

**City of Ramsey**  
**Agenda**  
**Finance Committee**  
**Tuesday September 11, 2012**  
**5:30 p.m.**  
**Lake Itasca Room, 7550 Sunwood Drive NW**

- 1. Call to Order**
- 2. Citizen Input**
- 3. Approve Agenda**
- 4. Committee Business**
  1. Authorize Request for Proposals for Banking Services
- 5. Adjournment**

**Finance Committee**

**4. 1.**

**Meeting Date:** 09/11/2012

**By:** Diana Lund, Finance

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**Title:**

Authorize Request for Proposals for Banking Services

**Background:**

Banking services to the City of Ramsey are currently supplied through several institutions. These services include, but are not limited to, checking and market accounts, certificates of deposit, and other investment alternatives.

The City currently has its banking relationship with Village Bank, one of four full-service banks that are currently located within the City limits.

The City's checking account is through Village Bank and is "swept" on a daily basis into another savings account to abide by the Dodd-Frank Act which is in direct relationship to FDIC insurance coverage. Both checking accounts are non-interest bearing for reasons being: the economy and rates at an all-time low and the Dodd-Frank Act for FDIC insurance coverage that does not currently allow for interest to be earned on accounts if the account wants to stay FDIC protected.

Until March of this year, Village Bank was not charging the city any service charges related to wire fees, check processing, etc. The fee amount has been averaging about \$100.00 per month.

In relation to the current fee charges, non-interest bearing accounts, addition of other banking institutions and the fact that the city has not done an RFP for banking services since 2005, the city would like to take this opportunity to see what is currently available in banking services. The other banking services that the city would like to explore is credit card processing (ex: work directly with Paypal), Positive Pay (Check 21 Act) and added features such as offering pay cards for those who do not have a bank account for their payroll eft, etc.

The city is proposing a January 1, 2013 start date for the city's banking services if there is a change from the current bank vendor (Village Bank). At the first regularly scheduled city council meeting of the year, the city adopts a resolution stating the city's banking institution.

Outside of the city's checking account held at Village Bank, the city also has CD's with Village Bank and Landmark Bank and a Government Agency with Bank of the West.

In an attempt to keep the banking activities local, staff has prepared the attached "Request for Proposal - Banking Services" to be submitted to local banks in Anoka, Elk River, Ramsey and Coon Rapids (listing attached).

The proposals for banking services would need to be returned to the Finance Director by 4:30 P.M. on Friday, October 12, 2012. Banking services would commence on January 1, 2013.

**Recommendation:**

Staff recommends Committee motion to recommend City Council direct staff to solicit proposals for banking services by distributing the "Request for Proposal - Banking Services" to those local banks listed in attachment.

**Funding Source:**

Not applicable.

**Council Action:**

Motion to recommend City Council to direct staff to solicit proposals for banking services by distributing the "Request for Proposal - Banking Services" to those local banks listed in attached file.

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**Attachments**

Local Bank Listing

Request for Proposal - Banking Services

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**Form Review**

<b>Inbox</b>	<b>Reviewed By</b>	<b>Date</b>
Kurt Ulrich	Kurt Ulrich	09/06/2012 02:56 PM
Form Started By: Diana Lund		Started On: 09/04/2012 08:55 AM
		Final Approval Date: 09/06/2012

Name	Contact	Address	City	State	Zip Code	Phone
Village Bank	Darlene Jones	7125 Riverdale Drive NW	Ramsey	MN	55303	763-398-8002
Landmark Bank		14150 Saint Francis Blvd	Ramsey	MN	55303	763-712-1277
US Bank		8035 Riverdale Drive NW	Ramsey	MN	55303	763-433-0020
First National Bank of Elk River		1121 West Main Street	Anoka	MN	55303	763-422-0537
Wells Fargo		2015 3rd Avenue	Anoka	MN	55303	763-667-3004
TCF Bank		405 East Main Street	Anoka	MN	55303	612-823-2265
M&I Bank		3500 129th Ave NW	Coon Rapids	MN		763-421-2044
Bank of the West		14125 St. Francis Blvd NW	Ramsey	MN	55303	763-422-1004
The Bank of Elk River		630 Main Street NW	Elk River	MN	55330	763-441-1000
Central Bank		17267 Yale Street NW	Elk River	MN	55330	763-274-3200

## **REQUEST FOR PROPOSAL FOR BANKING SERVICES**

CITY OF RAMSEY  
DIANA LUND, FINANCE DIRECTOR  
7550 Sunwood Drive NW  
Ramsey, Minnesota 55303  
Phone: (763) 433-9847

The City of Ramsey invites written proposals from those banking institutions located within the community and wishing to serve the City's banking needs beginning January 1, 2013. Proposals should be submitted using the above address.

### **Purpose of Request**

The City will utilize a timetable that should result in the recommendation of a banking institution at the November 13th City Council meeting. To achieve this, written proposals must be submitted by 4:30 p.m. on Friday October 12, 2012. Banking Services would begin January 1, 2013.

The intent of the City is to enter into a written contract, with the agreed upon party, for a period of one year. Thereafter (assuming no terms have changed), on the first of each year, a resolution will be passed designating said bank as the institution that will provide the City of Ramsey's banking services for that year.

### **Instructions to Proposers**

- A. All proposals should be sent to, and any questions or comments directed to:
- Diana Lund, Finance Director  
City of Ramsey  
7550 Sunwood Drive NW  
Ramsey, Minnesota 55303  
Phone: (763) 433-9847
- B. All proposals must be in a sealed envelope clearly marked: "Sealed Proposal – Banking Services." All proposals must be received by 4:30 p.m. on October 12, 2012 at which time they will be opened. Three (3) copies of the proposal must be submitted. The Finance Director will notify the banking institution selected by November 14, 2012.

