#### Form F: Module 1 - Primary Depository & Disbursement Bank

#### (Only firms proposing for Module 1 should respond to this section. Please limit your answers to Form F to no more than 50 pages.)

* 1. **BACKGROUND INFORMATION**

1. **General Requirements:** Module 1 covers the core banking structure of CCSF and includes 162 bank accounts.

Of the 162 bank accounts, 130 accounts use CCSF’s tax identification number. This account structure includes one hundred (100) accounts part of a ZBA structure.

The ZBA structure consolidates all of the depository activity into (i) a City-wide depository account and (ii) a City-wide disbursement account. These two accounts are then consolidated into a City-wide concentration account. From the concentration account, funds are maintained as a compensating balance, swept into a money market mutual fund, or invested in other investment options.

The current account structure reflects steps CCSF has already taken to reduce the number of bank accounts. CCSF continues to look for opportunities to consolidate and optimize the banking structure. Any recommendations should consider the decentralized nature of the Main Accounts and Group A accounts where individual departments are responsible for reconciling their own bank accounts. Additionally, CCSF enjoys significantly discounted pricing for account maintenance, fraud preventive services and online access to make the current account structure economically viable.

The 30 stand-alone accounts are primarily revolving fund accounts with less than 10 checks disbursed per month/per account. These stand-alone accounts use CCSF’s tax identification number.

In addition to these 130 accounts, there are several affiliated entities that piggy-back off of CCSF’s banking contract (see Group C). These include the San Francisco Housing Authority, Spark San Francisco Public Schools, San Francisco County Transportation Authority, San Francisco Unified School District. There are about 8 entities with 32 additional accounts.

On a monthly basis, CCSF makes approximately 14 currency/coin orders totaling $26,600 in currency and 525 rolls of coin.

Across the organization, there are nearly 400 employees among 40 departments with access to the bank’s online reporting platform. There are currently 5 program administrators. TTX will own and manage the contracts, serves as the primary liaison between banking partners and employees in the various department, overseeing the deployment of new services and products, assisting with implementation, troubleshooting, and monitoring ongoing services utilized.

Desired services include:

1. Establish 100 or more demand deposit accounts to meet the banking requirements and maintain accurate records of activity in those accounts
2. Offer an electronic copy of monthly bank statements by email or downloadable from an online portal
3. Offer all the critical fraud tools and products necessary to protect City’s funds
4. Assign a dedicated account representative to handle day-to-day operational requests
5. Integrate with Peoplesoft to facilitate accounting and reconciliation
6. Offer a robust online banking platform
7. **Deposit Services:** CCSF encourages departments to make deposits electronically, where feasible. There are 22 different departments using Remote Deposit Capture (RDC) technology at 51 locations throughout CCSF. Despite these efforts, some departments still need to make branch and vault deposits. Here is a summary of the activity:

|  |  |  |  |
| --- | --- | --- | --- |
|  | # of Monthly Deposits | # of Checks  (Monthly) | Coin / Currency Deposited  (Monthly) |
| Branch & Night Deposits  (16 accounts) | 305 | 955 | $117,900 |
| Vault Deposits  (12-15 accounts) | 751 | 7,141 | $3,643,000 |
| Remote Deposit Capture | 602 | 5,024 | n/a |
| Image Cash Letter | 88 | 65,527 | n/a |

For the Group B accounts, deposit reconciliation services are used. A Universal Location Identification (ULID) number identifies the department making the deposit, allowing deposits to be reconciled by department and centrally. There are 20 to 30 locations that make deposits into this single depository account.

For Image Cash Letter (ICL), CCSF transmits four separate ICL files: 1 for the Treasurer’s Office with deposits being made into multiple accounts, 2 for MTA, and 1 for the Building Inspection Group. The ICL files are dropped to an FTP site as an ANSI X9 format file.

Given the significant number of departments, CCSF is interested in exploring other options for making deposits, such as bank-by-mail services, via mobile and ATM deposits.

