

Request for Proposal (RFP)
for
Banking Services



May 2012

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RFP Banking Services
City of West Linn

Section 1: City of West Linn

The City of West Linn is located in Clackamas County, approximately 20 miles south of the City of Portland. It is a residential community with a population of approximately 25,000 people.

West Linn is a community where citizens, civic organizations, businesses, and city government work together to ensure that the community retains its hometown identity, high quality of life and its natural beauty.

The City's economy is linked with that of the entire Portland Metropolitan area, but is more insulated from economic downturns because of the high education and skill level of the population. Per capita income is one of the highest of any city in the state of Oregon. West Linn is primarily a residential community with a low ratio of heavy industry and retail-based commercial activity. The largest non-manufacturing employers are the West Linn School District and the City. The largest manufacturing employer is West Linn Paper Company.

The City's budget, annual report, and CAFR are available on the City's web site at <http://westlinnoregon.gov/finance>.

This RFP is issued in May 2012. Please direct any questions either of the following contacts. Deliver the RFP response (in Adobe pdf or compatible format) by 4:00pm June 30, 2012 to City Hall - Finance to the e-mail addresses below [preferred] or mail/deliver [least preferred] to:

City of West Linn
ATTN: Finance Dept
22500 Salamo Road
West Linn, OR 97068

Richard Seals, CPA CMA CFM CFE CGMA
Chief Financial Officer
rseals@westlinnoregon.gov
503-722-5505

Casey Camors, CPA CMA CPFO CGMA
Deputy Chief Financial Officer
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Lauren DeLorenzo, CPA
Accounting Manager
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503-722-3427

The City intends to select the financial institution that exhibits the strongest ability to provide the highest quality services, based upon the following criteria:

- Must be a banking corporation incorporated under the laws of the State of Oregon or the United States;
- Must be a Qualified Bank Depository for Oregon public funds;
- Maintain its home office or a full-service branch within two miles of West Linn City Hall, or have available courier service for deposit pick-up;
- Must submit financial statements for the past two fiscal years (must include an unqualified opinion from a certified public accountant and appropriate notes to the financial statements);
- Ability to best respond to various needs contained in this RFP.

The selection team shall be comprised of the Chief Financial Officer and any other persons designated by the Chief Financial Officer. The City retains sole discretion in this decision and reserves the right to reject any or all proposals and to negotiate or hold interviews with any one or more of the respondents. The City requires banks to separately list their exceptions to RFP specifications. Unauthorized changes of the specifications, forms or terms may render the response invalid. The time frame for final selection is targeting a decision date for no later than June 30, 2012.

Section 2: Scope of Banking Services

Payment/Disbursement Services

Check processing: The City issues approximately 300 checks each month from a general checking account for an average total dollar amount of \$1,000,000. The City also issues approximately 20 payroll checks each month from the same checking account for an average monthly total of \$10,000.

Wire Transfers: The City utilizes repetitive wires to transfer funds to and from the State pool account. Occasionally the City may submit time sensitive payments to third parties via wire. The City would like to have online access for confirmation of wires executed for both incoming and outgoing wire transfers.

Automated Clearinghouse Payments (ACH): The bank should be both a sending and receiving bank on the ACH system.

General – Accounts payable payments are made electronically to a wide variety of vendors as well as employee reimbursements. Utility payments are received from approximately 1,400 customers by direct ACH debits to their accounts each month.

Payroll – Approximately 99% of City employees utilize ACH direct deposit of their bi-weekly payroll.

Purchasing Cards: The City has a purchasing card program in place to expedite purchasing for every department within the City. Currently there are about 60 active cards issued and the monthly dollar volume averages \$50K.

Online Banking Services: We require the following online banking services available at a minimum. Provide detail of services that can be provided.

Reporting:

Daily balance reporting – summary;

Daily balance reporting – detail including check clearing detail;

Execution of transactions:

Initiation of Fedwire transfers;

Initiation of stop payment orders;

Initiation of ACH transactions;

Maintenance of Fedwire recurring templates;

Internal controls:

Online cleared check information;

Multi-level security for various finance staff;

Positive pay reports.

Reconciliation:

ASCII file at end of month for all cleared checks;

Electronic bank statement

Enhanced controls on disbursement fraud

Make pay/no pay decisions on positive pay accounts

View positive pay check exception images

Research and view check images

Positive Pay: The City utilizes Positive Pay. The City would like to add payee verification to the positive pay file.

ACH block: Does the bank offer the ability to block ACH transfers from the City's accounts without prior permission?

Imaging of Checks on CD-ROM: The City requires electronic image capture of all cleared checks delivered monthly, archived in a retrievable format. The City is also interested in the availability of access to check images on the Internet prior to the receipt of the CD-ROM.

Depository Services

Availability of funds: Deposits are made during the business day but may be made at the night drop of the nearest branch of the awarded bank. Provide a copy of the bank's current availability schedule with the proposal as well as the locations of the nearest branches and/or the availability of a courier service to a depository location. Also provide details of the bank's desktop deposit services.

Reporting: The City requires deposit slips to include an auxiliary MICR field for our location information. This location should be included with electronic reporting and on the bank statement.

Payment Card Services: The City accepts VISA, MasterCard and Discover Card at various locations and online. The average monthly receipts by credit card are \$350,000.

Lockbox: The City would like bids for wholesale lockbox services to process utility receipts for approximately 2,500 customers per month. Average cash receipts are between approximately \$200,000 per month.

Section 3: Bidding Instructions

Individual RFP questions have been developed for the four services listed below. Separate responses are required, however institutions are not required to respond to all RFP sections.

