

**TOWN OF FAIRFAX
STAFF REPORT**

To: Mayor, Members of the Town Council

From: Michael Rock, Town Manager 
Michael Vivrette, Finance Director

Date: December 7, 2011

Subject: Authorization to issue Request for Proposals (RFP) for Banking Services

RECOMMENDATION

Authorize the release of RFP (Request for Proposal) for banking services

DISCUSSION

At the October 5, 2011 Town Council meeting, the Council directed staff to move forward with preparing an RFP for Banking Services. The Finance committee met on November 14, 2011 and reviewed and approved the RFP drafted by the Finance Department.

The RFP is directed to banks with a physical presence in Marin County. Staff has compiled a list of 17 banks likely to meet the criteria detailed in the RFP. The timeline calls for having proposals submitted to the Town no later than January 11, 2012. The Finance Committee will review the proposals during the next two weeks and forward their recommendation to Council for approval at the February 1, 2012 meeting. The RFP calls for issuing a five year contract with an option to renew for an additional three years. Either party could cancel the contract for any reason with 90 days written notice.

FISCAL IMPACT

The purpose of the RFP is to identify banks which meet a broad spectrum of criteria considered to be important to the Town. While financial impact is an important element, it is too soon to project and there could be potential minor savings to the Town for banking services.

ATTACHMENT

Request for Proposal – Banking Services

REQUEST FOR PROPOSAL FOR BANKING SERVICES



GENERAL INFORMATION

The Town of Fairfax is an environmentally conscious community situated in the heart of central Marin County and is considered the most progressive of Marin’s 11 incorporated cities. Within a 30-minute drive of San Francisco to the South or the Pt. Reyes National Seashore to the West, the community is home to many local artists and musicians. Housing costs are reasonable by Marin County standards.

Fairfax was incorporated in 1931 and covers about 2.2 square miles. The current population is approximately 7,441 as of the 2010 census, with 3,379 households, and 1,875 families residing in the town. The Town employs seven elected and 34 full and part time employees.

The Town of Fairfax seeks proposals from banks located within Marin County, interested in providing municipal banking services. We encourage banks to submit the most comprehensive proposal possible offering the highest quality of service and enhancements to improve our current management of cash flow. We are also interested in various technological advances and pilots that could improve our banking, cash management and customer service capabilities.

Our banking relationship is currently with Bank of America. We are seeking proposals for banking services to:

- (1) create efficiencies, make improvements where possible, take advantage of new, applicable technologies and reduce its costs;
- (2) work with a like-minded community oriented banking institution invested in the local economy.

We encourage you to be creative and educational in your responses. Include information about your bank’s community involvement and the dedicated resources for serving the public sector. While your format must be consistent with the requirements of this RFP, if you believe there is additional information that would be beneficial to us, we invite you to include it in your proposal.

We intend to establish a 5 year contract, with the option to renew annually for an additional 3 years. Either party can cancel the contract for any reason with 90 days written notice.

SCHEDULE OF PROPOSAL ACTIVITIES

Time Table	
Distribution of RFP	<i>December 9, 2011</i>
Deadline for submission of any questions	<i>January 10, 2012</i>
Proposal submission	<i>January 11, 2012</i>
Proposal review	<i>January 18, 2012</i>
Notification to all bidders	<i>January 19, 2012</i>
Oral presentations, as needed	<i>January 23, 2012</i>
Notification to finalists	<i>February 2, 2012</i>
Implementation to begin	<i>February 29, 2012</i>

We have made every effort to include sufficient information within this Request for Proposal for a bank to prepare a responsive, comprehensive proposal. In order to achieve an equitable dissemination of information, a pre-proposal conference will be held to allow all interested bank representatives to ask questions for the mutual benefit of all involved. The timing of the proposal process is as follows:

- a) **Distribution of Request for Proposals:** December 9, 2011
- b) **Proposal Submission:** Proposals must be delivered directly to Fairfax Town Hall no later than 5:00 P.M., January 11, 2012. Late submissions after the deadline or proposals delivered via fax will not be accepted. A total of five identical proposals must be submitted and labeled as follows:

*Town of Fairfax
142 Bolinas Rd.
Fairfax, CA 94930
Attention: Michael Vivrette, Finance Director*