Desired services include:

1. Ability to meet the branch, vault, and RDC/ICL needs of CCSF
2. Provide online access to deposited item images
3. Provide images of returned/NSF checks via transmission (IRI- Incoming Returns Image Service)
4. **Specialized State of California Lockbox:** CCSF receives a total of 260 warrants accounting for $393 million annually from the State of California. The warrant payments are sent via mail and accompanied by remittance documents. The warrants and remittance documents are currently mailed to a P.O. Box maintained by the incumbent bank; the bank uses the same P.O. Box for multiple California municipalities for a similar purpose. The bank processes the warrants, deposits the funds into the appropriate account and e-mails CCSF details about the deposit.

Desired services include:

1. Offer a solution to efficiently process these warrants received from the State of California
2. **Disbursement Services:** CCSF disburses approximately 22,161 checks per month. Approximately 36% of these check disbursements originate from the Controller’s department for accounts payable payments.

Some level of disbursement activity occurs from 21 accounts with nearly all of the accounts subscribed for positive pay or payee positive pay.

CCSF is interested in exploring using controlled disbursement services to better manage and monitor its daily cash position.

Monthly transmissions of disbursement check images are required. This service is not currently centralized. Individual departments are responsible for establishing the transmission protocols and archival procedures.

Desired services include:

1. Provide controlled disbursement services
2. Provide payee positive pay services with online transmission of check details
3. Provide positive pay exception item review and correction online
4. Provide online stop payment services
5. Provide a monthly transmission of all cleared checks (images of front and back)
6. Provide online access to cashed check images
7. **Electronic Fund Transfers (EFT):** CCSF initiates 47,6370 ACH credits on average per month, primarily for direct deposit of retirement benefits and payroll for San Francisco Public Schools. In addition, CCSF receives 6,474 ACH credits and 622 ACH debits.

Fed wire activity is limited with CCSF initiating 65 outgoing disbursements (includes book debits). CCSF receives 245 incoming wires monthly.

CCSF would like to explore services available to assist with the identification and reconciliation of incoming EFT in accounts where transfers are received on behalf of multiple departments. The objective is to centralize all incoming wires into a single City-wide bank account managed by TTX for visibility and effective cash positioning for the investment team.

Desired services include:

1. Provide ACH transaction capability via transmission and online portal
2. Provide same-day ACH capability
3. Provide a secure way of initiating wire transfers
4. Offer Universal Payment Identification Codes (UPICs) or other Incoming EFT Management Service
5. **Bank Balances:** For the 12 months ending June 30, 2020, CCSF maintained an average compensating and sweep balance of $114 million with its primary banking partner. CCSF opportunistically allocates funds between bank balances, a sweep vehicle offered by the bank, and other investment vehicles. CCSF reserves the right to use the option (i.e. soft or hard dollar payment arrangement) that is most advantageous or desired.

Uninsured collected balances must be collateralized in accordance with Sections 53632 et seq. of the California Government Code.

As a precaution, CCSF desires to have an overdraft facility of at least $100 million with its bank partner to ensure items are not unnecessarily returned. CCSF is not seeking a line of credit. This facility is in place in the event of a systemic disruption in the financial markets that prevent CCSF from transferring funds from its investment portfolio.

Desired services include:

1. Provide a competitive earnings credit rate for uninvested balances
2. Provide an overnight investment service (sweep) and/or interest-bearing account for excess cash balances in the demand deposit accounts
3. **File Transmissions:** CCSF desires its banking partner to be flexible in sending different BAI file formats with the ability to substitute either customer reference number or deposit slip number in specific positions within the BAI file.