1. General Account Services (to include Depository activity and Disbursement Services)
2. Lockbox Services
3. Procurement Cards
5. Payment Card processing

Financial institutions interested in submitting a proposal should contact Richard Seals, in the manner provided below, to indicate their interest in submitting a proposal, and specify the manner to receive any amendments to the RFP.

One copy of the proposal shall be submitted no later than 4:00 p.m. on June 30, 2012. The proposals should be emailed [preferred] to rseals@westlinnoregon.gov; ccamors@westlinnoregon.gov; and Ldelorenzo@westlinnoregon.gov (in Adobe pdf or compatible format) or mailed/messenger [least preferred] to the West Linn City Hall, Finance Department, addressed as follows:

City of West Linn
ATTN: Finance
22500 Salamo Rd.
West Linn, OR 97068

No faxed materials will be accepted. Postmarks are not considered proof of delivery. Emailed proposals shall not be deemed received until a confirmation email sent by the City is received in reply to the submitted Proposal, confirming that the emailed proposal was received and the format was readable by the City. If the proposal is hand delivered, it must be delivered to and stamped by personnel at the City of West Linn's Finance Department on the 2nd floor of the West Linn City Hall.

Questions, inquiries, or comments regarding this Request for Proposal should be directed to Richard Seals, phone (503) 722-5505; email rseals@westlinnoregon.gov. Any amendments to this RFP will be in writing and will be issued to all parties that have indicated an interest to receive RFP amendments. No proposal will be considered if it is not responsive to any issued amendments.

Section 4: Proposal Evaluation

The City intends to select the financial institution(s) that exhibits the strongest ability to provide the highest quality services, based upon the following criteria:

- Completeness of response to all required items on the standard forms provided;
- Cost per identified activity, aggregate banking services cost, and corresponding compensating balances, if applicable;
- Ability to meet current and projected service requirements over the term of this banking agreement (any past experiences with the bank will be taken into consideration);
- Best earnings credit rate (ERC) on compensating balances;
- Best availability schedule for deposit items;
- Capacity to provide numerous electronic banking services;
- Experience and governmental knowledge of bank team;
- Proximity of full service branch to the City of West Linn or courier service.
- Ability to provide projected service requirements; and
- References

The selection team shall be comprised of the Chief Financial Officer and any other persons designated by the Chief Financial Officer. The City retains sole discretion in this decision. The City reserves the right to reject any or all proposals and to negotiate or hold interviews with any one or more of the respondents. The time frame for final selection sets a decision date of no later than June 30, 2012.

Attachment 1: General Account Services (to include Depository Activity and Disbursement Services)

DEPOSITORY SERVICES:

Operational Requirements:

1. Bank location: The location of the depository account should be in West Linn, Oregon and within close proximity to City Hall (unless the financial institution provides a courier service to pick up monies as needed). Each respondent is requested to include a proximity study showing the nearest depositing facility your financial institution provides, as well as other location options in the near area.
2. Daily Deposits: The finance department at City Hall will send one or more secured bank deposit bags with the deposit and two copies of the bank deposit slip, detailing currency, coin and checks. The bank shall acknowledge receipt of the deposit by validating one copy of the deposit slip for return to the City.
3. Depository Service Options: Please comment on each of the following questions regarding additional depository service options:
 - a. Are night drop, remote and branch service options available? If so, is pricing different for utilizing these different deposit options?
 - b. Are any processing applications outsourced to a third party? If so, name the vendor(s) and describe the application(s).
 - c. What is the cut-off time to ensure same day ledger credit? Is it the same for night drop, vault and branch services? Is it the same for cash as for checks, drafts, etc.?
 - d. Are there any options that might affect this cut-off time (e.g., provisional credit, delayed verification)?
 - e. What types of deposit bags do you allow/require? Do you provide these bags? If so, do you charge a fee for these bags?
 - f. Are there any restrictions on deposit bags provided by the customer?
 - g. Are there any benefits to separating cash and checks in two deposit bags?
 - h. Do you limit the number of deposit tickets that can be included in one deposit bag?
 - i. Are the deposit tickets that you provide available in multiple part forms? How many copies does the bank require? Are those provided for our use or is there a fee? If so, what is the fee?
 - j. Can the deposit tickets contain an auxiliary MICR field for our location information? What are the parameters that can be used for this field?
 - k. Would you accept deposit tickets from a third-party printer? List any limitations.

