requirement? Again, this should be determined by some well defined index. Please specify (include Money Market and Passbook Savings Accounts).

H. Please indicate exact number of days "float time" for deposits?:

1. Checks drawn on proposer's financial institution:

_____ days

2. Checks drawn on California institutions:

_____ days

3. Checks drawn on Out of State financial institutions:

_____ days

I. During the full term of the agreement, will the financial institution permit switches from Payment Option No. 1 to Payment Option No. 2 (or vice versa)? Please state at what period of time such change will be permitted and how much advance notice is required.

J. Are all funds deposited available for immediate investment or other disbursements? (i.e., total ledger balance)

K. You have been requested to state the rates for various services. Will those rates apply to either payment options - Direct Fees or Compensating Balances?

Proposal shall remain firm for _____ days after _____

Bank Name: _____

Local Address: _____

Local Phone: _____

Local Contact Name: _____ Phone: _____

PROPOSAL SUBMITTED BY: Printed Name: _____

Title: _____

Signature

Date: _____

Mail/deliver completed form to:
Form must be received on or before
3:00 p.m. Wednesday,
February 3, 1999
Postmarks NOT accepted

Veeda J. Cumming, Accounting Manager
City of Paso Robles
1000 Spring Street
Paso Robles, CA 93446
(805) 237-3999