



City of Delaware, Ohio, USA

Request for Proposal (RFP)

for

Banking Services

Issue Date: May 15, 2020

Issued By: City of Delaware – Finance Department
1 S. Sandusky Street
Delaware, OH 43015

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AND

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Information Due: 5:00 PM, June 12, 2020



Request for Proposal

Banking Services

Section 1 – Introduction

A. Summary of RFP

The City of Delaware is currently seeking proposals from qualified financial institutions interested in providing comprehensive banking services. The City intends to maintain all banking services with one institution in order to maximize its cash flow as well as to minimize its administrative costs. The primary objective of requesting proposals is for the City to determine which bank can offer the highest quality of service at the most reasonable cost. This process also provides the City the opportunity to explore alternative procedural methods that could improve its banking, cash management and customer service capabilities.

We encourage you to be creative and educational in your responses. The format must be consistent with the requirements for the RFP (address qualifications and each of services needed in a separate section. The City desires check protection (positive pay) services, remote deposit, and the use of sweep accounts to maximize the interest earnings for the city. If you believe that your proposed solution or services would be beneficial to the City, we invite you to offer them. Please provide options that may create efficiencies, make improvements, and take advantage of new, applicable technologies.

The City intends to establish a three-year contract, with an additional three-year renewal option. The conditions of the proposal must remain valid for a minimum contract term of three years. As a matter of policy, the City may issue a RFP for banking services at the end of the term. Either party may cancel the contract for any reason with 90 days written notice.

Electronic proposals will be accepted until 5:00 p.m. on June 12, 2020. Responses must address all of the items listed in this request for proposal and submitted via email with the subject line "Banking Services Proposal" to jnahvi@delawareohio.net.

Questions or request for clarification may be directed to Rob Alger at (740) 203-1203 or email at ralger@delawareohio.net.



B. Governmental Background

The City of Delaware is a full service community providing a high level of services to its residents. Services include: Police, Fire/EMS, Street Maintenance, Public Utilities, Refuse, Parks and Recreation, Municipal Court, and other administrative functions. The City operates under and is governed by its Charter, adopted by the voters in 1951 and which has been and may be amended by the voters from time to time. The Charter provides for a Council-Manager form of government. The City is also subject to some general laws applicable to all cities. Under the Ohio Constitution, the City may exercise all powers of local self-government, and police powers to the extent not in conflict with applicable general laws.

Legislative authority is vested in a seven-member Council, of whom three are elected at-large and four are elected from wards, for four-year terms. The Council fixes compensation of City officials and employees, and enacts ordinances and resolutions relating to the City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the Mayor, who is elected by the Council for a two-year term. The City's Charter establishes certain administrative departments; the Council may establish divisions of those departments, and additional departments.

The City's chief executive and administrative officer is the City Manager, who is appointed by the Council to serve at its pleasure. The City Manager may be removed by a vote of four members of the Council. The City Manager appoints the directors of City departments including the Director of Finance. City Council shall have no power by ordinance or otherwise to direct or require the City Manager to award any contract to any person, firm, or corporation as a condition of authorizing such contract, or otherwise.

The Director of Finance shall administer the Treasury of the City. All money received by any officer or employee of the City, for or in connection with the affairs of the City, shall be paid without delay into the City Treasury. Public money, other than that of the City coming into the hands of any officer or employee of the City, shall be paid into and kept in the Treasury and administered as other moneys therein, except as may be otherwise required by law applicable thereto.



The City’s annual operating and capital budget for 2020 is approximately \$100 million and the City maintains operating reserves of approximately \$25 million. During 2019 the City’s average month-end cash balance (active and inactive) was \$82.1 million. The City’s cash management system has need of a central operating checking account, a payroll account, and various short-term investment accounts for surplus funds. The City uses the State Treasury Asset Reserve STAR Ohio Local Government Investment Pool. Funds are transferred to and from STAR Ohio on an as needed basis to meet cash needs and maximize earnings. Daily deposits are transported to the bank each afternoon. The City currently offers direct deposit of payroll, utilizes internet banking for its checking accounts and ACH for various account deposits. The City of Delaware has a work force of approximately 325 full-time and 75 part-time/seasonal employees.

C. Timeline for Procurement Process

The following is the RFP Schedule & Key Dates

TIMELINE	
Distribution of RFP	May 15, 2020
Pre-Proposal Q&A meeting via WebEx	May 22, 2020
City’s deadline to respond to questions	May 29, 2020
Proposal Submission	June 12, 2020
Interview top 3 Banks	June 18-19, 2020
Final Selection	June 26, 2020
Implementation	July 2020

D. Minimum Bank Qualifications

The following is a list of the City of Delaware’s minimum requirements in order for a bank to be considered:

- Authority to offer banking services. Institution must hold a charter from either the United States Government or the State of Ohio.
- Access to the Federal Reserve System. Institution must be a member of (or have access to) the Federal Reserve System and have access to all Federal Reserve System services.
- Legal Compliance. Institution must be in compliance with all applicable laws, rules, regulations and ordinances of the City of Delaware, the State of Ohio, and the United States.
- Local banking office. Institution must have an established office or local branch within the City of Delaware.
- Collateral. Institution must be able to provide collateral on all deposits in compliance with Ohio Revised Code Chapter 135 requirements.