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- l. Do you accept loose and/or rolled coin for deposit at branch and night drop locations? Is there a fee for depositing loose or rolled coin?
 - m. Do you count coin received from deposits at your vault? If not, who does count your coin?
 - n. What are the requirements for depositing checks (e.g. pack size, audit tapes)?
 - o. Do you require that checks be endorsed in conformance with Reg CC in order to qualify for a discount?
 - p. Are desktop deposit services available? What equipment is required and what are the fees associated with this option?
 - q. How do you determine and calculate availability of deposited items? Describe your availability schedule/calculation.
3. Deposit Verification:
- a. How many bank employees are present when deposit bags are opened?
 - b. What specific security measures are employed?
 - c. How will you return the validated deposit receipts to us and within what time frame?
 - d. If provisional credit is given, does verification take place within 24 hours? If not, when does verification take place?
 - e. Does the bank identify and adjust all discrepancies? If no, at what dollar amount do you write-off discrepancies?
 - f. Do you expect the City to be financially responsible for discrepancies?
 - g. Do you adjust the deposit amount or process an adjusting debit or credit?
 - h. What is the standard procedure for reporting deposit adjustments?
 - i. What additional options are available (e.g. electronic means)?
 - j. What is the bank's policy on receipt of tampered bags?
4. Deposit Adjustments / Encoding Errors: Because daily deposits are made up of several smaller departmental deposits, each adjustment must provide specific information for reconciliation.
- a. What documentation is provided with deposit correction adjustments? What delivery methods are available?
 - b. Within what time frame can you provide requested copies or documentation? What delivery options are available?
5. Return Item Processing: The City requires all returned items be resubmitted before being returned to the City. How many times can returned items be automatically resubmitted at your financial institution?
- a. Do you offer this service as an electronic option? If so, please detail the requirements.
 - b. Please provide your financial institution's standard return item and re-clear processing instructions. List any non-standard options that are available.
 - c. Can you provide a detailed return item transmission to depository customers?
 - d. Does the transmission include both returns and re-clears?
 - e. Is there a separate record for each returned item?
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- f. Indicate the details the bank can report.
 - g. Is it the policy of your financial institution to refuse return items not sent through the system in a timely manner?
 - h. Do you assign float to return items?
6. Courier Service:
- a. What courier services are provided by the bank, if any, for pick up and delivery of check deposits?
 - b. If not provided by the bank, what third-party couriers/overnight mail services are available and/or recommended?
 - c. What is the cut-off time for same day credit?
7. Research Requests / Bank Liaison: The Bank shall identify a contact person for this relationship, who would be able to correct bank errors and provide research (advice and check copies) materials in a timely fashion.
8. City Operational Contacts:
- a. Richard Seals, Chief Financial Officer
 - b. Casey Camors, Deputy Chief Financial Officer
 - c. Lauren DeLorenzo, Accounting Manager

DEPOSIT REPORTING:

Previous Day

1. Discuss the format and delivery options available for the company to receive **previous day** deposit activity detail files.
 - a. In what formats (e.g., BAI, flat file) is the daily deposit activity detail file available? Supply file layout specifications and a sample of each format option.
 - b. By what methods can the company receive this file (e.g., electronic transmission, Web-based, FTP, third-party data exchange)?
 - c. Describe the technical requirements and technical support for each delivery method.
2. Discuss the methods (e.g., Web-based, proprietary software) by which the company can view previous day deposit activity detail and balance information.
 - a. Can information be accessed by multiple users?
 - b. Can individual users be restricted to accessing information only on certain accounts or transaction types?
 - c. Can users specify the types of information that they want to view?
 - d. What are the hardware and software requirements for each access method?
3. Will the daily deposit reporting system provide beginning and ending ledger balances, collected balances, available balances, and float assignment?

4. Indicate the bank's capability to provide the specified detailed information for each transaction listed:

Transaction Type	Master Account Number	Auxiliary MICR Field	Transaction Date	Transaction Amount	BAI Transaction Code
Deposits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Return Items	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deposit Correction – Teller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deposit Correction – Vault	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Deposit Correction – Proof	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coin and Currency Orders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Electronic payments (ebox)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lockbox payments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Misc. Debits and Credits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ACH Debits and Credits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Wires	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Merchant Card Deposits with Merchant Reference Number	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Is the detail indicated above available for all formats and delivery options described in question #4? If not, discuss any variations.
6. Can the bank match a City location number contained in the auxiliary MICR field to a company location name based on information provided by the City in order to report the location name back to the City?
7. Does your deposit reporting service report electronic transactions (e.g., merchant card deposits, ATM deposits, bill pay, ACH, wire), as well as paper documents?
8. Does the bank correct deposit location numbers if there is a serial number misread? If not, how are they reported?
9. How many business days is data stored on the reporting system and available for customer access?
10. Describe the bank's security procedures for its information reporting system, both for access and information protection.
11. Discuss the ability of the deposit reporting system to interface directly with the accounting system that the City uses.
- a. Do any of the bank's customers currently interface with your system(s) from the accounting system used by the City?

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- b. Is this an existing interface or would a custom interface need to be developed? What languages or protocols (e.g., EDI, XML) are used to facilitate the interface?
 - c. Is there a charge for the interface?
12. Can the system return a file to the company's accounting system that shows all wire transfers, ACH/bulk payments, drafts and checks that have cleared the company's accounts? If so, describe.

Current Day

13. Discuss how the company can view **current day** deposit activity detail and balance information.
 - a. Can information be accessed by multiple users?
 - b. Can individual users be restricted to accessing information only on certain accounts or transaction types?
 - c. Can users specify the types of information that they want to view?
 - d. What are the hardware and software requirements for each access method?
14. Provide a list of the types of current-day transactions that are available through the reporting system?
15. How often is current day information updated (real-time or batch updates)? What are the reporting times throughout the day? (Specify time zone)
16. How many business days of current day information is stored on the reporting system and available for customer access?

Cycle End

17. Is Web-based output available for **cycle-end** deposit reporting?
18. Is a summary report totaling deposits for the period by location available at cycle end?
19. Is the bank able to turn off the paper deposit reconciliation report without jeopardizing the integrity of electronic deposit location reporting?
20. Provide a list of all transaction types that are reported as miscellaneous transactions?
21. What is the bank's standard cut-off for statements and/or paper reports?
22. Can the customer specify a cut-off date for statements and/or paper reports? Is there a cost for a special cut-off? Do you accept calendar month end cut-off?
23. How soon after the cut-off date will the following be available on-line?
 - a. Bank Statements
 - b. Reconciliation Information

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24. Is there a unique point of contact within the bank for specific questions regarding reconciliation reporting issues?

