

Santa Barbara Metropolitan Transit District Request for Proposals for Comprehensive Banking Services Addendum Number 2 – issued August 27, 2025

The Santa Barbara Metropolitan Transit District (MTD) issues this Addendum No. 2 to its Request for Proposals for Comprehensive Banking Services (RFP). This addendum provides an answer (A) to questions (Q) received. Except as modified by this addendum, all other terms and conditions of the RFP remain unchanged.

Proposals remain due by 10:00 AM on Thursday, September 4, 2025.

General Banking

Q1: Are there any challenges MTD faces with their current A/R and/or A/P processing?

A1: MTD's current accounting process is manual; services that support system visibility and efficiency are of interest.

Q2: How many remote desktop scanners do they currently use? What models?

A2: MTD does not currently use scanners; a system that includes the use of secure and compliant scanners is of interest.

Q3: Are there any incumbent bank contracts or services with early termination fees we should account for in our implementation plan?

A3: There are no known fees from the incumbent; if MTD selects a new bank, the target date for account migration is to be completed by January 1, 2026.

Q4: Please describe any program features or servicing challenges with the current program that you hope to address with a new solution/provider.

A4: Areas of focus for this RFP are to assess if the fees MTD is paying are in line with the market, to identify the types of services that would benefit MTD with cash handling, analyze the level of security now available with banking institutions, determine the level of customer service accessibility, and whether there are advances in efficiency to support our accounting process.

Q5: What ERP System do you use?

A5: MTD uses an unsupported SBT Accounting software and relies on manual entry with Excel spreadsheets. MTD is interested in learning which ERP systems a bank recommends, is compatible with, or integrates seamlessly with.

Q6: What file types would MTD like to automate between U.S. Bank and Tyler Incode X?

A6: Currently, MTD does not use Tyler Incode X and does not have an ERP system in place. The ability to automate is a service MTD may be interested in the future. Upload checks for positive pay and for payroll is currently done manually, so the ability for this type of integration is of interest for efficiency.

Q7: Please provide additional information on how Tyler Incode X is currently utilized with your current Financial Institution?

A7: MTD does not use Tyler Incode X.

Q8: Are payments such as ACH being issued from your ERP Software or from your Financial institution's online banking platform?

A8: MTD does not use an ERP system; ACH are being manually entered into the financial institution's online platform.

Q9: What is your estimated annual accounts payable paid via check?

A9: MTD's Accounts Payable issues an estimated 2,800 payments by checks per year, totaling \$22,500,000 per year.

Q10: Are you willing to share a vendor payment file for the past year that includes vendor name and address, number of transactions, and total amount paid by payment type (check, ACH, wire)?

A10: Not at this time.

Q11: When you send your A/P file to your Cash Mgt bank, do you send a single payment file with multiple payment types, or separate files for ACH, check, etc.?

A11: MTD currently does not send its AP file to the cash management bank.

Q12: In the RFP Attachment 2, page 2 of 7, could you provide clarification on what the fiduciary fund account for partners and MTD Contractors would entail?

A12: MTD has a third-party workers' compensation administrator that pays claims and associated expenses from an MTD checking account; this third party's account manager has the authority to write checks. MTD's liability insurance carrier also serves as an administrator for claims and associated expenses.

Treasury Management

Q13: For Earnings Credit Rate, should bidders assume any minimum balance thresholds? What would those balances be?

A13: Exhibit 1 in the RFP provides some basic account balance information.

Q14: What type of balances in each account would be maintained for analysis, Proforma calculations?

A14: Exhibit 1 in the RFP provides some basic account balance information.

Q15: If possible, please share the current interest rate on any accounts paying interest.

A15: MTD receives variable rates.

Q16: Could you share the most recent full analysis statement?

A16: Not at this time.

Q17: What are the invoice charges for banking services for each of the last 12 months?

Are you charged monthly, quarterly, or annually on banking services?

A17: MTD is not invoiced, MTD currently pays various fees (flat fees and percentages) monthly through bank transaction analysis which is pulled directly from its one money market account.

Q18: How many checks do you issue to consumers each month?

A18: It is a rare occurrence at MTD to issue such a check.

Q19: What percentage of those checks typically go unclaimed?

A19: N/A

Q20: How many hours does your team spend annually on the escheatment process?

A20: Zero.

Q21: How many jurisdictions are you required to escheat to?