- c) **Proposal Review:** Our Finance Committee will evaluate each proposal submitted. It is anticipated that the review process will be completed by January 18, 2012.
- d) **Notification to all bidders:** We anticipate sending written notification to all banks regarding the outcome of the review and contract award process by January 19, 2012. Upon written request, we will provide a copy of the finalist proposal(s).
- e) **Oral Presentations, as needed:** During the notification to all bidders any finalists selected for an oral interview will be notified. Oral Interviews will take place at Fairfax Town Hall on January 23, 2012.
- f) **Notification to finalists:** The Finance Committee will forward their recommendation to the Fairfax Town Council for approval at the regularly scheduled meeting of February 1, 2012. All finalists will be notified of final decision by February 2, 2012. Upon written request, we will provide a copy of the winning proposal once the contract is executed.
- g) **Conversion Activities:** The awarded bank will be required to coordinate with our staff all the activities necessary to ensure a smooth transition. Conversion activities will begin upon notification and are projected to be completed by February 29, 2012.

We will make every effort to administer the proposal process in accordance with the terms and dates discussed in this RFP. However, we reserve the right to modify the proposal process and dates as deemed necessary.

MINIMUM QUALIFICATIONS

To be considered for selection, proposing banks must have at least the following qualifications:

- a) Have a physical branch office located in Marin County.
- b) Be a Federally or State of California chartered financial institution.
- c) Be a member of the Federal Reserve System and have access to all services.
- d) Be a qualified depository for public funds.
- e) Be a full service bank in good standing among other comparable banks.
- f) Be capable of providing the services sought by the agency.
- g) Agree to assign experienced and dedicated staff that is committed and capable of servicing our accounts.
- h) Be in compliance and good standing with the Community Reinvestment Act.
- i) Be sufficiently capitalized to accommodate our cash/investment management needs.

ACCOUNT DESCRIPTION

We deposited in excess of \$10,000,000 in the past 12 months through our demand accounts from our normal business operations. Investment transaction represented an additional \$ 900,000 of transfers-in and none in transfers-out from the primary demand account. We issue payroll in excess of \$200,000 per month to 44 employees. Payroll checks and tax deposits are made through semi-monthly transfers to a third party payroll processor (ADP). The town issues an average of 110 accounts payable checks averaging \$369,000 monthly. Normal business operations require 2-5 wire transfers per month.

Our general business requires five demand accounts:

- General Account (for all deposits, investment, disbursement and money transfer activities)
- Measure K (occasional disbursements only)
- Pavilion Renovation (occasional disbursements only)
- Payroll account (for minor fee transfers only)
- Tiburon/Fairfax Agreement (occasional disbursements only)

For pricing purposes, we have provided a Pro-forma Pricing Matrix (Attachment A) indicating our estimated monthly transactions.)

REQUIRED SERVICES AND FORMAT OF PROPOSAL

In order for us to adequately compare and evaluate proposals objectively, all proposals must be submitted in accordance with this format:

Tab I - Table of Contents (Table of Contents should follow the RFP format)

Tab II - Transmittal Letter: The letter should address the bank's willingness and commitment, if selected, to provide the services, and why the bank believes it should be selected. The letter should be addressed to Michael Vivrette, Finance Director and signed by the Client Manager assigned to our accounts. It should include the bank's principal business address and where the relationship will be managed.

Tab III - Bank and Staff Profile: Please respond to the following sections:

Overview: Provide a general corporate overview of your bank and governmental client service philosophy. Also identify the number of branches within our City, and the nearest full service branch that can assist us with our immediate banking needs. The bank must have a sufficient number of full service branches in Marin County to meet our needs.

Experience: Describe the bank's direct experience in providing services to the public sector. Include exclusive resources dedicated for the public sector. Provide three references most comparable to our size and financial needs that we may contact. Include a brief description of the services provided, how long such services have been provided and a contact person and telephone number for each client described.

Relationship Management: Describe the relationship team that will be assigned to service our relationship. Describe individual roles, responsibility and briefly detail credentials and related banking experience.

CRA Rating and Other Community Involvement: Provide the bank's CRA rating and describe the bank's Community Reinvestment Act programs.

Tab IV - Deposit Processing: *(Describe your current deposit method: rolled coin, bundled currency by denomination; deposit items are fully encoded.)*

Describe how the bank will accommodate the volume associated with our account. Indicate deposit options, including cash vault centers. The bank should have a centralized cash vault operation that can accommodate the security, deposit volume and change order demands associated with our accounts. Also include information on the bank's processing of returned/recleared items in this section.