DISBURSEMENT SERVICES:

Operational Requirements

1. The City processes an average of 300 AP checks per month for an average monthly total of \$1,000,000 and 20 PR checks per month for an average monthly total of \$10,000.
2. The City will process accounts payable checks and payroll checks from the same account. The account will also be used for EFT such as direct deposit, employee expense reimbursements and payments to vendors.
3. The check stock is laser printed on blank stock with standard security features.
4. The City uses HTE Financial software that requires a file download of cleared checks (at a minimum) for account reconciliation.
5. The bank is expected to provide the following services:
 - a. Disbursements for payroll and general account payables.
 - b. Accounts payable checks are issued every weekly and payroll checks are issued bi-weekly.

BANK REPORTING:

Reporting Information:

Monthly Bank Account Statements: Receipt is requested electronically. Reconciliation of the City's bank accounts is the responsibility of the Finance department.

1. Monthly Account Analysis Statements: Describe the bank's policy for compensation via fees, balances or a combination of the two. Provide fee schedules for fees versus balances. Describe the method used to calculate the earnings credit rate.
 - a. What billing period options do you offer?
 - b. How and when will the City be billed for deficiencies?
 - c. How long can excess balances be carried forward to apply to charges in future billing periods?
 - d. How soon after the close of the billing period is the account analysis available to the City?
 - e. How are adjustments reflected on the account analysis?
 - f. The bank's account analysis must be available electronically. What format(s) are available?

Attachment 2: Lockbox

VENDOR BACKGROUND

Personnel

1. Will one primary contact be assigned to our account? If so, from which area of the organization?
2. How many employees does the vendor have in key areas providing the service?
3. What is the average years of experience of supervisors and managers in the lockbox department?

Experience

4. How long has your organization offered wholesale lockbox service?
5. At which locations does your company offer wholesale lockbox service?

Competitive Position and Future Commitment

6. What differentiates your service from that of other providers?
7. How do you plan to keep this product current and competitive?
8. Discuss your organization's plan to address changes in the banking system which may impact processing.
9. If any mergers have been announced or completed, how do you expect integration efforts to affect wholesale lockbox processing?

References

10. Provide names, phone numbers and e-mail addresses of three to five references, preferably within our industry or with comparable processing needs, who are currently using your wholesale lockbox service. Select a mix of long-standing and recent customers and indicate how long they have been customers.
11. Provide any additional information, which you believe to be relevant to this RFP and your capabilities to provide the services requested (e.g., product brochures, articles in trade journals).

MAIL PROCESSING/LOCKBOX PROCESSING

1. What would your address be on the envelopes?
2. List your schedule for post office pickups of lockbox mail.
3. Describe the receipt and handling of remittances delivered by private services (e.g., Federal Express, UPS) to the lockbox area for processing.
4. List your procedures for the control and processing of cash received in remittance envelopes. Is there dual control? Do you have security equipment within the lockbox area?
5. Describe the lockbox department's processing workflow. Highlight your quality control checkpoints and the components that are directly controlled by the lockbox manager.
6. What controls do you have in place to ensure accurate processing per customer specifications? What controls are in place to insure all payments received are processed the same day received?
7. If changes are made to the company's processing instructions, how are these changes communicated? How do you ensure that specifications are adhered to when assigned persons are unavailable?
8. What are the deposit times for the customer's lockbox and how are they determined?
9. Can you combine multiple deposits to a single daily ledger credit for statement purposes?
10. When are your peak processing periods and what arrangements are made to handle the increased volume? Do you staff for peak or average volume processing?
11. Provide a list of lockbox holidays for the processor and bank of deposit, if different.
12. Do you allow night and weekend tours of the lockbox area? If so, how much advance notice is required? Are unannounced visits/audits allowed or encouraged?
13. Does the lockbox provider process both wholesale and retail payments on the same equipment in the lockbox department? If so, how are payments prioritized for processing?
14. In the case of an automated equipment or system failure, what back up arrangements are in place for lockbox processing?
15. Do you use a third-party processor, including couriers, for any part of this service? If so, explain.
16. Outline lockbox and customer procedures for out-of-balance conditions at the transaction level, batch level, deposit level and end-of-day level.
17. Do you utilize any type of remote data entry? If so, what sites are utilized?
18. Describe all options that are available to process exception items. This should include items received with the appropriate customer account information but without an OCR

document and checks received without customer account information that require research prior to data entry.

19. Provide any other option that may be available that circumvents manual key entry of this information at the customer site, thus preventing further posting delays.
20. Can you access the company's database in order to reduce unapplied remittances? If so, explain how you have done this with other companies.
21. How do you handle correspondence, returned items and any other items that may be received in the lockbox? How do you communicate this type of information to the customer?
22. Describe any technology used to retrieve customer information and post returned checks through the use of previously captured MICR information or other means.
23. Describe the established procedures that are in effect for lockbox personnel in the areas of cash and other monetary instrument handling. Who is responsible for losses that may occur?
24. How long will you maintain coupons and other payment documents? How do you dispose of these documents?
25. What are your recommended specifications for reply envelopes and remittance documents?
26. Are daily lockbox reports available in Excel for uploading to the City's accounting system? If not Excel, what format(s) are available?

CHECK PROCESSING

1. Describe the major functions of the bank of deposit transit department's procedures and how they interface with the lockbox department. Which department encodes checks processed by lockbox?
2. Describe how you will compute the availability that is passed to the customer's deposits (e.g., by item, fractional availability, float factor, other). Who is responsible for the assignment of availability?
3. If you determine availability by individual check endpoint, provide the bank of deposit's latest availability schedule that will apply to our lockbox. If this schedule does not pertain to checks of all dollar sizes, explain.

