

COUNTY OF FRESNO

ADDENDUM NUMBER: TWO (2)

RFP NUMBER: 946-5298

BANKING, CUSTODY AND LOCKBOX SERVICES

September 23, 2014

PURCHASING USE

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IMPORTANT: SUBMIT PROPOSAL IN SEALED PACKAGE WITH PROPOSAL NUMBER, CLOSING DATE AND BUYER'S NAME MARKED CLEARLY ON THE OUTSIDE TO:

COUNTY OF FRESNO, Purchasing
4525 EAST HAMILTON AVENUE, 2nd Floor
FRESNO, CA 93702-4599

CLOSING DATE OF PROPOSAL WILL BE AT 2:00 P.M., ON OCTOBER 7, 2014.

PROPOSALS WILL BE CONSIDERED LATE WHEN THE OFFICIAL PURCHASING TIME CLOCK READS 2:00 P.M.

All proposal information will be available for review after contract award.

Clarification of specifications is to be directed to: **Carolyn Flores, phone (559) 600-7112,**
e-mail CountyPurchasing@co.fresno.ca.us, **FAX (559) 600-7126.**

NOTE THE FOLLOWING AND ATTACHED ADDITIONS, DELETIONS AND/OR CHANGES TO THE REQUIREMENTS OF REQUEST FOR PROPOSAL NUMBER: 946-5298 AND INCLUDE THEM IN YOUR RESPONSE. PLEASE SIGN AND RETURN THIS ADDENDUM WITH YOUR PROPOSAL.

- Questions and Answers submitted
- Analysis Statement
- Armored Transport Services
- EDI Report
- List of Portfolio Holdings
- Excel spreadsheet of Cost Proposal

ACKNOWLEDGMENT OF ADDENDUM NUMBER TWO (2) TO RFP 946-5298

COMPANY NAME: _____
(PRINT)

SIGNATURE: _____

NAME & TITLE: _____
(PRINT)

QUESTIONS AND ANSWERS

Q1. How many accounts have access to current day information reporting and prior day information reporting?

A1. We have 5 accounts with current day information reporting and 12 accounts with prior day information reporting online.

Q2. What locations (physical address) within the County deposit cash/checks at a bank branch?

A2. The Treasurer Division of the Auditor-Controller/Treasurer-Tax Collector Office is the only location from which deposits are sent to the bank. Our address is 2281 Tulare Street, Fresno CA 93721.

Q3. What locations (physical address) within the County use cash vault services?

A3. Same as above, 2281 Tulare Street, Fresno CA 93721.

Q4. How many locations does the County have utilizing remote deposit services/ remote image capture? Does County utilize a slow or fast speed on its desktop remote image capture?

A4. The County currently has 1 location utilizing a high-speed remote image capture and submitting ICL files.

Q5. On page 23, section C Remote Deposit Services, can the County provide additional information on what the mean by "transfer procedures" as noted in item one (1) Scanning equipment (lease options), software, transfer procedures, batching and security.) Is the County referring to file transfer procedure information here?

A5. Please explain your preferred method and capabilities for receiving County's x9 file.

Q6. On page 23 in item C. Does the County want information on Remote Deposit Service, Image Cash Letter (ICL) service or both? (The reason we ask is that typically ICL is transmission based (non-web portal) and is in an X9 format.)

a. What sites currently use Image Cash Letter?

b. What sites currently use Desktop Remote Deposit Scanning?

c. Are there future plans to add Remote Deposit Scanning at additional sites?

A6. The County would appreciate information regarding both.

a. The Auditor-Controller/Treasurer-Tax Collector Office is the only site currently submitting ICL files.

b. County is not currently using Desktop Remote Deposit Scanning but may transition locations to use the function when we transition to our new Remittance Processing vendor.

c. Potentially, yes.

Q7. What is the average deposit balance County plans to keep on hand, combined?

A7. *The amount varies depending on whether County is taking advantage of earnings credits or not. Current average is based on our earnings rate and is approximately \$40-50MM.*

Q8. What is the County's ECR right now?