### **Proposal Evaluation**

Proposals will be evaluated by the Finance Director in order to ascertain which proposer best meets the needs of the City. Evaluation considerations will include, but not necessarily be limited to, the following:

1. Banking institutions' financial statistics, including size, profitability, assets, equity, liquidity, and management.
2. Responsiveness of the proposal in clearly stating an understanding of the City's banking service requirements.
3. Banking institutions' ability to provide services required by the City.
4. Cost of providing banking services.

THE CITY RESERVES THE RIGHT TO REJECT ANY AND ALL PROPOSALS SUBMITTED.

### **Information Requested from Proposers**

In order to achieve a uniform review of all proposals and to thus obtain the maximum degree of comparability, it is required that proposals be organized in the manner specified below.

- I. Title Page – Clearly indicate the subject of the proposal, the name of the proposer's institution, institution's address, phone number, the name of a contact person from the institution, and the date of the proposal.
- II. Table of Contents – Include a clear identification of the material by section and page number.
- III. Letter of Transmittal – This section should be limited to two pages. Proposers may use this section to present any information that they consider essential to their proposal. Give the names of the persons who are authorized to make representations for the proposer, along with their titles, business address and phone numbers.
- IV. Independence of the Proposer – the following information is required:
  - A. Describe any business, investment or family relationships with the City, City officials, appointed employees or department heads.
  - B. Describe any formal independence guidelines used by your institution.
- V. Profile of Proposer – Provide a description of your institution's financial status, officers, and business practices and philosophy, including:
  - A. Current summary financial data, including summary income statements and balance sheets, and financial ratios.
  - B. Names and positions of officers of the local branch(s) of the institution.
  - C. Formally defined statement of institution's goals.
- VI. Scope of Services – The City is using or considering many banking services. Please provide information relative to the availability, related fees, and the extent of the following services and requirements:
  - A. FDIC/FSLIC insurance on deposits at limits prescribed by law.
  - B. Pledged collateral to the City, in a form acceptable under State Statutes.
  - C. Daily "sweep" to money market checking, money market savings, electronic funds transfer [ACH for payroll], and other accounts as necessary.
  - D. Depository for federal withholding and FICA taxes.

- E. Wire transfer services.
- F. Online services
- G. Interest compounded daily on money market account(s) (include rate).
- H. Same day credit of deposits and incoming wire transfer (include cut-off time for deposits).
- I. Electronic deposits.
- J. Lockbox services.
- K. Competitive investment options.
- L. Electronic balance & transaction reporting.
- M. Positive pay services (Check 21 Act).
- N. Responsive, accurate, cooperative and courteous customer service.

Other banking services should be detailed and may be considered upon submittal.

**Compensation and Service Charges** – The City, with few exceptions, is currently receiving the foregoing services. Please provide a fee/service charge schedule on all services described above, highlighting those fees which would be negotiable. In addition, please provide a sample detailed monthly service charge for service provided to the City using the following information [which is representative of a normal months' activity]:

1. Daily deposits – 200 items [20 deposits with 10 items each]  
Approximately 2,500 checks are deposited annually. Deposits are made on a daily basis – except holidays and weekends. Each deposit consists of primarily checks
2. Checks – 250 items  
Approximately 3,000 checks written annually payable to various vendors.
3. Wire transfers: Outgoing – 5, Incoming – 5  
Certain purchases/maturities of investments are wired to/from the City's checking account. .
4. Returned NSF check/ACH – Approximately 1-5 per month.  
Varies upon quarterly utility billing cycle. Incoming ACH payments for utilities average approximately five (5) NSF transactions from resident accounts. Non-utility NSF checks average one (1) per month.
5. Credit Card EFT's – Daily  
The city contracts with RevTrak to process credit card transactions initiated on the city's website, phone, and at the municipal center. Funds are deposited into the city's checking account daily as an EFT.

6. ACH fees – Approx. 220 items  
Two payrolls with approximately 75 items each, one monthly payroll of approximately 30 items each. Quarterly firefighter payroll of approximately 60 items each. Approximately 2,600 payroll payments issued annually. Includes all full-time and regular part-time, seasonal workers (all bi-weekly); elected/appointed positions (monthly); firefighters (quarterly). Most payroll employee and employer contributions/withholdings are paid by electronic transfer.
7. Miscellaneous Service Charges – Such as internet charges, daily sweep, monthly service charge, stop payments, etc.
8. Future Service - Electronic Accounts Payable Service  
The city is researching implementing an alternative ACH payment method for payment claims to the city. The possible implementation date may be as soon as January 1, 2013. Our financial institution should be able to accept a balanced upload file generated from our financial system to process ACH transactions. The city issues payments two times per month plus processes immediate payments as needed (not more than two times per week).

### **Miscellaneous Information**

The City currently invests its idle funds through several banks and brokerages with the Finance Director managing the portfolio. These investments include money market savings, certificates of deposits, US government securities, and other investments authorized in the State Statutes and the City of Ramsey Investment Policies. In many instances the City requires collateral on deposits and investment in excess of the FDIC/FSLIC limits. Please provide information on how your institution handles this need for additional collateral.

For clarification on any of the items in the Request for Proposal contact Diana Lund, Finance Director at (763) 433-9847.