TECHNICAL CAPABILITIES

Data Capture and Transmission

1. Describe your procedures for the capture and transmission of remittance detail, such as account or invoice number or other data for automated posting of accounts receivable records.
 - a. Describe methods to ensure validity of data.
 - b. What back up arrangements exist should the system fail?

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- c. Provide recommended detailed specifications for a remittance stub scanline.
 - d. Can you accommodate customized scanline formats?
2. Do you retain the actual check in the lockbox department until data capture is completed or do you send to the bank for collection prior to data capture?
 3. Are you able to distinguish between customer account number and the check number during MICR capture without losing the integrity of the MICR record? If so, explain how this is done.
 4. In what standard formats do you transmit? Will you customize?
 5. What is the earliest transmission time available to a customer without affecting your ability to deposit all checks received for a ledger credit day? Describe your procedures if we were to choose an earlier transmission time.
 6. What is the minimum lead time to initiate a data transmission output?
 7. Describe procedures to ensure that transmissions are received successfully and contain all remittance payment detail.
 8. How long will remittance payment detail files be retained for retrieval?

Technology

9. Can you provide daily images of all checks and remittance advices? If so, in what formats (e.g., online, PC bank software, CD-ROM). How long is this information available in archives?
10. How do you scan for change of address or customer notations on the front and/or back of the OCR return document? If using automated methods, describe technology used and how the system handles these items after detection. If done manually, describe procedures in place for staff to detect and process these items.
11. Describe the archive facilities available to retrieve payment information. If Internet access is available, describe the security that protects customer information. What encryption methods are utilized to protect this data?
12. How long is archive information available?

Disaster Recovery

13. Describe the procedures established for disaster recovery.
14. With whom do you contract? How many other customers do they have?
15. How often do you test disaster recovery procedures? When was the site last tested?
16. Have disaster recovery procedures ever been employed for a real disaster? If so, explain.
17. How long does it take to activate the site? How long can you stay at the site?

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18. What occurs when you exceed the capacity of the back up site?
 19. What arrangements are made regarding service level agreements in the event of a disaster?
 20. What agreements do you have with your equipment manufacturers for additional equipment should a disaster occur? Specify all areas of remittance processing, including mail extraction and image processing.

DEPOSIT AND BALANCE REPORTING

1. Describe the different systems and methods by which you make deposit and balance reporting information available. Include abilities to report through systems operated by another bank or non-bank vendor and/or directly to our computer. Do you have the capability to report lockbox deposits separately from the primary balance reporting system?
2. For a given day's lockbox activity, at what time of day can you report the total amount that will be credited to our account? If multiple deposits are made during the day, do you report these deposits same day or is there a reporting cut-off during the day?
3. Does the customer's deposit reporting deadline determine lockbox receipt processing cut-off for same-day ledger credit?
4. Does your balance reporting system provide the capability to report other deposit types (electronic, over-the-counter, etc.)?

IMPLEMENTATION

1. Provide a copy of all agreements that will be required to initiate wholesale lockbox service.
2. Provide a detailed description of the implementation process, including testing and a sample implementation schedule.
3. What is the average lead time for implementation? What are the critical factors that may impact that lead time?
4. Describe support provided during implementation, including training, technical assistance, user manuals and on-site visits. Do you assign an implementation team?
5. Indicate the full-time equivalent personnel that the City is expected to provide during implementation, including their qualifications.

CUSTOMER SERVICE AND QUALITY

Customer Service

1. Describe the organizational structure of your customer service department (e.g. centralized, within lockbox operating unit).

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2. Will a specific customer service representative be assigned to handle this business?
 3. Describe the responsibilities of customer service personnel, including the chain of command for problem resolution.
 4. What are the hours of operation of the lockbox customer service unit?
 5. What are the procedures for processing inquiries related to research and adjustments?
 6. Are there established turn around times for inquiries related to research and adjustments? If so, specify. What is your record on meeting established response times?
 7. Do you provide technical customer support for computer hardware, software and communications problems?

Quality

8. Do you have a formal quality improvement program for this service? If so, describe.
9. List and describe all internal quality standards. Standards should include:
 - a. Encoding
 - b. Misapplied payments
 - c. Double posting
 - d. Invalid account numbers
 - e. Data transmission timeliness
 - f. Data transmission accuracy
 - g. Image quality
 - h. Other
10. Describe how you measure data entry accuracy. What are your measurements and how do you calculate them?
11. What safeguards are built into your system to prevent encoding errors and misapplied transactions?

COMPENSATION

Pricing

1. Provide a price schedule for this service. Include any one-time or set up charges, credit card transaction and discount fees and all other fees that will be charged
2. Provide a pro forma analysis based on the supplied volume estimates and services required.
3. How long are the fees in this proposal guaranteed?
4. How and when is the customer notified of a price increase?

Analysis

5. Do you accept compensation in a combination of fees and balances? If fees are accepted, is there a surcharge or a different price schedule for fee compensation? Describe.
6. What fee payment options do you offer (e.g., direct debit, ACH)?
7. Describe the method used to calculate the earnings credit rate (ECR)? Is the reserve requirement deducted from the available balance before the ECR is calculated? If not, explain. List your ECR for the most recent six months.
8. Is there a fee or other assessment for FDIC Insurance? If so, how is the fee calculated?
9. When calculating average balances, are positive and negative balances netted?
10. How does the bank of deposit charge for overdrafts? Does the bank charge for use of uncollected funds? If so, how is the charge calculated?
11. What billing period options do you offer? How and when will the company be billed for deficiencies?
12. How long can excess balances be carried forward to apply to charges in future billing periods?
13. How soon after the close of the billing period is the account analysis available to the customer?
14. How are adjustments reflected on the account analysis?
15. Is the bank's account analysis available electronically via the Internet? When is the electronic account analysis statement available?

