



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE: August 2, 2022
SUBJECT: **Banking Services Contract**

Background and Analysis:

The City of Beaumont has used Citibank for its general operating banking services for many years. City staff has been happy with the services but was notified on March 24, 2022, that they would no longer support deposits that require collateral above the FDIC coverage. Government Code section 16521 requires banks to deposit securities as collateral with the State Treasurer valued at 110 percent of the uninsured portion of the collected funds deposited with the banks.

City staff issued a Request for Proposals (RFP) on May 6, 2022, with an original proposal due date of June 1, 2022. Due to a lack of submitted proposals, the RFP proposal due date was extended to July 8, 2022. The objective of the RFP was to ensure fair, competitive procurement of cost-effective banking services that not only maintained the high quality of cash management support to the City but also supported continued technology enhancements that will further improve the payment process for residents and businesses.

The minimum qualifications within the RFP included: being a federally or State of California chartered financial institution, a member of the Federal Reserve System, a qualified depository for public funds, a full service bank in good standing capable of providing services sought by the City, sufficient capitalization to accommodate cash/investment management needs, and having an established office within close proximity to the City and dedicated staff committed to servicing the City's account.

The City received four (4) responses from interested banking institutions. The proposals received and proposed estimated fees based on activity detail provided, excluding any earnings credits proposed are included below:

Bank of America (estimated \$8,848.05 monthly fees)
Bank of the West (estimated \$9,600.53 monthly fees)
US Bank (estimated \$7,777.50 monthly fees)
Wells Fargo (estimated \$5,372.59 monthly fees)

Each of the proposals were reviewed and scored by the Finance and Administrative Services Departments and sent to the City Treasurer for review. While all of the banks that responded met the minimum qualifications, the two banks that had the strongest proposals (based on understanding of scope of work, quality of proposal, pricing considerations and perceived quality of service) were invited for interviews.

Upon completion of the interviews, it was determined that Wells Fargo would be the most ideal fit for the City of Beaumont going forward.

Some of the highlights of Wells Fargo's offerings include:

1. Competitive monthly fees and earnings credit rate,
2. \$35,000 transition allowance to be used in first 12 months,
3. Locked pricing for a five-year term with option for two additional two-year extensions, and
4. Personal service with representative located close to city offices.

Fiscal Impact:

This contract provides for services based on volume of transactions processed. Costs incurred are offset by an earnings credit provided by the bank upon the average daily positive collected balance (investable balance). The proposal submitted by the bank estimated that credits on the average bank balance would likely offset most, if not all, of the monthly banking costs. The initial term of the agreement is for five years with a renewal option for two additional two-year extensions.

Recommended Action:

Authorize the Mayor to sign the contract and authorize the City Manager to sign any associated agreements between the City and Wells Fargo to provide continuity of banking services needed to ensure timely processing of financial activities.

Attachments:

- A. Request for Proposals
- B. Well Fargo Response to RFP
- C. Wells Fargo Acceptance of Services
- D. Wells Fargo Amendment to Master Agreement Pricing
- E. Wells Fargo Authorization Certificate
- F. Wells Fargo Certification of Official Custodian
- G. Wells Fargo Presentation