The following table outlines the five different account scenarios that dictate file formats transmitted to CCSF to convey previous day transaction details. The banking partner identified for Module 1 will be expected to provide file transfers that meet the specific requirements of each file type scenario included in the table below.

|  |  |  |
| --- | --- | --- |
|  | Accounts | Comments |
| BAI File Type 1 | Majority of accounts | * Reports bank reference number |
| BAI File Type 2 | 1408C1 TTX Online Payments | * Reports number after BID (allows automatic reconciliation in FSP) |
| BAI File Type 3 | 8 banks accounts, mostly disbursement accounts that have 3rd party integrations | * Reports customer reference number |
| BAI File Type 4 | 8 bank accounts | * Reports sweep transactions only and reconciled outside of FSP (i.e. payroll accounts) |
| BAI File Type 5 | Permit Center & 1 DPH account | * For BAI codes 165 & 455, report BID if present (i.e. CityBase – Permit & Non-Permit Center. If no BID, report bank reference number. For all other BAI codes (i.e. 301 (vault deposit), 187 (RDSO) report Customer Reference number). |

Desired services include:

1. Work with CCSF to expand the use of automated transaction reporting and reconciliation
2. **Other Services:** CCSF would prefer to order bank supplies from its primary depository and disbursement bank. Currently, deposit bags and deposit slips are ordered from the incumbent provider. Some check supplies are purchased by a third-party vendor, Cenveo.

The Controller’s Office orders blank check stock from Cenveo approximately once per year. Other departments (Human Services Agency, Retirement, and Sheriff) order pre-printed check stock.

TTX would like to have bank supplies ordered centrally to enhance visibility of the amount spent on bank supplies and obtain more favorable contract pricing.

|  |  |  |
| --- | --- | --- |
|  | **Product Description** | **Quantity (# of items)** |
| Deposit Slip | 2 PT | 20,100 |
| Deposit Slip | 3 PT | 4,400 |
| Bags | 9x12 Single Pocket – Lime | 7,400 |
| Bags | 12x16 Single Pocket – Large | 1,800 |
| Bags | 9x12 Single Pocket – Clear | 6,800 |
| Bags | 12x16 Single Pocket – Large | 100 |
| Bags | Coin 11x17 Small Clear | 200 |
| Bags | Coin 12 x 22 Large Clear | 7,500 |
| Stamps | For Deposit Only Stamp | 35 |
| Check Stock |  | 124,000 |

The check stock includes the following security features:

* Void Pantograph
* Heat Sensitive Lock Icon
* Toner Adhesion
* True Watermark
* Fluorescent Fibers
* Chemical Reactivity
* Colored Background Warning Border
* Micro Printing
* Security Backer

Desired services include:

1. Ability to centrally order and track bank supply orders
2. Invoicing of bank supplies through the account analysis statement without mark-up
3. **New Services:** CCSF is interested in exploring new services, such as digital disbursements (Zelle payments, digital wallets such as PayPal) and high-order prefix checking accounts, ACH account validation service.
   1. **REQUESTED INFORMATION**
4. **State of California Warrants**
   * 1. Describe the firm’s ability to process paper warrants issued by the State of California for the benefit of CCSF.
     2. Are other California municipalities using this same solution? If so, please list such municipalities.
5. **Image Cash Letter (ICL)**
6. Describe the firm’s ability to process ICL files including file transmission and acknowledgement options?
7. If an image doesn’t meet image quality requirements, what happens to it? Is there an item repair interface that addresses image quality issues?
8. What is the deposit cut off time for same day ledger credit?
9. **Branch Services**
10. Describe your documentation/ID requirements for non-account holders cashing a CCSF check.
11. Will a check cashing agreement be required when a non-account holder cashes a CCSF check drawn from an account held with your firm at the firm’s branch location? If yes, include a copy.
12. Is the firm willing to cash these checks drawn from an account held with your firm at no charge to CCSF or the presenter?
13. **Controlled Disbursement**
14. At what time will CCSF be notified of presentment items? Specify 1st and 2nd presentment times.
15. What is the average percentage of the final presentment available at the 1st presentment time?
16. **Check Disbursements / Positive Pay**
17. Does the firm offer payee positive pay?
18. Is payee information a searchable field within the firm’s online reporting system (i.e. can you enter “ABC Company” and any disbursement checks to “ABC Company” will be retrieved)?
19. Can an e-mail notification be sent to specific users alerting them that there is an exception item to review? What other notification methods are available?
20. At what time will CCSF receive the information on exception items? How much time will CCSF have to review discrepancies and notify the firm to accept or reject?
21. Are checks identified as an exception deducted from CCSF’s ledger balance prior to when the item is presented for decisioning?
22. What are the options for transmitting check issuance information to the firm for positive pay services?
23. Does the firm confirm receipt of transmission files? If so, what options are available for CCSF to receive confirmation?
24. How and when is CCSF notified if a file transmission fails?
25. Does the firm offer the ability to manually enter one-time check disbursements issued during the day outside of the regular batch file? How quickly will the teller line receive this information?
26. How is payee information captured from the physical checks? What steps does the firm take to prevent exception items being flagged due to erroneous capture of payee information?
27. If a check is deposited by the payee using mobile technology and the payee attempts to deposit the item a second time, will your firm's positive pay service identify this item as an exception, or will it be automatically returned as a “check previously paid” item? How does this item appear in CCSF’s daily reports?
28. What options are available to prevent disbursement checks from clearing as Accounts Receivable Entry (ARC) transactions?
29. **Stale-Dated Checks**
30. Can stale-dated checks be reported as exception items?
31. What type of exception item are stale-dated checks identified as if the item is deposited and flagged as a positive pay exception (i.e. issue not found, stale dated item, voided item, etc.)?
32. Are stale-dated checks automatically removed from the issue file after a set number of days or does CCSF need to send a file removing the checks from the issue file so the items don’t show up as outstanding full reconciliation items?
33. If stale-dated checks are automatically removed, is a report available identifying the items that have been removed from the issue file?
34. Does the firm offer any solutions to assist in escheatment?
35. **Stop Payments**
36. What initial term options are available for stop payments?
37. Will the system automatically verify if a check has been paid before processing the stop payment?
38. Is there a report that lists stop payments that are set to expire?
39. **Check Images**
40. Can historical images of checks be sent by transmission to CCSF for archival purposes monthly? If so, describe.
41. What time is the check image transmission available?
42. Does your firm have experience working with OnBase as an image repository for check images? *(Note: CCSF is using OnBase to archive images of incoming correspondence and check images. CCSF is interested in exploring if this solution can be used for internal archival of disbursement check images.)*
43. **Reconciliation Services**
44. Does the firm offer full and partial Account Reconciliation Program (ARP) services?
45. Does CCSF need to send a separate check issue file or will the information required for reconciliation be captured through the positive pay file transmission?
46. Describe how reconciliation data would be transmitted to CCSF.
47. If the bank of initial deposit incorrectly codes the serial number of the check, causing it to be identified as a positive pay exception, which data is transmitted in the reconciliation files, the corrected or erroneous data?
48. **Optimizing Account Structure** *(Note: This section seeks to explore cost efficient bank solutions that can minimize the number of accounts and ensure adequate controls.)*
49. High Order Prefix Check Disbursements or Auxiliary On-Us *(Note: CCSF has several departments that need to issue an occasional check (<10 per month).)*
50. Can a single account be opened for multiple different departments using high order prefix or a similar service to identify disbursements?
51. Describe the advantages and disadvantages of this service versus maintaining stand-alone check disbursement accounts?