Attachment 3: Purchasing Cards

Operational Requirements

1. Operational requirements include:

- a. Anticipated transaction volume \$600,000/year
- b. Average monthly number of transactions – 250
- c. Maximum transaction amounts assigned by individual card up to \$100k
- d. Monthly spending limits assigned by individual card up to \$100k
- e. Estimated number of cards to be issued - 110

2. Distribution of monthly transaction amounts for the past twelve months:

Over the past 12 months approximately 90% of transactions have been less than \$500. That is from 40% to 50 % of the total dollars spent per month.

3. The cards will be used for travel, food and lodging as well as general AP invoices.

ISSUER BACKGROUND

Personnel

1. List names, titles, phone and fax numbers and e-mail addresses and provide brief biographies of issuer contact personnel.
2. Will one primary contact be assigned to the company's account? If so, from which area of the organization?

Experience

3. How long has the issuer offered the service being requested in this RFP?
4. For how many other companies in our industry does the issuer provide a purchasing card program? What issues should we consider as we move forward with this initiative?
5. Does the issuer use purchasing cards? Describe the number of cards issued, how the cards are used and the success of the program at the issuer.

Competitive Position and Future Commitment

6. How will you keep this product current and competitive?
 - a. What approach is the issuer taking in the development of new services?
 - b. What new services or features does the issuer plan to offer and within what time frame?

-
- c. If the company were to request enhancements, describe the prioritization process for such requests.

References

7. Provide names and phone numbers of three references, preferably within our industry or with comparable volumes, who are currently using your purchasing cards. Select a mix of long-standing and recent customers.
8. Provide any additional information that you believe is relevant to this RFP and your capability to provide the services requested (e.g., product brochures, articles in trade journals).

PRODUCT FEATURES

Program Design

1. What card platform(s) does your program employ (e.g., MasterCard, Visa, Amex or other)? Why? If more than one is used, which would you recommend for our program and why?
2. What third-party processor, if any, is used for authorizations and transaction posting?
3. Do any third-party partners perform other functions, such as systems support or customer service? If so, explain.
4. Discuss settlement terms.
 - a. What billing cycles are available?
 - b. How will we receive billing statements?
 - c. What are payment terms from “statement date”?
 - d. What options are available for the company to make payment?
5. Describe any unique features provided by the issuer’s product that we should consider.
6. Does the program provide the option of customizing the card with a corporate logo? If so, is there a charge?

Controls

7. Describe the card controls and usage restrictions supported by the issuer’s program:
 - a. Company level restrictions
 - b. Cardholder level restrictions
 - c. Department level restrictions
 - d. Merchant Category Code/Standard Industry Classification (MCC/SIC) restrictions
 - e. Cash advance restrictions
 - f. Dollar limits
8. What are the liabilities of the company and employees in the event of fraud, abuse or loss of a card? Does the issuer provide fraud insurance? If so, what are the stipulations and fees associated with the insurance?

-
9. Does your program screen transaction activity for fraud patterns? If yes, explain. If no, is this capability planned for future implementation and if so, when? Provide statistics on fraud associated with your purchasing card program.
 10. Can the issuer reproduce lost charge slips? Is there a charge for reproduction? What is the typical turn around time for the issuer to provide copies of charge slips?
 11. Describe the issuer's card management process including:
 - a. New card issuance
 - b. Deletion of cards
 - c. Removal of invalid cards
 - d. Handling of lost/stolen cards
 - e. Replacing cards (including "emergency" situations)
 - f. Modifying a cardholder's profile

TECHNICAL CAPABILITIES

1. What are the hardware and software requirements for using your card transaction reporting software packages, including minimum RAM and disk space, minimum processor speed and modem specifications?
2. Is the reporting package available via the internet? What format(s) are available?
3. Is the reporting package e-mail capable?
4. What technical support is available for your reporting packages and what hours is technical support available?
5. What physical and software security measures does the issuer take to protect the confidentiality of the company's transaction information?

INFORMATION REPORTING

1. Describe how the issuer receives and processes Level II and III information. What information can you provide to us?
2. Describe the formats or methods offered for distribution of transaction data and the frequency of distribution (e.g., daily, weekly, monthly).
3. How quickly after a transaction has been conducted is information available?

Interface with Internal Financial Systems

4. Do you provide software that interfaces with our internal financial systems (A/P, G/L)?
5. Is customized programming required to accomplish the interface? If so, is there a cost associated with this programming?
6. Can the issuer automatically allocate individual transactions to different expense categories based on the company's general ledger accounting structure?

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- a. If so, describe the various options or methods available for allocating transactions.
 - b. If not, recommend how we might be able to segregate and allocate transaction data to the appropriate expense categories.

Reporting Capabilities

7. Provide a general description of the reporting packages you offer.
 - a. Is the information available through your reporting package accessible at any time?
_____ Yes _____ No
 - b. If not, what days and hours is it available?
 - c. Can travel and training and fleet expenses incurred with your card product be tracked and reported separately?
 - d. Can your system provide reports regarding 1099 and minority-owned vendors? How complete is the information in these reports?
 - e. What reports are available regarding sales and use taxes?
 - f. For transactions that are reported without separate sales tax, 1099 status or minority-owned business status detail, how do you suggest we meet our tracking and reporting needs relative to such information?
 - g. What are your international transaction reporting capabilities?
 - h. What are your vendor spending reporting capabilities?
8. What reports are available through the reporting packages? Provide samples of available reports.
9. Can reports be generated for various time frames or accounting periods?
 - a. Is historical information available? If so, how far back is the information available?
 - b. What are the inquiry and ad hoc reporting capabilities of your reporting package?
10. Can you produce customized reports and statements? If so, are there additional costs for customized report programming?