A21: N/A

Q22: Do you know the states where your payees reside and your company's State of Incorporation (SOL)?

A22: N/A

Q23: Can you provide check data files with payee address and property codes?

A23: N/A

Q24: Do you require a direct file feed with all transactional data?

A24: MTD's current process is manual (MTD downloads all transactions and then has to classify them) and so does not use this service. However, MTD finds value in this feature for the near future when an ERP is in place.

Credit Request

Q25: Please confirm whether MTD requires an available revolving line of credit or other financing facility, the maximum dollar amount anticipated, repayment terms, and any collateralization expectations for such facilities.

For the bridge loan, what are the terms, dollar amount, and timing of availability?

A25: The option for a line-of-credit, letter-of-credit, or other lending vehicle in situations where MTD would need a quick turnaround for credit or has limited market access may become necessary during the term of the agreement (up to \$5 million). The ability to collateralize MTD accounts is a requirement to secure the most favorable terms.

MTD anticipates that a construction loan may be necessary if there are delays in reimbursement from the anticipated grants and other funding sources.

Sweep Accounts

Q26: On Page 20 of the RFP In the Scope of Services portion in Section III for Service Requirements, there is a reference to Sweep Accounts which 'Automatically sweep any excess cash balances between accounts to help manage cash and maximize returns based on MTD-set minimum and maximum balance limits'

- **Please describe the type of investment account excess cash balances are swept into (e.g., interest bearing bank deposit, Money Market Mutual Fund)**
- **How many sweep accounts does MTD currently maintain?**
- **What are the current minimum and maximum balance limits?**

A26: Cash balances of three accounts are swept into a money market account. There are no known limits for minimum or maximum balance. Note: MTD may have accounts with a balance of \$0.

Q27: What balances does MTD plan to keep in a Sweep Investment account and Safekeeping account?

A27: Balance ranges from \$150,000 to \$6,000,000 for the sweep money market account.

Q28: Can you clarify the need for collateralization with overnight investment sweep options?

A28: Collateralization is required. As a public agency, MTD cannot have uninsured funds.

Q29: Would this sweep be needing to go to an external investment company?

A29: No, it will be maintained in the money market account with the same bank.

Card

Q30: Who is your current card provider?

A30: MTD's current bank is providing the credit cards.

Q31: Please provide the annual spend and the number of cards issued.

A31: Three company cards are currently in use with an estimated annual spend of \$150,000; MTD desires to increase this to ten cards for staff use (depending on administrative features and reporting).

Q32: Is your current program a rebate or rewards program?

A32: Travel benefits, points, and other rewards programs are not a priority at MTD. Cash back is an incentive of value.

Q33: How are you reconciling your monthly statements?

A33: This is a manual process by the accounting department staff.

Q34: What system will cardholders reconcile card transactions (bank's commercial card portal or directly in ERP system)?

A34: Currently, MTD uses the credit card statements and the "bank's commercial card portal" to reconcile transactions. Many features for accounting and reporting would be beneficial to MTD until an ERP system is in place.

Q35: Will you require cardholders to login to the online card management system to view/expense card transactions?

A35: Currently, only MTD's accounting administrators have access to the online card management system to view/expense card transactions, but is open to allowing this feature for cardholders in the future.

Q37: Will cardholders or administrative staff be required to upload receipt images?

A37: MTD is interested in the administrative staff's ability to view receipt images. MTD currently does not allow cardholders this ability, but is open to introducing this feature.

Q38: Will you allow cardholders to use the mobile website to view card transaction information?

A38: Currently, MTD does not utilize the mobile apps. Only MTD's accounting administrators have access to and use the online card management system to view/expense card transactions, but it is open to allowing cardholders access in the future.

Q39: Do you use a third-party supplier to manage your current card program? (Concur, Expensify, etc.)

A39: MTD has never considered an expense management software for credit card expenses before, and does not intend to add this to the fold in the coming years.

Q40: Are virtual cards being leveraged today?

A40: No, this is a convenience, but it is not necessary for MTD.

Safekeeping

Q41: Can MTD provide a copy of the current custody statement or a list of holdings and transaction volumes?

A41: Exhibit 1 of the scope of services provides the volume activity.

Q42: What would the Lockbox/eLockbox payments be for (utilities, etc.)?

A42: This is not required, and currently MTD does not use this service.

Q43: Would payments to the Lockbox include payment coupons with a MICR line at the bottom of the coupons?

