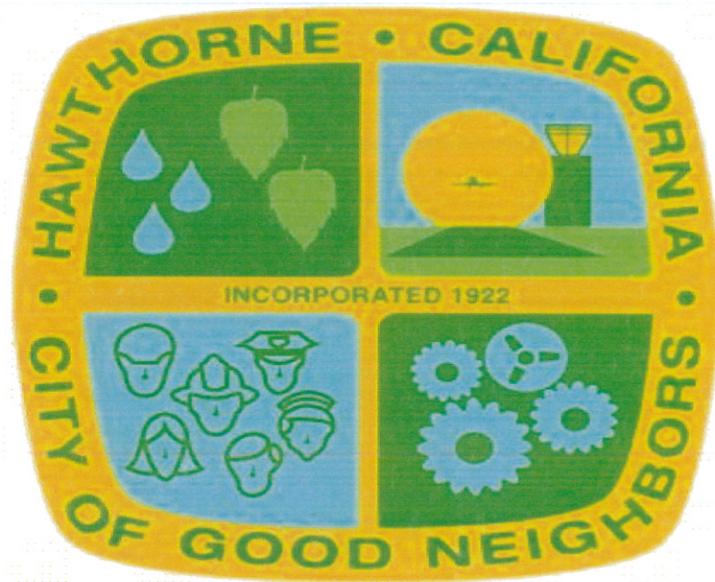


Request for Proposals For Banking Services



Prepared by:
The City of Hawthorne
Finance Department
Rickey Manbahal, Director of Finance

Posted: October 7, 2016
Due: January 31, 2017

City of Hawthorne
4455 W. 126th Street
Hawthorne, CA 90250

REQUEST FOR PROPOSAL FOR BANKING SERVICES

BID INFORMATION

Title: Request for Proposal for Banking Services
Contact: Rickey Manbahal, Director of Finance
Phone: (310) 349-2927
Email: rmanbahal@cityofhawthorne.org

TIMELINE FOR SUBMISSION

October 7, 2016 Release of Proposals
January 31, 2017 Proposals due by 5:00 p.m.

SUBMISSION INSTRUCTIONS

Submit Proposals To: Norb Huber, City Clerk
City of Hawthorne
4455 W. 126th Street,
Hawthorne, CA 90250

Format: Please mail three (3) printed copies including one (1) signed original, and submit one (1) electronic (pdf) copy via e-mail to rmanbahal@cityofhawthorne.org by the deadline.

Deadline: January 31, 2017 at 5:00 p.m.

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I. INTRODUCTION AND BACKGROUND

The City of Hawthorne is accepting proposals from qualified financial institutions to provide comprehensive banking services.

A proposer must be an FDIC Insured depository (a state or national bank located in California, as defined by Section 53635.2 of the California Government Code) that can provide a variety of commercial banking services. The bank must be a member of the Federal Reserve System. The bank must be a federally or State of California chartered financial institution and in good standing among other comparable banks.

The City intends to select a financial institution ("bank") with a branch office that has full depository services within the geographical boundaries of the City of Hawthorne to provide the banking services.

BACKGROUND

The City of Hawthorne was incorporated on July 12, 1922 under the general laws of the State of California. Hawthorne encompasses 6.1 square miles and is located in the heart of the Los Angeles Metropolitan area approximately 16 miles south of downtown Los Angeles. Services provided by the City include administration, public works, planning and building, police, fire and parks and recreation. The official population is 87,657 in 2015. The population of this working class city is predominately Latino and overwhelmingly young with nearly one-third of the population under the age of 18 years.

Centrally located, Hawthorne is an ideal location for commerce with downtown Los Angeles, Los Angeles International Airport, and the Ports of Los Angeles and Long Beach all within an 18-mile radius. The City has a diverse mix of residential, commercial and industrial areas.

The City has a council-manager form of government. Policy-making and legislative authority are vested in the governing City Council, which consists of five Council Members, including the Mayor and Mayor Pro-Tem. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments. The City Council is elected on a non-partisan, at-large basis. Council Members are elected to four-year staggered terms with two or three Council Members elected every two years.