IMPLEMENTATION

1. Provide a sample purchasing card contract.
2. Provide a complete description of your implementation process, including a sample time line and description of various implementation tasks for both the issuer and the customer. How long does it take to get a program under way?
3. Does your implementation plan offer the option of a pilot program or a staged rollout prior to full "live" implementation? Describe.
4. How do you propose to convert our existing card program to your program?

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5. Describe the support provided during implementation, including technical assistance, user manuals, instructional and/or educational materials, on-site visits, or other assistance.
 6. What initial and ongoing training do you provide for program administrators and cardholders?
 7. Provide a sample cardholder application.
 8. Do you provide sample policies and procedures as part of the implementation process?

CUSTOMER SERVICE

Customer Service

1. Describe your customer service capabilities, including the following:
 - a. Hours of coverage
 - b. Toll-free number access
 - c. Dedicated representative for our account
 - d. Cardholder account management
 - e. Cardholder complaints
 - f. Quality measures for response time
2. Will a specific customer service representative be assigned to handle this business? Describe the responsibilities of customer service personnel, including the chain of command for problem resolution.
3. How are inquiries requiring research handled by the issuer?
4. Are there established turn around times for responses? If so, specify.
5. Define the dispute-resolution process including time frame and responsibilities of the parties involved. Are disputed items removed from the invoice while under investigation?

PRICING

1. Provide a price schedule for all fees for this service. Include all one-time and ongoing fees, including minimums, related to the following:
 - a. Annual per card
 - b. Per transaction
 - c. Program implementation/set-up
 - d. Reporting: Standard and customized
 - e. Merchant sign-up and implementation
 - f. Late fees
 - g. Desktop reporting packages
 - h. Licensing fees
 - i. Maintenance fees
 - j. Consulting fees

k. Fraud protection

2. Describe incentives or price breaks offered based on business volume, timeliness of payment, rebates or other measures.
3. How long are the fees in this proposal guaranteed?
4. How and when is the customer notified of a price increase?
5. What are your minimum contract term requirements?
6. Do you accept compensation in fees, balances or a combination of the two? If balances are accepted, describe how fees are detailed and integrated into the account analysis statement.

Attachment 4: Payment Card Services

The City accepts VISA, MasterCard and Discover Card at multiple locations and through several mechanisms, including online. The average monthly dollar volume is \$350,000 from separate merchant ID's.

1. How long have you offered card processing services?
2. What related services have you offered in the past and what do you currently offer?
3. Do you use a third party for any segment of customer or card processing services? If yes, explain.
4. Specify the number of customers for which you are providing card processing services.
5. List all card brands and types currently supported.

Competitive Position and Future Commitment

6. What differentiates your service from that of other providers?
7. How do you plan to stay current and competitive?
8. Explain your company's representation on MasterCard, Visa or other boards or committees.
9. What formal or informal bank/vendor relationships do you have and how can they be leveraged in merchant card processing?

References

10. Provide names and phone numbers of three references, preferably similar to our organization or with comparable volumes and communication capabilities, who are currently using your card processing services. Select a mix of long-standing and recently acquired customers.
11. Explain why you believe you were able to take your last three customers from your competitors.
12. Provide any additional information that is relevant to this RFP and your capabilities to provide the services requested (e.g., product brochures, articles in trade journals).

PROCESSING

Authorization

1. Describe the authorization method you recommend for our agency. List and describe alternatives.

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2. What are the procedures to reverse an incorrect authorization?

Settlement

3. Provide a funds availability schedule by card type. Is it negotiable?
4. What is the settlement transmission time frame for Visa, MasterCard, and Discover Card?
5. What is the latest time that sales transactions can be transmitted to meet these settlement times?
6. How do the settlement times affect our processing/discount expense?
7. Is settlement made by ACH or Fedwire?
8. Do you allow for multiple settlement accounts?
9. Settlement amounts from each merchant ID should appear on the bank statement separately. Will Saturday and Sunday activity be combined into Monday activity?

Ticket Retrieval and Chargebacks

10. Describe the ticket retrieval request process and turn around time.
11. What response times do you require for ticket retrieval? How do these time frames compare to your Association rules?
12. What percentage of chargebacks is handled without merchant involvement?
13. How often are chargebacks reversed?
14. Will you provide a designated contact person or a department to help us manage chargebacks?
15. Are credit card chargebacks and other debit adjustments netted from daily proceeds, or are they debited separately? Are funds debited from the operating account or a separate escrow account?
16. Do you have the capability to store and retrieve transaction information, including signatures for bank card transactions and non-bank card transactions? If so, do you have a system that enables the merchant to retrieve and receive this information online?

Debit Card Processing

17. Do you support BIN (Bank Information Number) file management to differentiate between debit card and credit card transactions?
18. Describe your debit card processing capabilities. Which networks can you use?
19. Can you program a debit card transaction to the lowest cost network? Explain.
20. Can you process online debit transactions?

