



Legislation Text

File #: 11-0207, **Version:** 2

Recommendation to authorize City Manager to execute all necessary agreements with Union Bank for general banking services for a period of three years, with the option to renew for seven additional one-year periods. (Citywide)

On May 10, 2011, staff recommended Wells Fargo Bank, N.A., for general banking services to City Council (Exhibit 1).

At that point in time, Wells Fargo Bank, N.A. emerged as providing the lowest cost to the City with an estimated annual savings of \$50,000. After deliberation, City Council directed staff to issue an Addendum to the Request for Proposals (RFP) to the three finalist banks that asked specifically for the banks to:

1. Provide at least \$50,000 annual savings from the estimated \$350,000 annual fees, and no increases in costs from the respondent's best and final proposal in fees, minimum compensating balance requirements, or other City subsidy.
2. No decreases in proposed service levels from the respondent's best and final proposal.
3. Provide additional banking services of, at minimum, a full-service ATM in each of two areas, North and West Long Beach, and further ask that the banking institutions be creative in their offers of banking services that might include up to full-service branches.
4. No relocation of a current banking service from another part of the City, or removing a banking service from another part of the City in place of the two new locations.

A summary of responses to the RFP Addendum is set forth in the attached Exhibit 2. Of the responses to the RFP Addendum received, only Union Bank's response fulfilled all the RFP and RFP Addendum requirements. Therefore, staff is recommending Union Bank to be awarded the banking services contract.

Wells Fargo Bank, N.A., was initially ranked the highest in the initial RFP responses based on operational requirements, experience, financial strength, service innovation, and technical strength and compatibility. Union Bank, however, is now recommended by staff, in accordance with City Council's additional directions.

This item was reviewed by Deputy City Attorney Amy R. Burton on June 9, 2011 and Budget Management Officer Victoria Bell on June 17, 2011.

City Council action is requested on July 12, 2011, in order to allow the City to immediately take advantage of the savings offered by Union Bank and to allow Union Bank to start implementing plans for the new banking locations. It is estimated that the new locations will be open within six months

upon agreement of locations.

The estimated cost of the banking agreement fees is \$266,000 per year, for an annual savings in banking fees of approximately \$84,000 over the current contract. Banking costs are primarily the result of banking transactions and will fluctuate with the volume of banking activity in a given year. These costs are partially offset with banking credits earned in a compensating balance account. Additionally, Union Bank will credit the City \$15,000 toward banking fees as a retention incentive.

Approve recommendation.

DAVID NAKAMOTO
ACTING DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER