

**JULY 22, 2016**  
**RFP 2016-101 BANKING & LOCKBOX SERVICES**  
**ADDENDUM #2 – CLARIFICATION RESPONSES**



**SECTION 1 – GENERAL INFORMATION**

**1.12.2 – Insurance**

1. **Will City accept declaration providing sufficient insurance but not specifically naming the City as Additional Insured? All deposits will either be FDIC insured or collateralized.**

Yes

**SECTION 2 - SCOPE OF SERVICES**

**2.1 – Regarding: Anticipated online billing platform**

2. **How will funds be credited to the City's account? Will the biller create an ACH Origination file for City to upload or will they handle that process and generate an ACH credit to the City's account for each day's remittances?**

Unknown. We are considering, not yet implementing. We are currently looking to implement online bill presentment and payment options through our current bill printer, but will be implementing a new utility billing system in the next two years so the process will likely change soon anyway. We have requested this information from the vendor we are currently working with.

**2.1 – Regarding: Merchant Processing/Credit Card Acceptance**

3. **Is the City looking for the proposer to offer merchant card payment acceptance?**

No

4. **For payments that are made in person, how are credit cards currently processed? Please provide the name of hardware and/or software being used.**

City (non-solid waste) uses various means to run credit card payments, but all payments are deposited to an account at Wells Fargo. This process is not intended to change, and is not part of this RFP.

For solid waste credit card payments, which are part of this RFP, tellers are entering payments through Soft-Pak and customers pay through NRWS's online payment portal. Merchant card processing is not being rebid at this time.

**2.1.1 Branch and Vault Deposit Services**

5. **Cash Vault service requires checks and cash to be submitted in separate deposits. How can the Bank facilitate this requirement for the City? Bank does not have a requirement for how many deposits can be submitted per bag.**

The City's current procedure is to include checks and cash in the same deposit bag. We do not want to change this process and would prefer to be able to continue to provide mixed deposits.

**2.1 – Utility Billing (page 9)**

6. **What is the volume that is billed to the customers annually?**

The water utility sends approximately 152,226 bills for a total annual estimated dollar volume of \$20,034,214.

**2.1 Refuse and Recycling (page 9)**

7. **What is the annual volume and transactions processed by lockbox and by credit card?**

Lockbox annual volume and dollars: 79,732 and \$9,842,000

Credit card annual volume and dollars: 46,458 and \$3,049,000

### **2.1 Required Services 'E' (page 10)**

8. **If an earnings credit rate is more beneficial than having an interest bearing account or an overnight investment sweep, will the City consider this to meet the requirements listed under (e)?**

The City is willing to consider the use of compensating balances, but it would be necessary for the bank to provide sufficient detail about how the earnings credit is calculated.

#### **2.1.1 Cash Vault/Safes (page 11)**

9. **If the City is considering using a safe at City Hall, how often would you like the physical cash to be picked up?**

The City would require the cash to be picked up at a minimum when it reaches a level of \$10,000, but must always be picked up by Friday, as the City does not want to hold cash over the weekend. It should be noted that the City collects cash at multiple locations. The daily cash deposit from City Hall is approximately \$4,000.

#### **2.1.2 Disbursement Processing/Checks**

10. **The bank's Positive Pay process is that all checks are paid through a nightly batch processing. Check exceptions are available for review the following day through the Cash Management portal to process a Pay or No Pay decision. Tellers will verify identification, signatures, applicable stop payment status, etc. Is it a requirement that these checks are verified through the teller line prior to nightly batch process?**

Yes, same day teller positive pay is required, unless the bank is willing to cover any losses resulting from a fraudulent item that would have been captured with same day teller positive pay.

#### **2.1.3 Electronic Transfer of Funds**

11. **Other than Payroll, by payment type, what comprises the maximum daily ACH exposure amount of \$5 million and how frequently are files submitted?**

Maximum daily exposure consists of payroll and the maximum potential A/P payment on any given day. A/P is run on a weekly basis. Payroll is processed bi-weekly, and for payroll weeks, we also submit a separate A/P batch for payment of deductions/taxes, etc.

#### **2.1.5 Bank Balances**

12. **Would the City consider an overnight sweep investment account that is fully FDIC insured as an investment option?**

The City is willing to consider this option if all City funds would be insured or collateralized in accordance with CGC Section 53630-53686.

#### **2.1.6 Purchasing and Travel Card (page 13)**

13. **Please supply us a list of the suppliers who are currently accepting Card payments, as well as the suppliers who are still accepting check payments. (Ideally, we would like a twelve month spend of all suppliers and payment type from the City.)**

This information will be provided to those proposers selected to make finalist presentations. All vendors accept check payments. Some vendors are set up for ACH payments (approx. 20%). The vendors who accept card payments accept the card as a form of payment upon purchase, not to pay an invoice through our Accounts Payable process.

### SECTION 3 – SPECIFIC RESPONSE REQUIREMENTS

14. **Can the City provide us with your current account analysis statement?**  
No, the account analysis statement includes confidential information. The services used and volumes for the two Service Groups are provided in Attachments 13 and 14 of the RFP.
15. **Is the City looking for the proposer to offer merchant card payment acceptance?**  
No, merchant card processing is not being rebid at this time.
16. **In which account are the City's funds concentrated? (General?)**  
Yes, the bulk of the City's balances are in the general account.
17. **In order to help mitigate fraud, would the City consider segregating their General/Operating account from A/P and Payroll disbursement accounts and utilizing Zero Balance Accounts?**  
The City would consider this; however, our experience in the past is that these types of accounts create additional reconciliation issues. We are interested in streamlining processes, not making them more cumbersome. The City is also very unclear on how this type of account would provide additional fraud protection than other already used forms of fraud prevention (i.e.: Positive Pay).
18. **Will the payments made on the NRWS website be processed with your primary depository bank?**  
Merchant card payments and ACH payments processed using ECheck on the NRWS website will be processed by the primary depository bank.
- a. **What is the eCheck volume & total dollar amount vs. the merchant card volume and total dollar amount?**  
eCheck volume and dollars: 63,624 and \$2,207,000  
Merchant card volume and dollars: 46,458 and \$3,049,000
19. **Is the City interested in a monthly CD-ROM containing images of paid checks (front & back)?**  
No, the City prefers to view paid check images online.
20. **For the consumer bill statements printed and mailed to constituents/customers (e.g. waste bill, business licenses, etc.), which party does the printing and mailing of these items? We realize this is beyond the scope of this RFP, however may have implications for how we propose our value-added receivables services, which are in scope.**  
Water business license and solid waste/recycling bills are printed and mailed by the City's vendor, Wright Imaging.
21. **Does the City have IT resources on staff that would be available for aspects of an implementation requiring their support? If not, how does the City obtain IT support?**  
Yes, the City has IT resources on staff.
22. **What accounting systems are used by the City: a single ERP? Or are there different systems for general ledger, billing, accounts payable, etc.?**  
The City currently uses Sungard IFAS for payroll, accounts payable and general ledger. The City uses an in-house developed software on the AS400 for water billing and business licenses. Billing for solid waste/recycling is processed in Soft-Pak.
- General Banking – C.5.d – Returned Item Processing**
23. **Does the City want a Daily transmission of returned items? What file format is preferred by the City?**  
Yes, the City would like a daily transmission of returned items. What file formats are available? Most likely would prefer excel or .csv.

**General Banking – C.2.h – Deposit Processing**

24. **What is the volume of rolled or loose coin deposited? Does the City deposit large quantities of single denominations of coin in a single deposit or are all coins comingled?**

Coin is deposited nearly every day. It is neither rolled nor segregated by denomination.

**General Banking – C.2.k – Deposit Processing**

25. **If the City is interested in remote cash safes how many and which locations would require this service?**

The City is initially considering a remote cash safe for their City Hall location. Depending on the success of this location, the City would consider adding safes to one or two additional locations.

**General Banking – C.10.m – ACH Processing**

26. **Does the City require Electronic Data Information (EDI) service in read ready format? If so, for how many accounts?**

ACH credits are received in 4 City accounts. The addenda information needs to be provided in a read-ready format.

**LOCKBOX**

**Page 14 – Utility Bills (Recycling/MDF)**

27. **Please explain the need for remittance documents to be returned to you in hard copy. Are you willing to accept image delivery only?**

NRWS receives hard copies of remittance documents for Recycling/MDF. The City receives hard copies of remittance documents for both business licenses and water utility and would like to continue that practice.

City's concerns/questions are 1) how long are the images maintained online?; and 2) if we changed contractors, would we still have access to the images or would we have had to save them in order to access them at a later date? If we will have access to the files, we would consider eliminating paper copies.

**Page 14 – Utility Bills (Recycling/MDF)**

28. **Explain the transmission form COL. We are not familiar with this type of file. In reviewing you file layout, this file seems to be a fixed flat file. Is there any flexibility in the file format?**

This file is a fixed flat file. Current file type is .COL and is not flexible per Soft-Pak.

**ATTACHMENT 12: VENDOR REFERENCE FORM**

29. **On page 77, Attachment 12-Vendor Reference Form, you ask for the “approximate cost”. Each reference has different volumes and levels of services used which means you would not get an “apples to apples” comparison. We can give you product/service pricing, per unit, based on your actual activity. Is this what you are looking for? The breakdown of your pricing would be included in our RFP response. Will the payments made on the NRWS website be processed with your primary depository bank?**

The City is not looking for detailed pricing, just the overall size of each relationship. Yes, all payments made on the NRWS website will be processed with our primary depository bank.

## **ATTACHMENT 13: PRO-FORMA PRICING, GENERAL BANKING**

30. **Can you please provide a description of all the treasury services listed in Attachment 13? Banks usually can provide this.**

The pro forma schedule includes industry standard AFP Codes. Proposers can use this information to obtain a description for the services listed.

### **100000 Deposits Processed and 109999 Deposit Fee**

31. **What is the difference in these two services?**

The 109999 Deposit Fee is associated with Electronic Deposit Services, where the 100000 Deposits Processed Fee is associated with in-branch deposits.

### **109999 ICS CC Maintenance**

32. **What is this service?**

This is a monthly maintenance fee associated with Electronic Deposit.

### **10010Z Dual Control Deposit**

33. **Which deposits does this service apply to? Is this a flat monthly fee or 1 deposit?**

This applies to 1 deposit.

### **100218 EDS Items**

34. **What are these items?**

These are items processed by the City's current lockbox provider. Depending on the capabilities of the vendor selected to provide Service Group 2: Retail Lockbox Services in the future, these items may not be processed at the City's primary depository bank.

### **150030 Positive Pay Base Fee and 150030 Stand Alone Positive Pay Base Fee**

35. **What is the difference in these two services?**

This is the same service. The incumbent bank is charging Positive Pay Base Fee on the City's General account and charging the Stand Alone Positive Pay Base Fee on the Solid Waste Services Refund account. It is our understanding that the Stand Alone Positive Pay Base Fee service (with a higher fee) applies to the Solid Waste Services Refund account because the account does not use any other reconciliation services.

### **151350 & 151351 – Check Imaging**

36. **What is this service related to? Example: Checks paid, checks deposited, deposit tickets? Does it apply to all accounts or only 1?**

The charge is for imaging that is viewed on the incumbent bank's online platform. This charge applies only to the General Account.

### **250400 ACH Special Reports**

37. **What information is given and how often are they generated?**

This report is run daily and provides details as to what was included in the previous day's summary reporting (summary of all ACH debit and credit activity for the prior day).

### **250501 ACH File Upload Items and 250100 & 250101 – ACH DR/CR Processed**

38. **What is the difference in these two items? Shouldn't all uploaded items be processed items?**

250501 ACH File Upload Item is the charge for processing ACH transactions uploaded to the bank's online platform. The 250100 & 250101 codes are for ACH items sent by transmission.

### **35012Z Book Transfer Wire**

39. **Is this an internal wire transfer between accts in the same bank?**

Yes

## **ATTACHMENT 14: PRO-FORMA PRICING, RETAIL LOCKBOX SERVICES**

### **050331– Lockbox Deposit Reporting –Custom Output – Volume 2**

**40. Is the volume 2 in reference to a Summary and Detail report?**

No, these are not summary and detail reports. The current lockbox operator provides a special report in which data from the scan line is reformatted. Specifically, they “remove commas, periods, dollar signs, asterisks, and spaces from each then pad the amount due with zeroes. The OCR then gets set as the account number and padded amount due value, it is placed on the page in OCR-A font, 11 pt, Bold.”

### **050500 – Lockbox Reject Items – Exception Handling**

**41. Can you give some examples of items that would be part of the 215 item count?**

These would be exceptions that cannot be processed by the lockbox provider because the payment didn't come with a remittance document, the amount on the check doesn't match the amount on the payment stub, etc.