



City Council Report

Date: November 18, 2019
To: City Council
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Edward Quedens, Business Services Director
Matt Bauer, Procurement Administrator
Subject: Five-Year Term Contract with Five Years of Renewal Options for Banking Services (Service Group 3 – Institutional Custody) for the Financial Services Department **(Citywide)**

Recommendation

Council is requested to approve the award as recommended.

A committee representing Financial Services and Business Services Departments, City Manager's Office, and Purchasing evaluated responses. The evaluation committee recommends awarding the contract to the highest scored proposal from U.S. Bank National Association dba U.S. Bank at \$25,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

Background / Discussion

The City of Mesa makes extensive use of banking services to collect, disburse and manage its cash and investments. Comprehensive banking services include general banking services, merchant card processing, institutional custody and paying agent services. General banking services includes cash services, deposit services, disbursement services, electronic transfer of funds and general reporting. Merchant card services represent the City's ability to process credit card transactions. Institutional custody services represent the safekeeping of the assets/securities in the City's investment portfolio. Wells Fargo is the incumbent for institutional custody services.

Because the City believes that prudent business and procurement practices require the reevaluation of banking services on a periodic basis, a Request for Proposal (RFP) was released in order to have one or more qualified financial institution provide the City with comprehensive banking services. The RFP asked that the proposal(s) be divided into service groups in order to gain the most flexibility and best pricing. Banks were allowed to propose on one or more of the service groups that the City was considering.

The City received responses from nine banks bidding on all of the banking services; five banks bidding on Institutional Custody (See Proposal Responses - Service Group 3 – Institutional Custody).

PFM Asset Management LLC (PFM) was engaged by the City to assist in the development of the RFP and to review the proposals. In addition to PFM, a local banker, James Christensen, was asked to join the panel. Staff from both Financial Services and Business Services, and the City Manager's Office, made up the rest of the panel.

For Institutional Custody Services, the highest scored proposal, U.S. Bank National Association dba U.S. Bank, is being recommended for this award.

Purchase Information

Action: Award

Procurement Type: Request for Proposals

Contract Number: 2019115

Local Consideration: Policy did not apply to this procurement method

Protests Received: None

Initial Contract Term: Five years (11/29/2019 to 12/31/2024)

Possible Renewals: Up to a maximum of five years, renewals subject to Administrative review and approval

Funding Source: General Banking and Custodial Services: The total estimated amount of \$100,000 is available in Financial Services Department operating budget.

Proposal Responses (Service Group 3 – Institutional Custody)

BMO Harris Bank - Phoenix, AZ

The Bank of New York Mellon Trust Company, N.A. - Los Angeles, CA

UMB Bank, N.A. - Kansas City, MI

U.S. Bank National Association dba U.S. Bank - Cincinnati, OH

Wells Fargo Bank, N.A. - Phoenix, AZ

Final Scoring

Respondent	Total Score / Possible 100
U.S. Bank (Recommended)	<u>84.70</u>
Wells Fargo	77.00
BNY Mellon	71.80
BMO Harris	68.30
UMB Bank	59.00