General

21. Describe the dispute process and procedures for both cardholders and merchants.
22. Does your processing system identify and eliminate duplicate transactions?
23. What are the procedures to correct duplicate transactions?
24. Do you offer processing solutions that perform:
 - a. Deferred billing?
 - b. Installment billing?
 - c. Recurring billing?
25. Do you provide Address Verification Service?
26. Do you support CVV2 (Card Verification Value 2)?
27. Do you provide fraud-management training or awareness programs?
28. Are there limitations on the number of transactions:
 - a. Contained in a batch?
 - b. Processed daily?
29. Are there limitations on the number of files transmitted each day?

TECHNICAL CAPABILITIES

System Capabilities

1. Describe the processing platforms pertinent to your recommended solution. Provide system specifications, if appropriate.
2. Does your processing software support Purchasing Card Levels II and III?
3. What is your process for handling test transactions? Do you provide test cards and if so, what types?

Communication Options

4. What authorization methods do you support and which do you recommend (e.g., dial, mainframe dial (remote job entry), lease line, frame relay, Internet)?
5. List any processor-specific hardware needed to support these options.
6. What equipment do you recommend we obtain for processing? Do you provide this equipment for lease/sale? Provide pricing details. What is your maintenance and/or replacement policy for this equipment?
7. Describe the network monitoring system and operation.

Transmission Files

8. Describe your recommended transmission method (e.g., dial, lease line, batch, real-time, Internet).
9. Describe the monitoring and notification process if a transmission fails.

Authorization Response Times

10. Provide your average response times for dial and lease-line authorization methods for both peak and normal periods.

Security

11. Outline the security measures in place for the protection of data transmitted for processing.
12. Describe the security measures used to prevent unauthorized user access to either the system or the data.
13. Describe security measures used to protect Internet transactions.

Disaster Recovery

14. Describe your local back up and/or redundant systems.
15. Describe your “hot-site” back up capabilities in case of a complete site failure. How often are they tested?
16. Describe the last time that use of your back up system was required, the circumstances and the length of time the back up system was in use.
17. What is the expected time frame to become operational should a catastrophic event occur?

Up-time Percentage

18. What are established service levels for system availability?
19. Provide system availability statistics for the current and prior year.
20. Over the past year, what was the longest period that you were unable to authorize transactions? Describe the situation, including the source of the problem and the time it took to fix the problem.

INFORMATION REPORTING

1. Describe the daily and/or monthly reconciliation reports available to the merchant.
 - a. Provide samples of standard reports, including detail and summary reports.
 - b. What is the standard delivery time frame?
 - c. What delivery methods are available (e.g., mail, e-mail, fax)?

-
2. Are reports or other information available via the Internet, PC access, or other online method?
 3. Describe other reports available to the merchant.
 4. If a merchant needs reports from a previous period, or a specific time frame, are they readily available? How long is reporting data stored in your system?
 5. Describe how multiple merchant numbers are reported and the flexibility afforded the merchant for customizing the reports. Can the merchant “roll up” specific groups for reporting independent of others?
 6. Can reports be tailored to send specific sections, for example, report groups comprising a subset of merchant numbers, to different locations? Is there an additional cost for this service?
 7. Is historical information regarding sales, refunds and chargebacks maintained in a database for access by the merchant? If yes, what access method is available? For how many months may historical data be retrieved?
 8. Can reports be tailored to specific financial accounting time schedules?
 9. Describe ad hoc reporting capabilities and provide samples of these reports.

IMPLEMENTATION

1. Provide a sample contract.
2. Describe the merchant implementation process (i.e., steps in the process of bringing a merchant into production) and the normal time frame for implementation.
3. Describe the merchant training process with regard to:
 - a. Initial new merchant training.
 - b. Ongoing training (e.g., courses offered, frequency, location, cost).
 - c. Updates and dissemination of industry-related rule or regulatory changes.
4. Specify the persons, by name and function, in your organization who have primary responsibility for merchant implementation and training.

CUSTOMER SERVICE AND QUALITY

Customer Service

1. Explain the process for adding new locations and closing existing locations (e.g., assignment of merchant IDs, toll-free phone numbers, communications, turn around time to add/delete locations).
 2. Describe the promotional support you provide (e.g., signs, supplies, funds for specific purposes). Is there any additional cost for this support?
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3. Describe your customer service organizational structure. Is the customer service function performed in-house, or is it outsourced?
 4. Will a specific customer service representative be assigned to handle this business? Describe the responsibilities of the customer service personnel, including the chain of command for problem resolution.
 5. What are the hours of operation for the customer service unit? Specify time zone.
 6. Are there established turn around times for research items? If so, specify. What is your record for meeting established response times?
 7. Do you offer technical support for the software you provide? If so, provide the hours of operation.

Quality

8. Do you have a formal quality-improvement program for card processing? If so, describe.
9. What key performance measures do you track? What is the reporting frequency and period for each measure? What are your last three performance levels for each measure?
10. What specific feedback and suggestions do you regularly provide to the merchant to improve quality (e.g., recommendations on ways to reduce certain types of chargebacks, system or process modifications)?
11. List any quality awards received.

PRICING

1. Provide a price schedule for the services described in the RFP. Include any one-time or set up charges, research fees and all other fees that will or could be charged (e.g., interchange rates by location, regular and ad hoc reporting costs). Define and list transaction fees for authorization, settlement, network, communications and any other fees.
2. Are discount fees calculated on gross or net sales?
3. Provide a pro forma analysis based on our indicated volumes and service requirements.
4. Can customers order charge slips, signs, imprinters and other supplies through you or directly from a vendor? How are they handled? What are the costs?
5. How long are the fees in this proposal guaranteed?
6. How and when is the customer notified of price adjustments?