Tab V - FDIC Charges and Float: Provide information on applicable FDIC charges and the bank's availability schedule. Also present any float advantages by converting our relationship to your bank.

Tab VI - Account Reconciliation and Positive Pay: The bank must provide monthly account reconciliation reports, bank statements, account analysis statements, confirmations and other report related features. The bank must be able to provide various reports and statements in a computer media and also provide specialized reports, where feasible, as needed. Describe the account reconciliation services offered by the bank. Also, describe the Positive Pay services available from the bank. Additionally, describe the bank's check truncation services, including estimated savings if used.

Tab VII - Electronic Money Transfers: Describe the bank's incoming and outgoing electronic money transfer services. Include safeguards and security measures offered by your service.

Tab VIII - LAIF Transfers: Describe the method used by the bank to process LAIF (State of California Local Agency Investment Fund) transfers.

Tab IX - Change/Currency Order Services: Describe the bank's procedures for requesting change/currency orders.

Tab X - Balance Reporting: The bank must have an electronic communication/file transmission system to allow us to receive, no later than 5:30 a.m. Pacific Time, previous day balance and transaction information for each designated account. The information shall be available by computer through secure Internet access. Describe the balance reporting system offered by the bank, its features, including "user-friendliness."

Tab XI - Direct Deposit of Payroll and Other ACH Services: Though the Town currently uses a third party payroll service for this purpose, we may add this in the future. The bank must have the capability to accommodate a wide range of electronic payment and deposit services. We utilize direct deposit services for our semi-monthly payroll. Approximately 30 of our total 44 employees take advantage of the payment mechanism. Describe the bank's direct deposit services and any employee benefit program for our employees. Describe other ACH services offered.

Tab XII - Payroll Tax Processing: Though the Town currently uses a third party payroll service for this purpose, we may add this in the future. Describe the services available from the bank to accommodate the City's payment and reporting of payroll taxes.

Tab XIII - On-line Bill Paying: The Town may offer on-line bill payment services to its residents for City services at some future time. Describe the services offered.

Tab XIV - Credit Card Processing: Our average draft size is \$ 337. Our annual volume is \$25,000. The bank must be able to provide an electronic system that will accommodate credit card authorizations. Describe the electronic system(s) available for processing credit card transactions.

Tab XV - Controlled Disbursement: Described the controlled disbursement program offered by the bank.

Tab XVI – Check 21: Describe the bank’s Check 21 services. What future services are planned, if any.

Tab XVII - Overnight Sweep Account Facility: Describe the overnight sweep account offered by the bank.

Tab XVIII – Lockbox Services: The City does not currently utilize lockbox services. Please describe the lockbox services available.

Tab XXIX - Collected Balances and Earnings Allowance: Describe the bank’s calculation of collected balances and calculation of charges for funds advanced. Also describe the methodology that would be used to give credit to the Town for bank balances.

Tab XX - Daylight Overdraft Protection: Describe any issues, concerns and charges associated with the use of a daylight overdraft facility.

Tab XXI - Pricing Terms and Conditions: Include in this section, the bank’s proposed terms of contract.

Tab XXII - Pricing Schedule: Provide in this section, using our pro-forma (Attachment A), the pricing for services proposed by the bank.

Tab XXIII - Conversion Plan: Describe the overall plan your bank would coordinate to ensure a smooth transition from the current provider. The bank must also provide on-site training to our personnel for the operation and use of the bank’s services and automated systems for all areas of service.

Tab XXIV - Investment Services: We currently have a \$1,000,000 investment portfolio. Describe investment services offered by the bank; exclude duplicate description of overnight Sweep Account capabilities in this section.

Tab XXV - Service Enhancements: Based upon information presented in our RFP and your bank’s knowledge of the public sector, describe any enhancements, technological or otherwise, that we should consider to improve operational or cash management efficiencies.

Tab XXVI - Additional Information: Describe any other information not previously mentioned that the bank believes should be given consideration.

EXHIBITS TO BE INCLUDED IN PROPOSAL:

Exhibit A - Provide the completed *Attachment A*, Pro-forma Pricing Matrix. Service charge costs for all services represented in the RFP response must be included on the Pro-forma Pricing Matrix. Please add additional lines as necessary in the “Other Charges” section of the form.

Exhibit B - Contract Samples: Include contract or agreement samples for banking services that are specific to the services represented in this RFP.