A43: N/A

Q44: What is MTD's expected monthly payment volume for Lockbox?

A44: N/A

Q45: What is MTD's expected monthly payment volume for eLockbox?

A45: N/A

Q46: Will Lockbox payments consist of check payments, credit card payments, or both?

A46: N/A

Q47: How does your organization currently handle unclaimed property?

A47: Unclaimed property is typically passenger personal and large items (such as bicycles left on a bus), so MTD manages this through a Lost & Found Customer Service Department.

Merchant Card Services

Q48: Can you please confirm whether this RFP is intended solely to cover continuation of the existing merchant services or if it includes an expansion of scope beyond the current agreement?

A48: There is no expansion planned for merchant card services.

MTD is under contract for the next five years for its merchant card services and will only be considering new offers after that time. Merchant Card Services are required by the bank, for when it is needed in the future.

Q49: If expanding the scope for Merchant Services, could you please provide the anticipated yearly volume and avg sale size

A49: N/A

Q50: Does the agency currently have "Open Loop" payment processing? If not, would the agency be open to it?

A50: Yes, MTD's tap to pay program is open loop.

Q51: Please confirm the number of Merchant ID's the MTD needs.

A51: N/A

Q52: How long does it take for the MTD to receive their funds once the transactions are settled?

A52: Funds are received within 24 hours.

Q53: Can the MTD share copies of their most recent merchant statements?

A53: Not at this time.

Q54: How is the MTD accepting credit card payments (in person, phone, online, recurring)?

A54: Credit Card Payments are only made in person. MTD has implemented tap to pay features on the bus and has ticket vending machines.

Q55: What is the MTD utilizing to process the credit card transactions (standalone terminal, virtual terminal, gateway)? Please provide the name and version, if applicable.

A55: MTD uses both ticket vending machines and validators on the bus for tap to pay; further details will be provided when MTD is ready to implement merchant services with the awarded bank.

Q56: Does this system integrate with your internal systems?

A56: N/A

Q57: How many terminals do we need to supply for the buses?

A57: Zero.

Q58: What is the annual credit card volume \$ processed (all cards)?

A58: MTD is processing \$425,000/ year; further details will be provided when MTD is ready to implement merchant services with the awarded bank.

Q59: What is the annual credit card transactions processed (all cards)?

A59: 25,000 / year; however, details will be provided when MTD is ready to implement merchant services with the awarded bank.

Q60: Is the MTD's current provider assessing a Service Fee to the credit/debit card holders?

A60: No.

Q61: If yes, what percentage is being charged?

A61: N/A

Q62: What type of reporting does the MTD need/want for their Merchant accounts

A62: These details will be provided when MTD is ready to implement merchant services with the awarded bank.

Cash Handling Services for Ticket Vending and Change Machines (TVMs)

Q63: Does MTD have specific pick-up dates for cash collection from the armored courier?

A63: Twice a week.

Q64: How much cash and coin are collected on a weekly basis?

What are the denominations currently being deposited from the armored courier (Cash & Coin)?

A64: MTD is collecting bus fares: mostly dollar bills and mostly quarters.
Coin collected \$12,000 per week; Cash collected \$20,000 per week.

Q65: Are the cash and coin being picked up by armored courier services and dropped off to the bank?

A65: Yes.

Q66: What are the anticipatory change orders needed on a weekly basis?

A66: \$500 in dollar coins per week; \$100 in quarters per week

RFP Submittal Questions

Q67: Does MTD require all proposed fees to be fixed for the initial three-year term, or can they be indexed to an agreed benchmark?

A67: MTD desires fixed fees; however, it will seriously consider alternatives such as indexed at an agreed benchmark.

Q68: In the RFP, Exhibit 1 lists transactions volumes for many services with pricing TBD – should proposers submit pricing for all listed services regardless of current usage?

A68: Where possible, Offerors should provide the fees associated with all listed services. The indicated volume listed in Exhibit 1 to the scope of services in the RFP packet is typical of monthly activity and the fees that MTD regularly incurs.

Q69: Does the Fee Schedule count towards the 20-page limit in the Statement of Qualifications section?

A69: No. MTD appreciates the details necessary to understand the fee structure.

Q70 Will a section divider page and Table of Contents count towards the page limitations?

A70: No. Exhibits, as needed, may also be included without adding to the page limitations.

Q71: Can we include redlines to your agreements with our proposal response?

A71: Yes.