- Comply with all provisions of Chapter 135 of the Ohio Revised Code, Uniform Depository Act.

Section 2 – Scope of Banking Services

A. Banking Needs

It is the City's intent to select a bank that can provide high-level banking services at the most reasonable cost. The selected institution shall be designated as the City depository for an initial three (3) year term which is anticipated to commence July 1, 2020. The contract shall contain an optional renewal clause which may be used for an additional three (3) year period under the same terms and conditions, thereby providing for six (6) years of depository and banking services. The contract shall provide that the City reserves the right to terminate the contract at any time upon 90 days prior written notice.

The City's cash management system manages all government funds with a sweep account system checking, depository, and investment accounts. The City has need of a central operating checking account, a payroll account, a potential self-insurance checking account, and a credit/debit card 3rd party deposit account. The institution will furnish the City with additional accounts as needed. The City currently utilizes, and intends to continue utilizing, positive pay services for check protection and remote deposit for checks collected.

The following sections will outline the various services desired by the City of Delaware (denoted in terms of **required** and **optional**). For the understanding of proposing banks, the City will outline average account volumes for existing services by the City [Table 1]. Any additional services or products the banking institution may provide that are not specifically outlined within this Request for Proposal and/or recommendations regarding alternative and innovative approaches that would enhance operational efficiency should be included in the proposal.



Table 1

<u>Service</u>	<u>Annual Volume</u>	<u>Monthly Average Volume</u>
Regular Statement	48	4
Stop Payment	2	0
Checks Paid	7,958	663
Items Deposited - On Us	11,562	964
Items Deposited - Not On Us	94,359	7,863
Returned Deposited Item	145	12
Deposit Tickets	1,877	156
Night Deposit - Bag	6	1
ACH Detail Reporting - Fixed	48	4
ACH Credits Received	6,834	570
ACH Debits Received	305	25
ACH Origination - Files	1,009	84
ACH Origination - Fixed	13	1
ACH Origination - Items	41,783	3,482
ACH Items Returned	227	19
ACH NOC Items	210	18
ACH Filter - Fixed	29	2
Coin/Currency Deposited	1,360,223	113,352
Positive Pay Exception Items	32	3
Positive Pay - Items	8,351	696
Positive Pay - Fixed	36	3
Wire Transfer Domestic	6	1

B. Wire Transfer Services (required)

The City wires funds online on a repetitive and non-repetitive basis to other banks. The City requires online outgoing wire transfers and confirmations to be provided. Wire Transfers ordered by the City and not received by the destination party will be traced from origin to destination to ascertain the party responsible for delaying the transfer.

Please describe the following services:

- Policy on daylight overdrafts, including aggregation of accounts and wire deadlines.
- Ability of government to initiate and monitor wire transfers online.
- Ability to create and store recurring/repetitive wire instructions/templates.
- Ability to create and store future-dated wire instructions.
- Security measures for wire initiation and approval.



C. ACH (required)

Proposing banks must provide ACH services for both debit and credit transactions. The City requires the ability to generate ACH transactions for employee payroll and reimbursements, vendor payments and provider transmittals. In addition, The City requires all proposing banks to provide the City with an in-depth, monthly statement of all ACH transactions, via PDF.

Proposals should include information regarding ACH:

- Methods of transmission
- Cut-off times
- Same day ACH
- Security features related to processing direct deposits
- Pre-notification policy and cost
- Re-presentation of checks (RCK) through ACH on specific date
- ACH Debit blocking program

D. Availability of Funds (required)

The City of Delaware expects all banks to submit a funds availability schedule. The bank must guarantee availability of funds to the City on terms at least as favorable as stipulated on the funds availability schedule. Furthermore, banks should describe one day, two day availability and wire requirements. The Bank must provide an availability schedule for funds deposited via cash deposit, wire transfer, checks, and ACH credit. The proposing bank's application should include information on the Bank's policy regarding receiving same day credit for deposits. Furthermore, please describe whether expedited availability is offered.

E. Monthly Statements and Account Analysis (required)

The City requires monthly account statements that show a listing of deposits and withdrawals with detail and the amount of interest earned on interest-bearing accounts per month within five (5) business days after month end.

Additional requirements:

- Numeric check sorting will be completed by the bank
- Imaging of cancelled checks (front and back)
- If the bank has a standard reconciliation product, please provide a detailed description as well as any differentiating characteristics.



- Also, provide a full range of modes of communication possible with your product and any enhancements that are available to reduce time and/or costs, improve check fraud prevention, streamline data presentation, etc. *This information should be submitted as a separate addendum to the application.*

The City requires a full account analysis on a monthly basis. The format for the analysis should be designed to accommodate the information contained in the contract. The analysis must identify the quantity, unit charge, and extended price for all items charged.