52. If this solution is used, how would you recommend positive pay issue information be communicated? Can individual departments communicate the details directly to the bank?
53. Can positive pay exceptions be reported and decisioned directly by the department issuing the check or does the exception get reported to a centralized department (TTX) who is then responsible for communicating with the issuing department?
54. Other Services: Are there any other services that CCSF should consider to be used in conjunction with Peoplesoft?
55. **ACH Processing**
56. Confirm that the firm is willing to establish an ACH daily exposure limit of no less than $400 million for CCSF?
57. **End-of-Day Overdrafts**
58. Are you willing to extend an overdraft facility of at least $100 million? Is there an additional cost for this facility if it is not used?
59. **File Transmissions**
60. Will the firm create and provide the five uniquely formatted BAI files utilized by CCSF for previous day reporting as outlined in the scope of services? *(Note: CCSF does not anticipate having the programing resources to accept a single previous day transaction file for all accounts and will require its banking partner to provide customized BAI files for each of the five account groups.)*
61. Confirm that file transmissions received will report only unique accounts. (Note: CCSF’s ERP system rejects files that contain duplicate account information.)
62. **Bank Supplies**
63. Can bank supplies (i.e. deposit bags and deposit tickets) be ordered through your firm?
64. If so, is the charge a pass-through charge or is there a mark-up?
65. Can bank supplies be invoiced on the firm’s account analysis statement or will a separate invoice be prepared with payment directly to the third-party?
66. Does the firm offer any reporting to track supply orders that includes the ability to view order status and details on an account-by-account or department-level basis?
67. **Digital Payments**
68. Does the firm offer a digital payments solution, where payments can be made to an e-mail address or mobile phone number?
69. Describe how payments made to individuals are initiated. What information needs to be entered? Please provide a screen shot of this functionality from the online platform.
70. If a digital payment is originated to an incorrect e-mail address or mobile phone number, is there any recourse or protections similar to those provided by NACHA?
71. Is dual authorization for digital payments available?
72. Can a dollar threshold for individual digital payments be imposed?
73. Are the credentials for an individual to initiate digital disbursements a separate functionality within the firm’s online reporting system, or is it combined with other transactional capability (i.e. ACH permissions)?
74. How long does it take the recipient to receive confirmation that they have received funds post transmission?
75. What payment method or methods (i.e. ACH, Real Time Payments, Card-branded network) does the firm’s digital payment solution use to settle transactions?
76. Does the recipient have to “claim” funds or is automatically “pushed” to the individual’s bank account?
77. What happens to funds that are not claimed or an e-mail address or phone number that is not already linked to a bank account?
78. When are digital payments deducted from CCSF’s bank accounts (i.e. when they are initiated or when they are accepted by the recipient)?
79. How does digital payments appear on the bank statements (i.e. individual transactions similar to checks or batch transactions similar to a NACHA file)? If both options are available, what would you recommend?
80. Have you implemented this service to make juror payments for another municipality? If so, approximately how many?
81. Are there any other commonly adopted applications (i.e. types of payments) of this payment methodology within the governmental sector?
82. Is CCSF responsible for escheatment for unclaimed digital payments?
83. **Digital Receipts**
84. Does your firm have the ability to integrate near real-time payment requests using services such as Zelle or Venmo?
85. **Implementation / Conversion**
86. Provide a detailed conversion plan for transitioning the services in this Module to your firm. Include the estimated length of time for the transition and the amount of effort required by CCSF’s staff.
87. Who will be responsible for coordinating the transition? If a conversion team is used, how will CCSF’s account be transitioned to the ongoing client service team?
88. What lessons has the firm learned from similar implementations that can be applied to implementing services with CCSF? What recommendations do you have for CCSF based on past implementation experiences?
89. **New Services & Ideas**
90. Describe any new services or ideas that will enhance CCSF’s operations.
91. Provide any additional information that you believe to be pertinent but not specifically requested elsewhere in the RFP.
92. **Pricing**
93. For how long will the firm guarantee the proposed fees for this Module?
94. Are you willing to offer any transition or retention incentives? If an incentive is a monthly fee waiver, please indicate when the fee waiver would apply (i.e. when the accounts are initially opened or when services are substantially implemented)?
95. **References**
96. Provide a minimum of at least three (3) current professional references who may be contacted for verification of your professional qualifications to meet the requirements set forth herein. CCSF strongly prefers references from governmental entities similar in size and requirements to CCSF. Include the:
97. Name of the entity
98. Name, phone number and contact person within the above listed organization
99. Type of product/service provided
100. Date(s) the services were furnished
     1. **PRICING PRO FORMA**

Firms must provide a completed pro forma (Attachment D).

The price schedule should use Association of Finance Professionals (AFP) Service Codes. Include any one-time or set-up charges, research fees and all other fees that may be charged. CCSF reserves the right not to pay any fees that are not disclosed during this RFP process if your firm becomes the selected vendor.