

**REPORT FROM SELECTION COMMITTEE FOR
REQUEST FOR PROPOSAL
FOR BANKING SERVICES
BID FILE #9412**

COMMITTEE MEMBERS

- Michael Lima, City of Fresno, Finance Director, Finance Department
- Mavet Mora, City of Fresno, Assistant Controller, Finance Department
- Corrina Barbarite, City of Fresno, Treasury Officer, Finance Department
- Juan Rios, City of Fresno, Accountant Auditor II, Finance Department
- Valerie Dirlam, City of Fresno, Accountant Auditor II, Finance Department
- Laura Atencio, City of Fresno, Revenue Supervisor, Department of Public Utilities
- Haley Lynch, CPA, City of Clovis, Deputy Finance Director, Finance Department
- Laura Rapp, Senior Procurement Specialist (Facilitator), City of Fresno, Finance Department/Purchasing Unit

BACKGROUND

The goal of the Request for Proposal (RFP) was to solicit proposals to provide banking services to the City of Fresno, Finance Department. The City currently uses Bank of America for a variety of banking services; including check processing, electronic payment processing, and wire transfer services. The current contract with Bank of America expired in March 2017. A one-year extension was approved by Council at that time to provide a bridge solution until such time as an RFP could be issued.

COMMITTEE NOTES

A Notice Inviting Proposals was published on August 3, 2017. The price proposal section of the RFP consisted of a comprehensive list of per item charges that totaled to a monthly fee of services. Also listed was a catalog of the various services that the City currently received. The Specifications were distributed to nine prospective proposers. Five proposals were received and opened on September 29, 2017. The five banking institutions that submitted proposals were:

- Bank of America, N.A.
- JP Morgan Chase Bank, N.A.
- MUFG Union Bank, N.A.
- Wells Fargo Bank, N.A.
- Bank of the West, N.A.

The Selection Committee met on three separate occasions to review and evaluate the submittal proposals. As presented in the RFP, each of the proposals was evaluated based on the following criteria:

- Proper Submission of Proposal
- Comprehensiveness of Services Provided
- Public Sector Experience and Resources
- Strength and Stability of Financial Institution
- Assigned Relationship Manager/Team
- Charges for Services
- Service Enhancements
- Other Factors

Bank of America

Bank of America has provided primary banking services for over 20 years to the City of Fresno(City). During this time, banking services have changed tremendously as a result of technology. Bank of America has partnered with the City of Fresno to use technology to detect and deter fraud, improve processes, and help the City in providing better service to its customers. The Committee felt that Bank of America's proposal reaffirmed their commitment to help the City achieve its banking objectives. They included in their response every service required by the City, and offered other services the City may choose to explore.

Because of the numerous services they offered, the Committee chose Bank of America for further negotiations on pricing. After those negotiations, Bank of America was in the middle of the respondents when it came to the projected five-year price of the potential contract. However, the Committee concluded that the pricing difference between Bank of America and the two lower priced respondents was not significant, particularly when considering that those lower priced respondents didn't offer some of the services that the City currently uses. Additionally, Bank of America's offered pricing was lower than the pricing on the one-year extension that was approved last year, with some pricing also being lower than the contracted pricing from the 2010 contract. With the addition of a higher earnings credit rate, the City can expect their banking costs to decrease from what they have been paying the last few years.

JP Morgan Chase Bank

JP Morgan Chase Bank has been serving county governments for over thirty years. Within California they serve twelve public sector clients. They continue to invest and grow this portion of their business. They proposed a dedicated client service professional (CSP) be assigned to the City. When that CSP is not available another CSP within the Commercial Banking Service Center would be available to handle routine requests.

JP Morgan Chase aggressively priced their proposal, which resulted in their proposal having the lowest projected five-year cost of any respondent. However, While JP Morgan Chase had the lowest projected price, they did not offer all of the banking services that the City of Fresno required. For example, they have a 3:30 p.m. deposit cutoff time at their Milipitas vault for same-day ledger credit. Additionally, they did not offer payroll card service, thus requiring the City to enter into a contract with a payroll card vendor should JP Morgan Chase be selected. Because of the absence of key banking services, the Committee decided not to pursue further negotiations with JP Morgan Chase.

MUFG Union Bank

MUFG has supported Government Agencies for almost 150 years. MUFG would assign a dedicated Treasury Banking Government Client Service Associate to handle the daily needs of the City.

MUFG Union Bank offered most of the services required by the City of Fresno. However, the Committee believed that the services MUFG Union Bank didn't offer were critical to the City's banking needs. For example, while MUFG Union Bank does offer Payee Positive Pay, they have a 78-character limit on the payee information included in the transmittal file. This is the information the bank uses to compare to payee information printed on the City's checks. The City would need to invest in extensive computer programming modifications to enable the system to cut off at the 78th character. Without those programming changes, some City issued checks would become exception items and the recipients would remain unpaid until the naming convention was resolved. Also, MUFG Union Bank didn't offer payroll cards. Additionally, MUFG Union Bank was projected to have the second most expensive proposal of the five respondents. Given the lack of key services and the relative expensiveness of their proposal, the Committee chose not to engage MUFG Union Bank in further negotiations.

Wells Fargo Bank

Wells Fargo has formed Government & Institutional Banking teams to work with customers in 39 states and the District of Columbia. Wells Fargo would assign a dedicated client service officer to help with daily needs. Additionally, they would assign a relationship manager to serve as the liaison between the Finance Department Staff and the various departments of the bank.

Wells Fargo's response indicated that they can meet every current City of Fresno service requirement. However, their proposed pricing made them the most expensive respondent, based on the five-year projected cost of the proposal. Given the extensive services Wells Fargo provided, the Committee felt that it was worthwhile to negotiate further with Wells Fargo on the price they proposed. As such, the City entered into further negotiations on pricing. The negotiations resulted in Wells Fargo adjusting their pricing. But, they also proposed a floating interest earnings rate which had a very low minimum guaranteed rate. Additionally, the earnings rate they proposed wouldn't become effective until the second year of the contract, thus providing the City with no interest earnings during the first year of the contract. Due to the lack of a guaranteed rate, the Wells Fargo proposal continued to be projected as the most expensive of five respondent proposals. Consequently, the Committee dropped Wells Fargo from further consideration.

Bank of the West

Bank of the West has a dedicated Government Banking Division located in Sacramento. The City would be assigned a Senior Relationship Specialist from this group to handle the daily needs.

Bank of the West also proposed aggressive pricing, resulting in them having the second least expensive proposal of any respondent. However, Bank of the West did not offer all the services required by the City of Fresno. As was the case with other respondents, they do not offer payroll cards. They also had a payee positive pay character limit that would require software reprogramming to utilize the service. Finally, Bank of the West had an earlier cutoff time for funds availability than most of the other respondents, which would result in the City having a delay in accessing the funds it deposited. Because of these service restrictions, the Committee did not choose to negotiate further with Bank of the West.

Recommendation

Through careful and extensive review of the proposals submitted by the five banks, asking additional questions of some banks, and negotiating on pricing with the two banks which offered all the services, the Committee came to the conclusion that the award for the five-year contract with the option for two one year extensions for banking service for the City of Fresno, Finance Department should go to Bank of America, N.A.