A8. *County's current ECR is approximately thirty-eight (38).*

Q9. What is the County of Fresno's Daylight Overdraft (DOD) needed?

A9. *The County has a DOD of \$110MM and would prefer to keep that level.*

Q10. How large are the County's average ACH Payroll Files?

A10. *The County's ACH payroll file is approximately \$8MM every two weeks.*

Q11. What is the average pay per person at the County of Fresno?

A11. *Approximate average net payroll per employee per pay period is \$1,172.00 including a provision for overtime.*

Q12. What is the County's max ACH limit currently?

A12. *County's ACH limit through our current bank is \$114.9MM*

Q13. How many employees are still on paper check?

A13. *County of Fresno requires all employees to provide direct deposit information for payroll. Still, there are certain situations where the County has to provide an employee with a paper check. This number is currently 33 paper checks per pay period. Please note: County Office of Education, Fresno Unified and Clovis Unified payroll checks are all issued as paper checks through the County.*

Q14. What is meant when requesting a manual ACH transaction?

A14. *The County requires a method to provide ACH instructions to the bank, in order for the bank to initiate ACH transactions on our behalf if the County loses network connection or in the event of a disaster or emergency.*

Q15. Does the County need overnight overdraft?

A15. *County does not expect to need overnight overdraft, but please provide responses to our questions in this section.*

Q16. Can bidders obtain a copy of County's current account analysis statement?

A16. *Please see the attached analysis statement, County's most recent. County has redacted pricing but left volume amounts.*

Q17. What type of bank dispute resolution is mentioned in the RFP?

A17. *The County is referring to the bidder's dispute resolution process for the County to dispute fraudulent checks or other debits and payment types.*

Q18. Please describe the County's current account structure and services tied to each bank account. A detailed account analysis statement will also suffice if pages show the billing for each account. We like to do a thorough review to begin to ensure services are being utilized and appropriate services match the current volumes flowing through each account.

A18. Please see the attached Analysis Statement. Pricing has been redacted.

Q19. Please describe the County's reconciliation processes. How frequent are these and what tools does the County use?

A19. Every County workday, the County transmits a fixed position file to the bank via SFTP. The County's source bank account, check number, dollar amount, Fund, Subclass and Issue date are the elements that comprise the file. Voids of previously issued checks can also be transmitted in this file indicated by a value of 1 (one) in a specific position.

Every bank workday, the County receives a fixed position "Paid File" from the bank via SFTP. The County's source bank account, check number, dollar amount and Paid Date are the elements that comprise the file. The Paid File is loaded to our financial system using custom and delivered processes in order to update the reconciliation statuses of the respective detail transactions and create summary journals to properly update the General Ledger.

Q20. For account reconciliation and positive pay service - are all issues, voids/cancels and decisions submitted online? The bank no longer offers tape or diskette technology.

A20. Yes, it is all online/ email provided by bank.

Q21. What types of images are recorded to a monthly CDROM? If images of checks cleared from the County's bank account were available online for 7 years would this still be needed? Online images of checks deposited are available online for 1 year. Is this sufficient?

A21. The CD we receive contains account statements, check images, query viewer for researching check images, debits, credits, and misc. adjustment. At this time, County prefers CD in addition to whatever electronic capacity you provide.

Q22. What is meant when the County of Fresno requests cashier training?

A22. The County would like a "liaison" as part of our banking relationship, of whom we can ask questions regarding best practices and other cashing issues.

Q23. Cash checks (warrants) drawn on the County of Fresno at no fee to County or Payee. What is the monthly (annualized) volume of these checks? Does your current bank(s) provide this service?

A23. Monthly volume is approximately 2,000 checks cashed in local branches per month. Yes, County's current bank provides this service.

Q24. Does the County have un-bankable employees? Do we pay them with pay cards? Does the County issue the card?

A24. The County does have unbankable employees. County currently works with our banking partners to help employees re-establish banking privileges. County does not issue paycards.

