

## Legislation Text

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**File #:** 2019-2906, **Version:** 1

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Presentation of the planned award of RFP 2019-062 Banking Services.

Issue/Request:

The City Council will be presented with an ordinance for first reading on July 16 to award two contracts in response to RFP 2019-062 for Banking Services. The contracts are currently in review with staff in the Law Department. This presentation is intended to share all pertinent information with the Finance and Budget Committee in advance of the ordinance being submitted for City Council approval.

Key Issues:

The City currently conducts banking business under a contract with UMB Bank that was established with Resolution No. 14-03 in April, 2014. The contract allows for typical financial services such as multiple bank accounts, check writing and clearing, funds transfers, reconciliation, deposit processing, and financial reporting. In addition, the City requires additional specialized services including investment custodial services, merchant card processing, trust services, and lockbox processing. The City is currently operating until September 30 under a contract extension of the fourth renewal year. A decision was made to rebid the banking services rather than continue the fifth renewal year in order to review existing services and costs and also consider implementation of new technologies.

RFP No. 2019-062 was issued to solicit interest in the City's banking service needs. The RFP was written in a manner that allowed for a split award of services in the event that such a split award was in the best interest of the City. Four banks responded to the RFP. All four banks were interviewed and provided demonstrations of online services to the evaluation committee of seven staff members. The evaluation committee concluded that all four responding banks were well qualified to provide the requested services. Evaluation committee members were:

Sherri Staub, Cash Management Officer  
Darlene Pickett, Assistant Finance Director/Controller  
Robin Blum, Assistant Finance Director/Cash and Debt  
Rick Gentry, Procurement and Contract Services Manager  
Bette Wordelman, Finance Director  
Carole Culbertson, Parks Department  
Brent Boice, Water Utilities

The analysis of cost and revenue data in the responses was a complex process because of the numerous services, the package incentives offered, and the interrelationship of some of the services. Additionally, the committee evaluated the responses in relation to the current banking practices and to potential changes in our banking practices. The committee concluded that the contract award should be split between two banks with US Bank awarded banking services, merchant card services, investment custodial services, purchasing card, and electronic payables. The committee concluded that trust services should be awarded to UMB Bank.

The committee has delayed a final decision on lockbox services because consideration is being given to handling lockbox services internally in the City's Treasury Division. UMB Bank has agreed to continue to provide lockbox services under the existing contract extension until September 30 thereby allowing time for a more thorough review of that option. If

the decision is made to continue external lockbox processing through a bank, a review of external options will occur prior to September 30.

If the Finance and Budget Committee and the City Council approve the recommended contract awards, the Finance Department anticipates phasing in the new services and phasing out prior services with a short-term overlap. New merchant card services and new bank accounts should be in place close to September 1. The purchasing card transition is planned for October 1. Prior bank accounts will need to remain open long enough to clear most checks that have been issued. The transition period should be concluded by or close to October 1.

Proposed City Council Motion:

None required.

Impact/Analysis:

Estimated savings for banking services: \$19,305 annually plus one time \$30,000

Estimated increase for safekeeping services: \$1,200 annually

Estimated decrease in interest earnings: \$41,148

Estimated savings for merchant card services: Minimum of \$89,000 annually

Estimated savings for lockbox services: \$7,774

Estimated change for trust services: No change

Estimated increased rebate for P-Card and E-payables: Minimum of \$2,700

Total Net Impact for all Funds/Departments: Minimum of \$76,431 savings

Bette Wordelman, Finance Director

Recommendation: Presentation for informational purposes only.