The City of Hawthorne currently maintains a primary commercial banking relationship with one depository institution. It is the City's preference to maintain all commercial banking services with one financial institution to maximize cash flow and minimize administrative costs. The City encourages financial institutions to submit the most comprehensive proposal possible offering the highest quality of service while providing opportunities for improving the current management of cash flow. The City is also interested in various technological advances that could improve banking, cash management, and customer service capabilities.

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, timeline, or any other aspect of the process at any time, as deemed

necessary. By requesting proposals, the City is in no way obligated to award a contract or pay the expenses of proposing banks in connection with the preparation or submission of a proposal.

The award of any contract shall be contingent on the requisite staff and Council approvals. Determination of best value to the City shall be based upon, but not limited to, the following considerations (Detailed in Section III of this RFP):

- cost;
- the ability, capacity, and skill of the proposer to provide the services;
- the ability of the provider to deliver timely services;
- the character, integrity, reputation, judgment, experience, and efficiency of the provider.
- the availability of a local branch in the City of Hawthorne

No single factor will determine the final award decision. Please describe all other services that may be considered for further improving the effectiveness of the City's treasury management operations and that may be used in the determination for award of bid.

All costs directly or indirectly related to the presentation of a response to the Request for Proposal (RFP), any oral presentations required to supplement and/or clarify a proposal, and/or reasonable demonstrations which may, at the discretion of the City, be required of the proposer shall be the Proposer's sole responsibility.

II. PROPOSAL PROCESS

Deadline

All proposals must be delivered to the City no later than **5:00 p.m. on January 31, 2017**. Late submissions or proposals delivered via fax will not be accepted.

The City of Hawthorne reserves the right to award or reject bids in part or in whole and on any basis it deems in the best interest of the City.

Questions

Questions about this Request for Proposal should be e-mailed to Rickey Manbahal, Director of Finance, at manbahal@cityofhawthorne.org. The title on the subject line should read "RFP for Banking Services." City staff will e-mail responses as well as post them on the City's website.

Contract Term

It is the intent of the City to award the contract for an initial five-year period with the option to renew five one-year periods at the sole discretion of the City. Prices in subsequent years shall be negotiated based on satisfactory customer service.

Insurance

The bank shall demonstrate the willingness and ability to provide the required insurance coverage as set forth by the City requirements.

Execution of Agreement

The successful Proposer will be required to execute an agreement in the form attached hereto as Appendix B of this RFP and comply with all requirements of said Agreement.

Proposal Submission:

Submit Proposals To: Norb Huber, City Clerk
City of Hawthorne
4455 W. 126th Street
Hawthorne, CA 90250
rmanbahal@cityofhawthorne.org

Format: Please mail three (3) printed copies including one (1) signed original, and submit one (1) electronic (pdf) copy via e-mail by 5:00 p.m., January 31, 2017.

All financial institutions are encouraged to be creative and innovative in responding to this RFP. Discuss any creative pricing or payment options the bank can provide. Describe alternate approaches to the requested services where feasible or additional services offered or recommended, which may not be specifically requested but of benefit to the City.

Proposal Format: A proposing financial institution must follow the instructions for preparing the proposal in the prescribed format. Please answer the questions in each section. Do not include any extraneous or marketing information.

No Proposal: If a service requirement or section of the proposal cannot be met by a proposer, then "No Proposal" should be indicated. An alternative equivalent service may be offered.

Contracted Services: If a service is provided by a third party, please indicate this clearly and provide name of third party company(ies).

III. PROPOSAL REQUIREMENTS

- A. Cover Letter: The letter should designate the proposing bank, the address of the bank office where the relationship will be domiciled, the address of the local branch, if different, and be signed by an authorized bank officer.
- B. Table of Contents: Table of Contents should follow the RFP format.
- C. Bank Services to Public Sector: Please respond to the following sections:
Bank Overview - General overview of bank, governmental client service philosophy, and corporate organization including identification of the government services unit, location of corporate, processing center, and branch localities. Also, please provide any relevant information regarding a correspondent bank relationship.

Experience – Describe the bank’s direct experience in servicing public sector clients. Please include: the number of public agency clients, the dollar amount of public funds on deposit, and bank’s knowledge of and adherence to the California Government Code and other applicable laws. Will the bank be able to comply with transaction confirmations and respond to other requests for data as needed from the City's auditors?

