

1/15/79

Introduced by R.R. "BOB" GREIVE

Proposed No. 79-84

MOTION NO. 3964

A MOTION establishing the general procedures to be followed in selecting King County's principal bank depository.

WHEREAS, the County Council encourages the use of a competitive bidding process to select its principal bank depository, and

Whereas, it wishes to describe the general process that it recommends the Executive Branch follow when using competitive bidding to select the County's bank.

NOW THEREFORE, BE IT MOVED by the Council of King County:

1. The purpose of selecting King County's major bank by bid is to assure that the County receives good banking services for the least cost. It is important that the request for proposal (RFP) document submitted to banks:

A. Specify the services required in enough detail to allow banks to bid with reasonable knowledge of the County's specific needs. If this isn't done, the banks may add to their bids a contingency for unknowns.

B. Provide a format for responding so that the County can objectively, in a pre-defined way, determine which bank makes the "low bid."

C. Allow all qualified banks to know of the process the County will use in evaluating and selecting the winning bank.

2. The steps required for bidding should follow a sequence similar to the following:

A. County Comptroller specifies banking needs. This could consist both of a set of "basic banking needs" and a set of optional services that the County may wish to receive on a discretionary basis from a bank other than the one providing the basic banking services.

B. Comptroller prepares a draft Request for Proposal by March 15, and submits it to banks for their review. The appropriate Council Committee should also review the draft at this stage.

1 C. Hold a pre-bid conference with all interested banks
2 to receive comments on the form and content of the RFP, and to
3 learn of any additional data that banks require in order to pre-
4 pare proposals. During the conference, the County would solicit
5 suggestions from banks regarding elements of the RFP that banks
6 feel could be improved.

7 D. County Purchasing Agent issues RFP to banks after
8 approval of the RFP by the Council.

9 E. Purchasing provides the answers to any questions
10 raised by banks during the period between the release of the RFP
11 and the receipt of the bids. The answers should be formally pre-
12 pared and provided to all banks. Informal communications should
13 be restricted. If necessary, the RFP could be again modified at
14 this point, and banks given an appropriate time to modify their
15 bids.

16 F. County receives the proposals by June and evaluates
17 the proposals by June 30. This would probably consist of two
18 phases; a phase to determine which banks are qualified to provide
19 the needed services to the County, and a phase to determine which
20 of the qualified banks has submitted the lowest bid.

21 G. Preparation of the Contract with the successful
22 bank implementation of the contract, approximately 90 days after
23 awarding the contract.

24 H. County notifies Sea-First of intent to terminate
25 the recent "Interim Banking Agreement" approved November 30, 1978
26 by the County Executive.

27 3. The Request for Proposal would include, as a minimum,
28 the following:

29 A. General Instructions

30 This section explains the general bidding process,
31 includes deadlines for submission of bids, and provides the banks
32 with general administrative information.
33

1 B. General Requirements of County

2 This brief section discusses general needs of the
3 County to provide a general indication of the magnitude of ser-
4 vices required by the County.

5 C. Minimum Bank Qualifications

6 State law requires that banks receiving public
7 funds meet certain State collateral requirements in order to be a
8 "qualified public depository" (RCW 39.58) Because of the magni-
9 tude of King County's demand deposit accounts, not all banks can
10 meet the State requirement. This section would specify such min-
11 imum qualifications and include any other statements of qualifi-
12 cation as deemed appropriate by the Executive or Council.

13 D. Scope of Banking Services

14 This section would specify the banking services
15 REQUIRED by the County and identify services that the County may
16 OPTIONALLY wish to receive. This section would include such
17 things as the number of separate DDA's (Demand Deposit Accounts)
18 that the County requires, the magnitude and nature of warrants
19 that are to be honored, the requirements for safekeeping, the
20 specification of data processing services to be provided by the
21 bank, the requirement that the bank advise the County every
22 morning of the balances available in all accounts.

23 E. Bid Format/Basis for Award

24 This is the most critical section of the proposal.
25 It specifies exactly the way in which banks are to provide their
26 bid and includes a "Bid Form" which would be completed by banks
27 to contain their formal bid.

28 The bid format should assure comparability between
29 banks, allow banks to make their best bid, and provide for condi-
30 tions which are certain to change over the term of the contract
31 (such as fluctuations on interest rates).

32 There are several ways to structure such a bid for-
33 mat and subsequent award. For example, the contract could be

1 awarded to the qualified bank that would provide the specified
2 services at the least annual cost to the County, expressed in
3 terms of the average daily demand account bank ledger balance.
4 The County would compensate the Bank by one or any combination of
5 the following methods on a monthly basis:

6 1. Maintenance of a specified average daily demand
7 account bank ledger balance (before collections or reserves), de-
8 fined as the average daily ending balance of all County accounts
9 including special purpose district and school district accounts
10 for which the Comptroller serves as Treasurer.

11 2. Maintenance of a noninterest bearing time de-
12 posit equal to the specified average daily demand account ledger
13 balance less the percentage differential between the reserve re-
14 quirements on demand and the type of time deposit used.

15 3. Direct payment by county warrant for an amount
16 computed by multiplying the specified average daily demand
17 account bank ledger balance less federal reserve requirements
18 times 1/12 of the average of the latest four weekly auctions of
19 26 week Treasury bills.

20 F. Statistical Data

21 This section contains that statistical data re-
22 quired by banks to understand the County's banking cycle. In-
23 cluded would be such things as a statistical sample of typical
24 deposits showing deposits by drawers' banks, and information
25 about the volume and value of processed warrants.

26 PASSED this 15th day of January, 1979.

27 KING COUNTY COUNCIL
28 KING COUNTY, WASHINGTON

29 Ruby Chow
30 Chairman

31 ATTEST:

32 Jacinta M. Owens
33 Deputy Clerk of the Council