Exhibit C - Financial Statements and Ratings: Provide the most recent audited financial statements or annual report for the bank. Also include your most current Standard & Poors and Moody's credit ratings.

Exhibit D - Account Analysis: Provide a sample of your bank's account analysis and a user guide for the account analysis.

EVALUATION OF PROPOSALS

The evaluation criteria will include the following:

- A. *Proper Submission of Proposal:* Receipt of proposal by due date as outlined in this proposal according to our specifications. Late submissions or delivery via facsimile will not be considered.
- B. *Comprehensiveness of Services Provide:* Overall capabilities of the bank to meet the required service levels described in this RFP.
- C. *Public Sector Experience and Resources:* The bank's experience in providing services to the public sector, as well as dedicated resources and personnel.
- D. *Strength and Stability of Bank:* The bank's financial standing among its peers and the associated credit quality ratings.
- E. *Assigned Client Manager/Team:* The credentials and experience of the person(s) assigned to our relationship.
- F. *Charges for Services:* The amount of proposed charges and pricing increases in subsequent years.
- G. *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.
- H. *Community Involvement:* Your bank's role as a corporate citizen and related CRA contributions.
- I. *Other Factors:* Any other factors that we believe would be in our best interest to consider which were not previously described.

FINAL COMMENTS

We reserve the right to reject any and all proposals, cancel all or part of this RFP, waive any minor irregularities and to request additional information from proposing banks. By requesting

proposals, we are in no way obligated to award a contract or pay expenses of the proposing banks in connection with the preparation or submission of a proposal.

Our decision to award a contract will be based many factors including but not limited to service, cost, financial strength and innovation. No single factor, such as cost, will determine the final decision to award.

We appreciate the efforts all the banks and their respective staffs have put forth in responding to the Banking Services Request for Proposal.

ATTACHMENTS TO THIS RFP

Attachment A - Pro-forma Pricing Matrix

ATTACHMENT A

**Pro-forma Pricing Matrix
Based on Estimated Monthly Volume**

General Account Services			
Account Maintenance			
Zero Balance Account Master Maintenance			
Zero Balance Account Subsidiary Maintenance			
Analysis Statement			
Additional Paper Statements			
Photocopies			
Depository Services			
Banking Center Deposits			
Night Depository Deposits			
Vault Deposits			
Coin/Currency Deposited (per \$100)			
Change Orders			
Coin Deposited (standard bags)			
Coin Deposited (non-standard bags)			
Checks Deposited - Unencoded			
Checks Deposited - Encoded			
On-Us			
Local Clearings			
Select in District			
All Other			
Excessive Rejects - Encoded Checks			
Returned Items			
Returned Items Recleared			
Lockbox Services			
Lockbox Maintenance			
Lockbox Minimum Charge			
Lockbox Image Access Maintenance			
Lockbox Image CD ROM			
Lockbox Overnight Courier			

Paper Disbursement Services			
Checks Paid (truncated)			
Checks Paid (not truncated)			
NSF Items Paid/Returned			
Stop Payments - Manual			
Stop Payments - Automated			
CD-ROM Maintenance			
CD-ROM Per Image			
CD-ROM Per Disk			
Image Retrieval Online			
Paper Disbursement Reconciliation Services			
Partial Maintenance			
Partial Maint with Positive Pay			
Partial Item			
Partial AR – Credit per item			
Check Issue Input – Transmit Media			
Partial Recon Transmission out per account			
Full Reconciliation Maintenance			
Full A/R with Positive Pay			
Positive Pay Returns			
General ACH Services			
ACH Monthly Maintenance			
ACH Debits Received			
ACH Credits Received			
ACH Input Transmission			
ACH Processed (On-Us)			
ACH Processed (ACH/Off-Us)			
ACH Originated Addenda			
ACH Account Block			
ACH Account Filter			
ACH Returned Items			
ACH Night Window Surcharge			
Notification of Change			
Delete/Reversal – Batch/File			
ACH Optional Reports			

Wire and Other Funds Transfer Services			
Wire Out – Domestic			
Wire Out – Book			
Wire Out - International			
Incoming Wires			
Wire - Mail Advice			
Template Storage			
Wire Maintenance Fee - Monthly			
Information Services			
Detail Items Printed			
Investment Services			
Automated Investment Sweep Acct. Maint.			
Other Charges:			
Total Monthly Fees			\$