Relationship Management – Identify the size and scope of your public banking unit, bank officers responsible for the City’s accounts, what each person’s role and responsibilities will be, and the relevant credentials and experience of each person on the relationship management team. Please specify the name and title of who will be designated as the bank’s relationship manager for the City. Please describe what sets the bank’s government banking unit apart from others. Does the bank provide a toll-free and local number for Customer Service?

D. References: Please provide three (3) local references that are of similar size and scope of service utilization as the City of Hawthorne. Local government references are preferred. Include the following information for each reference:

- Contact Name & Title
- Name and Address of Business or Government
- Telephone Number
- Number of Years as Customer
- Services Provided

E. Demand Deposit Accounts: The City currently uses ten (10) accounts. Seven of the accounts have checks issued.

Please describe in detail the ability of the bank to provide the above deposit services for the accounts named below:

1. City of Hawthorne-Parent Account
2. City of Payroll-Payroll (ZBA)
3. City of Hawthorne-Housing Authority
4. City of Hawthorne-Successor Agency
5. City of Hawthorne-Workers Comp (ZBA)
6. City of Hawthorne-Liability Claims (ZBA)
7. City of Hawthorne-Seizure (A.F.)
8. City of Hawthorne-Accounts Payable (ZBA)
9. City of Hawthorne-Bail
10. City of Hawthorne-Asset Forfeiture (Independent Account)

F. Deposit Compensation: The City compensates for bank services primarily with compensating balances.

1. List the bank's Earnings Credit Rate (ECR), how it is calculated and applied.
2. List the bank's actual ECR for the past 12 months.
3. Please explain in detail, how and when the FDIC assessment is computed and charged.
4. Please detail which types of items and services can be applied against the City's account analysis in addition to standard bank services, i.e., merchant bankcard processing, bank courier service, etc.
5. Does the City have the option of compensating on fees or balances basis or, a combination of both? Please describe any differences in related costs to the City with either option.
6. Is there an option to charge analysis fees based on an average balance over three or six month period?
7. What procedure is used to make any adjustments to Account Analysis statements and how long does it take for adjustments to take effect?
8. Please state the negative collected balance charge that the City will pay and explain how this charge is computed. Please provide escalation clauses.
9. Please provide a sample Account Analysis statement.
10. Please provide a complete schedule of fees for all of the services described in the proposal. A list of the City's estimates monthly transactions is provided in **Appendix C** of this RFP for pricing purposes. Fees related to all services described in the proposal must be listed, even if the service is not shown on the fee schedule. 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, five-year term of the contract.

G. ACH, Wire and Other Transfers:

Please describe the bank's on-line transfer service capability and what specifically is recommended for the City's use and consideration.

1. What is the funding requirement for ACH payments? Are same-day payments possible? Please include deadlines for same and next day payments. Include safeguards and security measures offered by your service.
2. What is the process for initiating wire transfers? Please include deadlines. Include safeguards and security measures offered by your service.

3. Describe the financial institution's incoming and outgoing electronic money transfer services. Include safeguards and security measures offered by your service.
4. Please provide a description or sample of the bank's funds transfer agreement. How are authorization levels established for transfers?

H. Deposit Transmittal Process: The City currently has the option of making walk-in cash deposits at a local bank branch.

1. Does the bank offer desktop deposit? If not offered, what is the required deposit preparation for checks?
2. What are the cut-off times for deposits at the bank's Processing Center to ensure same day credit?
3. What are the cut-off times for deposits at the bank's local branch to ensure same day credit?
4. Please describe the bank's deposit requirements. How should the coin and currency deposits be prepared? Can checks, currency and coin be included in the same deposit or are split deposits required?
5. Please describe the documentation available for checks deposited. Is a copy of the check available via the website?
6. Please describe in detail the bank's procedures for handling deposit adjustments. What documentation on discrepancies does the bank provide? When are adjustments posted to account?
7. Please describe the bank's returned item handling and notification procedures. Is an automatic re-clearing option available? How long does it take for returned items to be sent to the City?

I. Electronic Check Processing – Check 21 Services

The City is interested in having the capability of processing checks electronically.

1. Does the bank provide this service? If so, describe how this service works and the pros and cons.
2. What does the City need in order to be compliant with this service?