Q25. Is the County's current bank waiving charges for checks cashed at the counter?

A25. Yes, as well as for ATM transactions.

Q26. Branch should not charge for ... welfare checks, or EBT Card/ATM withdrawals. What are the monthly (annualized) volumes?

A26. See previous answer for checks. While we cannot estimate how many ATM withdrawals might occur, we have an estimated 32,000 EBT issuances each month.

Q27. We would like to confirm the winning bank must provide "Surcharge-Free" ATM access for County EBT participants and no charge for cashing County issued checks to non-customers?

A27. Yes, this is the County's preference. However, all proposals will be considered.

Q28. Page 26- Section P Service Enhancements #3- What hard copy reports are referenced? What products would require the Bank to work off of hard copy reports? The relationship with the County and the Bank would be with a Government assigned team and assigned client service office so these would not be handled by a branch. More explanation of the reports and their function is needed.

A28. Hard-copy files might include Positive Pay file or electronic payment files. If County loses network capabilities (or in case of disaster) County would provide hard-copy file in place of electronic files.

Q29. What is an example of a "foreign item" that is listed in the RFP? What is the volume of these transactions?

A29. Foreign items refer to non-US checks. In the last 6 months the County has had 3 Foreign Item Checks.

Q30. Is it possible to obtain an Excel version of your cost analysis?

A30. Please see the attached excel version of the cost analysis.

Q31. Can you please provide us with the number of checks received during tax season? The 550 on the cost analysis seems quite low.

A31. The 550 on the cost analysis is for non-encoded US checks. During peak tax collection in April we received approximately 60,000 checks from the 1st through the 15th; for the same period in December received approximately 70,000 checks.

Q32. Please confirm whether you require an image of the front and back of your paid checks. Reason being your cost analysis reflects 42,000 checks paid but 90,000 images on your CDROM.

A32. Yes, we require front and back images.

Q33. Images written to CD (90,000) – What type of images are being placed on CD?

A33. Statements, check copies bank debits, bank credits, adjustments.

Q34. Is 42,000 checks paid monthly or annual?

A34. Monthly.

Q35. Are the 42,000 paid checks all for vendors? If not, what is break out?

A35. The 42,000 checks may not all be for vendors. County processes checks for many reasons, including refunds and vendor payments. A detailed breakout of the 42,000 represented in the pricing schedule is not available at this time.

Q36. Please explain what a Deposit Admin Fee represents.

A36. Deposit Admin Fee relates to any fee a bank is charged by the FDIC which may be passed on to the County. It is our understanding that some banks may include those charges as a cost to the County.

Q37. There are 13 Monthly Maintenance listed under Miscellaneous Services is that per account for account maintenance?

A37. Yes. County has 13 accounts on our current analysis statement.

Q38. How would a total cost for Interest on Uncollected funds or Interest on Ledger Overdraft be represented since it is a volume of 1 but it is interest and not a per item cost?

A38. For any volume listed as '1', please provide your breakdown on rate, per item charge, and all relevant increase points.

Q39. Armored Car and Courier costs are listed, but that cost is determined on number of pickups and number of locations so how would cost be represented?

A39. County currently has a multi-year agreement for armored car and courier services in place, so if you are unable to answer, that is fine. If you do have a flat-rate charge that would be in addition to the standard per location/ per pickup, please list.

Q40. Does the base fee under Account Reconciliation represent 5 accounts on Full Account Reconciliation?

A40. Yes.

Q41. ACH Services Transactions Processed of 16,800 is that monthly or annual and are those all originated directly via a transmission?

A41. The amount shown is a monthly volume. This would be ACH credits processed in files by the County.

Q42. ACH Credit Transactions Processed from the Cost Proposal. What is the source of these transactions? (e.g. payroll, online bill pay, ecommerce payments, etc.)

A42. Please see response to previous question.

Q43. Tax Direct- Is that an online system to make tax payments?

A43. Yes, Tax Direct is the online system County is currently using to make payroll tax payments.