Please describe the following account services:

- What is the proposing bank's resolution process?
- What is the duration report images are maintained online?
- When will reports be made available and through what medium (e.g. online, email)?

F. Collection and Deposit Services (required)

Deposits are made daily. The method of securing deposits will be required as an addendum to the proposal. Banks shall furnish deposit tickets and master keyed night deposit bags to the City. The appropriate deposit slips provided by the Bank will accompany each deposit.

Deposits will consist of currency, and coin. Currency will be bundled and coin will consist primarily of pre-counted coinage in a bag as collected from parking meters.

All checks are deposited remotely using remote check processing equipment furnished by F&E Payment Pros.

The City deposits an average of approximately \$65,343.01 per month via cash daily deposits and deposits an average of approximately \$10,745,063.76 per month electronically.

G. Collateralization of Deposits (required)

All financial institutions acting as a depository for City funds must agree to pledge collateral to secure all uninsured City funds in accordance with Ohio Revised Code Chapter 135. The City maintains a preference to have the bank collateralization rate to be situated at 102%.

H. Online Banking Services (required)

The City of Delaware requires a full array of on-line banking services such as the ability to view the status of checks, stop-payments, on-line wire transfers, etc. The system should be secure, easy to use and web-enabled.



Furthermore, all proposing banks must include information on how banking data can be interfaced with the City's financial management system, and what support (i.e. – online services training) would be available under the contract. The City will soon start an ERP conversion from our current Civica CMI application software to Tyler Technology's Munis System. It is expected that the proposing banks will familiarize themselves, and establish initial banking processes/interfaces with the new Tyler Technology software

In addition, Delaware requests that banks provide a detailed description of their online services and their ability to provide the following basic services:

- Reporting
 - Daily balance reporting – summary
 - Daily balance reporting – detail (with check detail and images)
 - Daily ACH and wire with full addenda information
 - Current day reporting
 - Intra-day reporting (real time or delayed), optional
 - Automated email delivery of reports
- Execution of Transactions
 - Transfers between accounts
 - Initiation of wire transfers
 - Initiation of stop payment orders
 - Positive pay actions including time requirements
 - Initiation of ACH transactions; recurring ACH debit collection or credit transactions
 - Maintenance of wire transfer templates
 - Stale-dating of checks
 - EDI services, remote collection, controlled disbursement
 - Confirmations availability and format
- Internal Controls
 - Online cleared check information and images
 - Multi-level security administration requirements
 - Positive pay reports (including imaging of exception items)
 - Management access training for Delaware's system administrator

H. Additional Services (optional)

It is highly encouraged for proposing banks to provide information on other banking services that may be made available to the City currently or in the near future. The City is particularly interested in innovative options for processing electronic payments, credit card merchant services, purchasing card services, invoicing automation, print/mail options, electronic depositing, and any bank related investment advisory or brokering services.



Section 3 – Bidding Instructions

A. Timeline

The City encourages banks to submit the most comprehensive and competitive proposal possible. The City reserves the right to retain all proposals submitted and to use any ideas in a proposal, unless protected by copyright, regardless of whether that proposal is selected.

The City reserves the right to reject any and all proposals, cancel all or part of this RFP, waive any minor irregularities and request additional information from proposing banks. This RFP does not obligate the City to accept or contract for any services.

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Final Selection	June 26, 2020
Implementation	July 2020

Distribution of RFP

The RFP will be emailed to local banks on May 15, 2020.

Pre-Proposal Q&A

The City will conduct a non-mandatory Q&A meeting on Friday, May 22, 2020 at 11:00 a.m. via WebEx. Any proposing bank not attending the Q&A meeting can submit questions in advance of the meeting to Justin Nahvi and Rob Alger, Finance Department City of Delaware – inahvi@delawareohio.net and ralger@delawareohio.net. Answers to questions submitted in advance will be provided at the Q&A meeting and sent to the bank who submitted the question.

Proposal Submission

Proposals must be emailed to inahvi@delawareohio.net no later than 5:00 p.m., June 12, 2020.

Proposal Review

The City will evaluate all proposals and select 3 banks to interview during June 18th and 19th via WebEx.



Final Selection

The selection of a depository based on received proposals and interviews will be finalized on June 26, 2020. Finalists may be given an opportunity to adjust their proposals prior to selection. The rating criteria to be used in the final selection of a depository are as follows:

- Financial strength
- Ability to meet the government's current and projected service requirements over the term of the banking agreement Best availability schedule for deposit items
- Capacity to provide a wide range of electronic banking services
- Cost per identified activity, aggregate banking services cost, and corresponding compensating balances
- Best rate of interest paid historically on accounts
- Best earnings credit rate
- Experience and governmental knowledge of bank team
- Quality of references
- Completeness of response to all required items on the standard forms provided