J. Account Reconciliation: The City issues approximately 5,368 Accounts Payable and 443 Payroll checks, 400 ACH Debits and 13,278 direct deposit accounts, and other transactions per year. Currently, these accounts have partial check reconciliation service (cleared checks are uploaded into Accounts Payable and Payroll

Application System).

1. Does the bank offer full Account Reconciliation and Positive Pay with data transmission capabilities? If so, please describe the services cost of what is recommended for the City's consideration.
 2. Describe the bank's web-based services as they pertain to stop payments, copies of paid checks, ACH exceptions, and voided checks. How many days is data available to verify if a check has been cashed?
 3. Does the bank offer a CD-ROM imaging service? If so, please describe the service and the costs associated with this service. Currently, we have an image archive that stores the checks for 7 years and accessible online.
 4. How quickly are monthly statements available to allow for account reconciliation? Is a "data dump" into Excel available for the monthly statement activity? Currently, statements are available the 1st of the month and downloaded online by PDF or Excel, there is no waiting.
 5. Will the bank guarantee that all items drawn on City accounts be paid regardless of the balance in the funding account? What is the charge for covering these items? Please be comprehensive in your response.
 6. What notification is given if there are insufficient funds (email, phone call etc.)? Is there a service available for notification of balance below an agreed upon float amount?
 7. Please provide a sample Account Statement and Positive Pay statement.
- K. Direct Deposit Relationship: The City transacts State of California Local Agency Investment Fund (LAIF) and receives tax apportionments on a regular basis.
1. Is the bank an approved State of California depository?
 2. What is the charge per transfer to LAIF? From LAIF?
 3. Please describe how the financial institution processes payments from State of California and LAIF transfers.
 4. Does the bank have an office in Sacramento that maintains a direct DDA banking relationship with the State Treasurer's Office and the State Controller's Office?
- L. Direct Deposit of Payroll: Direct Deposit of Payroll is currently in place with 95 % of the City's employees participating. There are approximately 8,676 Payroll direct deposit transactions per year.
1. Please describe the bank's procedure in detail for receiving electronic payroll data. What are the bank's security measures for data included in electronic payroll file?

2. What are the transmission deadlines for Direct Deposit ACH files? When (day and time) does the bank need the file from the City, and when specifically are funds debited from the City's account?
3. Please detail the bank's back-up plans for data transmissions. The City requires immediate notification of any changes or problems and the ability to re-send a file or to delete a file.
4. What screening measures does the bank use to minimize errors on files sent to you (i.e., pre-notes, ABA screening, etc.)?

M. Payroll Tax Processing: Please describe services available from the financial institution to accommodate the City's payment and reporting of payroll taxes.

N. Balance & Detail Reporting: The City utilizes web-based daily balance and detail reporting information (prior day detail).

1. Please describe the bank's on-line information reporting system including cost of web-based reports. The City may request a demonstration of your on-line system.
2. Can reports be custom-tailored for the end-user?
3. Can the City obtain current day (intraday) information? If so, please describe the service and hours the service is available.
4. What are the computer hardware and software specifications for the bank's on-line system?
5. Please provide a sample of prior day and intraday reports that would be the best example of the system's capabilities. Include the reports in this section.
6. Can the bank provide credit or deposit information by location or identifier number as part of these reports?
7. What is the bank's contingency plan for providing this information in the event of unexpected bank systems problems or natural disasters?
8. What other on-line or Internet based systems are currently available to customers?

O. Bankcard Processing: The City will be accepting credit card payments, in person and online for payment of Animal and Business Licensing, Alarm permits and social activities through the City's software vendor.

1. Please describe the bank's Bankcard and Point-of-Sale processing capabilities. Does the bank outsource this service or have a department within the bank?

2. Please quote a discount schedule for all Visa/Mastercard/Discover/Amex qualified/non-qualified transactions and all other applicable charges for the credit card processing described above.
3. When and how will the City receive funds for each day's transactions? Is settlement by ACH or Fed Wire? Are settlement amounts listed separately on the bank statement or will they appear as one lump sum?
4. Is the bankcard relationship managed by a separate unit of the bank, or by the Account Relationship Manager? Please briefly describe the structure of this area.