Q44. The Web Based Information reporting indicates only 1 monthly fee and 1 item looked at. However there are many more transactions than that on the accounts so please add some detail as to why the volume of transactions reported (looked at) does not match the other volume of transactions?

A44. For any volume listed as '1', please provide your per item charge and all relevant increase points.

Q45. Is there a monthly charge to access your analysis statement online? If there is only 1 account analysis statement per month how is the count 14?

A45. 'Is there a monthly charge to access your analysis statement online?' Please tell us if you charge a monthly fee to access analysis statement online. The County has 1 Relationship Account Analysis Statement that summarizes all County bank accounts on analysis, as well as 13 accounts that receive an individual account analysis. The total is 14 account analysis statements.

Q46. Please provide samples and explanations of the 22 ACH Special reports? What detail is reported?

A46. These are reports relating to returned ACH payments or changes needed to ACH transactions that have gone out. These reports detail the amount, reason, etc. Also called Return Resolution Report. No sample available.

Q47. Please provide what the ARP Deposit Detail report represents.

A47. Sample unavailable. Please list pricing for the reports you offer.

Q48. Stop Payments are included under Miscellaneous Services and also under Web Based Stop payments, can you provide detail on the differences?

A48. Stop payments under Misc. Services are for Stops placed by the bank; as opposed to stops we place ourselves online.

Q49. Please provide a sample of the EDI Monthly report? If not sample, please explain what detail is included.

A49. Please see attached sample EDI report for the level of detail.

Q50. Currency deposited is listed as per \$1 and per \$100. What is the difference in those charges?

A50. The cash services are branch deposits with cash and Cash Vault is currency deposit standard per \$100 are deposits that are sent to the cash vault for processing.

Q51. For cash vault please provide address, pickup schedule and liability amounts.

A51. We are acceptable to considering your proposed cash vault, if any. Please see attached schedule and locations.

Q52. For the cash deposited per \$100 line item on the bid sheet. Is the volume 9,995 really equated to \$999,500? Please confirm.

A52. Correct; volume of 9,995 equates to \$999,500.00

Q53. How many state warrants are processed in the Lockbox service per month and annually?

A53. County reviewed 9 months and has seen a high of 105, low of 57, with most months averaging 80-85 transactions.

Q54. Does County's current Lockbox vendor process these warrants through Check Processors Incorporated (CPI)?

A54. No. Our current vendor states that they process Lockbox transactions in-house.

Q55. Q55. Please describe your current process for collection and deposit of State issued warrant checks including the applicable cutoff times for deposit and reporting?

A55. County receives a fax or email every morning, which details the warrants received by our lockbox bank. We are unable to provide the cutoff times for deposit and reporting, as we do not make deposits or prepare the reports for the account used for these warrants.

Q56. Number of custody accounts needed (it is helpful if an account schematic is provided) including how many of each of the following: separately managed portfolios, mutual fund portfolios, commingled portfolios and/or alternative portfolios.

A56. One.

Q57. Estimate of the annual number of principal and interest paydowns.

A57. 72 ABS principal paydowns/yr, 750 interest payments/yr.

Q58. Estimate of the annual number of outgoing wires.

A58. 180/yr.

Q59. Estimate of the annual number of incoming wires.

A59. 24/yr.

Q60. Details of any global trading, if any, broken down by market value and trading activity for each country.

A60. No global trading.

Q61. Estimate of the annual number of checks or ACH issued.

A61. Zero. All transactions have been with wires.

Q62. Average monthly sweep for the portfolio.

A62. N/A

Q63. List of portfolio holdings.

A63. Please see attached.

Q64. Any special reporting needed – if yes, please provide the data needed on the report (a sample report would be helpful).

A64. No special report needed.

Q65. Are there any ancillary services needed such as performance reporting (if yes, please provide the specifics of the reporting needed), GASB reporting etc.

A65. No.

Q66. What does the County mean by immediate cash exchanges?

A66. The County occasionally needs to purchase various denominations of bills and would prefer a banking partner who can accommodate change orders at a local branch.