P. Electronic Direct Payment Services:

1. Please thoroughly describe the bank's electronic bill payment, EFT and ACH services. Does the bank offer both ACH debit and credit programs as part of this service? Include safeguards and security measures offered by your service.
2. What hardware, software, and special programming are required for the implementation of an ACH credit program for payments to City vendors?
3. Please detail all costs associated with ACH for a vendor payment program.
4. Please detail all costs associated with your automatic bill payment program.
5. Please detail all costs and processes for auto draft (automatic payment deductions).

Q. Conversion Plan:

1. Describe the overall plan your financial institution would coordinate to ensure a smooth transition from current provider.
2. Describe the on-site training to the City's staff for the operation and use of the financial institution's services and automated systems for areas of service.
3. Provide a time line schedule and applicable charges for the conversion plan.

R. Investment Services: Describe investment services offered by the financial institution.

S. Service Enhancements. Based on the information provided in the RFP and your bank's knowledge of the public sector, please describe any services or technological enhancements, not previously mentioned, that may be considered for further improving the effectiveness of the City's treasury management operations.

T. Business Continuity Plan: The City requires assurance of ability to provide financial services in the event of a major emergency and during the disaster recovery period.

1. Please describe in detail, the bank's compliance with state and federal regulations pertaining to this area.
 2. Please describe testing of core service applications and system that assure information backup, anti-intrusion and other privacy requirements.
 3. Describe operational diversification and geographic dispersal of service centers.
- U. Standard Bank Fee Schedule for Government/Corporate Clients and Standard Form Services Agreement - Please submit with Proposal responses.
- V. Bank Credit and CRA Ratings - Please submit with Proposal responses.
- W. Most Current Annual Report - Please provide an electronic link to your most current annual report with Proposal.

IV. EVALUATION OF PROPOSALS

Selection will be made from a list of proposers deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors listed below (not in priority order):

- Understanding of the needs and operation requirements of the City.
- 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.
- Bank and branch locations.
- Availability schedule.
- 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.
- Compliance with the requirements of this RFP and quality of proposals.
- Proposed fees and compensation.

**APPENDIX C
BANKING SERVICES RFP
SCHEDULE OF FEES
CITY OF HAWTHORNE**

GENERAL ACCOUNT SERVICES

AFP CODE	SERVICE DESCRIPTION	AVG. MONTHLY VOLUME	COST PER ITEM	COMMENTS
Balance & Compensation Information				
00 0210	Daily Use of Uncoil Funds-Acct Lvl	178		
00 0230	Recoupment Monthly IB	5756		
00 0230	Recoupment Monthly	16,394		
General Account Service				
01 0101	Desktop Deposit Credit Posted	4		
01 0000	Tax Quarterly Statement	1		
01 0000	Tax Receipt	8		
01 0100	Tax Payment	8		
01 0099	Tax Subscription Per Account	1		
01 0000	Account Maintenance W/Chk Return	1		
01 0020	Zero Balance Master Account Maint.	1		
01 0000	Account Maintenance -Chexstor	8		
01 0021	Zero Balance Monthly Base	4		
01 0100	Debits Posted	99		
Depository Services				
10 0110	Vault Deposited Coin - Rolled	3		
10 0015	Miscellaneous Credits Posted	9		
10 0015	Cash Dep/\$1 Verify IN Cash Vault T4	45,562		
10 0111	Cash Vault Coin Dep-Partial/Mix Bag	2		
10 0100	Cash Vault Monthly Base	3		
10 0199	Cash Vault Currency/Coin Deposited	89,165		
10 0000	Post Verify Deposit	2		
10 0220	Deposited Checks - On Us	422		
10 0223	Deposited Checks	1,636		
10 0220	Desktop Deposit-Bank Deposit Item	18		

**APPENDIX C
BANKING SERVICES RFP
SCHEDULE OF FEES
CITY OF HAWTHORNE**

GENERAL ACCOUNT SERVICES

AFP CODE	SERVICE DESCRIPTION	AVG. MONTHLY VOLUME	COST PER ITEM	COMMENTS
10 0224	Desktop Deposit-Non Bank Deposit Item	37		
10 0000	Cash Deposited IN Branch/Store	141		
10 0100	CV Cash Only OR Check Only Deposit	8		
10 0100	Cash Vault Deposit Cash And Check	19		
10 0000	Coin Bag Deposit IN Branch/Store	1		
10 0400	Return Item - Chargeback	6		
10 0414	Return Item Service Mthly Base	4		
10 0400	Return Item Special Instructions	6		
10 0401	Return Item Special Inst Mthly Base	1		
10 0402	Return Item Redeposited	5		
	Paper Distribution Services			
15 0723	Positive Pay Exception-Image	1		
15 0240	Pynt Auth Max Check Mthly Base	1		
15 0030	Positive Pay Only Mthly Base	3		
15 0120	Positive Pay Only - Item	4		
15 1352	Desktop Deposit Image Retrieved	70		
15 1358	Positive Pay Mthly Base - Basic	1		
15 0030	Positive Pay Mthly Base	3		
15 0310	POS Pay Checks With No Issue Record	1		
15 1350	Paid Check Mthly Base	3		
15 0240	Check Cashing Threshold MO Base	1		
15 0240	OTC Debit Block Mthly Base	1		
15 0240	Checks Pay To Indiv Block MO Base	1		
15 1353	Paid Check Per CD	3		
15 0100	DDA Checks Paid	612		
15 0400	CEO Search	8		

**APPENDIX C
BANKING SERVICES RFP
SCHEDULE OF FEES
CITY OF HAWTHORNE**

GENERAL ACCOUNT SERVICES

AFP CODE	SERVICE DESCRIPTION	AVG. MONTHLY VOLUME	COST PER ITEM	COMMENTS
15 0340	Overdraft Charge-Paid Item	1		
15 0122	Payee Validation Standard Item	21		
15 0500	Chk Cashed For Nonacct Holder	9		
15 1399	Image Paid Check Per Item	704		
	Paper Distribution Recon Services			
20 0200	CEO Register Input - Item	89		
20 0010	ARP Monthly Base - Full	4		
20 0201	ARP Full Recon-Item	796		
20 0301	ARP Output - Transmission	6		
20 0310	ARP Optical Reports	8		
20 0329	ARP Paper Statement/Report Delivery	4		
20 0310	ARP Paper Stmt/Report Mthly Base	4		
20 9999	ARP Aged Issue Records On File-Item	39		
20 0100	Outgoing Transmissin-Per Item	385		
20 0399	Positive Pay Exceptions - Basic	1		
20 0305	CEO ARP Stmt & Rpts Mthly Base	4		
	General ACH Services			
25 0703	ACH CEO Subscription - Account	1		
25 0201	Electronic Credits Posted	174		
25 0000	ACH Monthly Base	2		
25 0102	ACH One Day Item	1		
25 0102	ACH Two Day Item	1452		
25 0202	ACH Received Item	77		
25 0302	ACH Returen Admin - Manual	3		
25 0501	ACH Transmission Special	7		
25 0710	ACH Fax Service	11		

**APPENDIX C
BANKING SERVICES RFP
SCHEDULE OF FEES
CITY OF HAWTHORNE**

GENERAL ACCOUNT SERVICES

AFP CODE	SERVICE DESCRIPTION	AVG. MONTHLY VOLUME	COST PER ITEM	COMMENTS
25 0622	ACH Exception Process-Duplicate File	2		
25 0720	ACH Customer Reports	1		
25 1050	ACH CEO Fraud Filter Review MO Base	3		
25 1050	ACH CEO Fraud Filter Stop Mthly Base	6		
25 1070	ACH NOC- Fax Advice	3		
25 1070	ACH NOC- Fax Advice	3		
	Wire & Other Funds Transfer			
35 9999	Wire Monthly DDA Base - Voice	1		
35 0300	Wire IN - Domestic	1		
35 0104	Wire Out Domestic - CEO	4		
35 0124	Wire Book Transfer - CEO	1		
	Information Services			
40 0231	Desktop Deposit Report Per Item	70		
40 0003	Desktop Deposit Monthly Base	3		
40 0000	CEO Prev Day Subscription Mthly Base	7		
40 0001	CEO Previous Day Item Loaded	755		
40 0003	CEO Interday Subscription Mthlybase	7		
40 0224	CEO Interday Item Viewed	23		
40 0052	ARP Stmt & Rpts 9Csv/Excel) Base	2		