Q67. How many immediate need (welfare) checks are issued monthly that could potentially be cashed at the bank's counter?

A67. The County Department of Social Services issues approximately 11,800 physical checks per month.

Q68. Does the County's lockbox (collections/ account receivable) utilize an OCR?

A68. County of Fresno does not currently utilize lockbox services for collection of anything other than State warrants. County is open to exploring other lockbox services if they are provided in responses to the RFP.

Q69. Page 28- Property Tax Lockbox- Can any annual volume of items be estimated to be able to provide a property tax lockbox?

A69. As an estimate, County of Fresno electronically processed approximately 500,000 checks in calendar 2013. County cannot confirm that all of those checks would have gone through a lockbox had the County been using one.

Q70. Property Tax Lockbox.

- a. Please describe the County's current workflow.**
- b. Also please provide copies of payment coupons received into the in-house lockbox.**
- c. How many items are received during peak months?**
- d. What is the total tax bills mailed?**

- e. How many unsecured tax bills?
- f. How many business licenses are mailed?
- g. Understanding that the County uses a unique property tax accounting system, how difficult would additional programming be in order to accept a daily download file from the bank?
- h. Does the County have its own in-house programmers or is IT services outsourced?
- i. Would the County be interested in having the bank pay for programming in order to receive a daily download file from the bank?

A70. The County does not currently have a property tax lockbox.

- a. Tax payments are mailed to the County. Treasurer and Tax Collector staff open and sort and batch the mail. Payments are processed by Treasurer staff either through the cashing system or the high-speed iTRAN remittance processing transporter.*
- b. See attached.*
- c. See similar questions, answered above.*
- d. Total tax bills mailed for fiscal year 13-14 were 324,709.*
- e. Unsecured bills were 16,594.*
- f. Less than 20 business licenses are mailed each County. Most business licensing is handled by the different cities, so County handles a very small volume.*
- g. County IT staff will meet any programming requirements given to them on this project. The Property Tax System currently receives download files from many different sources. We do not anticipate any difficulties adding a download file from the bank that meets our requirements.*
- h. In house.*
- i. The County would not turn away an offer from the bank to pay for programming!*

Q71. Please describe your current process for clearing and settlement of checks related to the Property Tax Lockbox. (e.g. On Us image cash letter for top banks, ACH conversion for remaining payments, and paper clearing for NCI (non-convertible items)?

A71. All payments which come to us by mail are processed through our high-speed scanner and go to the bank via ICL. ACH conversion may occur through online payments for various county departments, but those are processed by our credit card merchant at this time. Any paper check that we cannot convert for our image cash letter goes as a paper item to the bank.

Q72. Where are the check clearing/ACH origination volumes reflected in the Cost Proposal/price schedule?

A72. County is unclear how to answer this question. County does not have a Property Tax Lockbox.

Q73. Are merchant (credit card) services part of this current RFP?

A73. No, merchant services/credit cards are not part of this RFP.

Q74. Who specifically is in the Central Valley Purchasing Group?

A74. Members of this group include neighboring cities and counties.

Q75. On page 35, item F in the Vendor Company Data section, the County asks for 3 years of audited financial statements or if those are not available, three years of tax returns. The section ends with instructions "This information is to be provided after the RFP closes, if requested. Do not provide with your proposal." Do those instructions refer to the entire item, meaning we should not include audited financials or only to the request for tax returns if audited financials are not available?

A75. Please don't provide either with the RFP; please have them available upon request.

Q76. On page 37, item C in the Disaster Recovery section, the County asks "What disaster recovery services can the bank provide if it cannot operate from its own facilities?" Is the County referring to itself here not being able to operate from its own facilities, or does it mean the bank not being able to operate from its own facilities?

A76. County is referring to the bank and the bank's disaster recovery plan. For example, if there is a local disaster (flood), what process would be provided for the County to make its cash deposits?

Q77. What degree of automation of banking processes (payables files, information files, etc.) is used today?

- a. Does the County's PeopleSoft system allow for payables files (Check, ACH, Wire, Card) to be sent to the Bank for processing?**
- b. How about BAI2 information reporting transmissions?**

A77. County is limited to upload and return files at this time. Please include your proposals for automation of banking services.

Q78. What is working well with the County's current provider? What could use improvements?

A78. The County does not believe this question is relevant to the RFP.

Q79. Please describe the County's current Payables Process.

- a. What pain points does the County experience with the payables processes?**
- b. How automated or manual is each payment type handled by the County?**
- c. Does the County currently use an outside vendor for the Payables process?**

A79. The first question is beyond the purview of our banking RFP. For 'b' and 'c', all payments are automated, and we do not currently use an outside vendor for the payables process.

Q80. Please describe the County's current Receivables process.

- a. What pain points does the County experience with their receivables processes?**
- b. How automated or manual is each cash application payment type?**
- c. Does the County use an outside vendor for the receivables process?**

A80. The County does not feel these questions are relevant to the current RFP. Please provide responses, as best as you can, to the questions we are asking.

Q81. At the pre-bid conference it was mentioned that Special Districts are looking to have more control over deposits and disbursements, please provide a description of what this might entail.

- a. How many special districts are requesting this capability?**
- b. Will all special district funds still be managed through the Auditor's Office?**

A81. A81. The comment made referred to the County's plan to accept electronic deposits and send electronic payments on behalf of our Special Districts. These entities mostly operate by paper check and would like to move away from that method.

- a. Less than 10 have expressed this desire. It is unknown how many we will extend this offer to.*
- b. Yes, special district funds will still be managed through this office.*

Q82. On page 1c of the RFP, point 17, Confidentiality states that the bank "shall submit to the County's monitoring of said compliance". What type of monitoring is the County referring to?

A82. That has to do with HIPPA compliance of health information. That is standard boilerplate language. If it does not apply to this service it is disregarded.

Q83. Please clarify whether the County requires that piggyback arrangement with other participating governmental bodies contain an express "hold harmless" of the County.

A83. The Participation form is asking if the vendor would extend the same services at the same rates to other agencies noted on the form. The County of Fresno will not in any way be held responsible for any piggyback arrangements. The arrangements would be between the participating agency and the vendor. It is at the discretion of the vendor to decide whether they want to participate with the requesting agency.

Q84. Please clarify whether the certificate will permit the bidder to indicate that it will, in its discretion, enter into piggyback agreements.

A84. Please see answer to #83 above.

Q85. What "proof of ownership" does the County require for establishing the bidder's "ownership" of the services bid in the proposal?

A85. This is a standard "boiler plate" clause in all RFPs. Please disregard, as it does not apply to the services we are requesting..

Q86. Does the County intend to pay for fees and supplies under the resulting contract through a “procurement card” or through the E-pay program?

A86. County does not currently pay for banking supplies or banking fees under either program. County pays for supplies through the analysis charges/earnings credit and pays by check for services. The County plans to continue paying this way.

Q87. Payment terms – please confirm County’s expectations relative to payment terms. Are 45 days minimum payment terms in General Conditions are superseded by ANNUAL settlement requirement? Confirm that transaction fees are NOT to be offset against ECR, but separately paid by the County following invoicing and charges for “supplies” are to be offset against earnings credits.

A87. We are not sure what you are asking; all of our current banking services and supplies are offset against our earnings credit; any additional amount that exceeds our ECR is invoiced annually. We pay the annual invoice on the County’s 45 day payment terms.

Q88. Background Review – does this relate to the Bank as an entity or does this extend to Bank employees? If who would be subject to review?

A88. This is a standard “boiler plate” clause in all RFPs. Please disregard, as it does not apply to the services we are requesting.

Q89. Can you provide an estimate of the transaction volume for the custodial accounts by type?

A89. County estimated monthly transactions to be twenty (20) in the RFP. Month to month the volume by type can vary quite a bit, but on an annual basis we have a fairly even split between the types:

- Purchases*
- Maturities*
- Sales, calls, paydowns*