

Legislation Text

File #: BILL NO. 19-167, **Version:** 1

An Ordinance approving the Award of RFP No. 2019-062 to U.S. Bank N.A. and UMB Bank N.A. for specific components of banking services and Authorizing the City Manager to execute agreements to secure the same by and on behalf of the City.

(Note: First reading by Council on July 16, 2019. Passed by unanimous vote.)

Issue/Request:

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 under a contract extension through September 30, 2019. Rather than renew the contract for the fifth year, the City extended the contract through September 30, 2019 to allow the City to review existing services and costs and also consider implementation of new technologies and rebid the banking services.

Request for Proposals ("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 U.S. Bank being awarded banking services, merchant card services, investment custodial services, purchasing card, and electronic payables, and trust services being 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.

Upon approval of the recommended 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.

The contracts with U.S Bank for banking services, merchant card services, and investment custodial services and UMB Bank for trust services have an initial term of one-year with up to four one-year renewal terms, except that the contract with U.S. Bank for banking services, merchant card services, and investment custodial services will have an initial term of five (5) year, and will automatically renew in one-year terms thereafter unless terminated by either party. The costs involved in establishing a purchasing card and electronic payables program require a longer term contract to ensure the bank is able to recoup its investment while still providing competitive pricing.

Proposed Council Motion:

I move for adoption of an Ordinance approving the Award of RFP No. 2019-062 to U.S. Bank N.A. and UMB Bank N.A. for specific components of banking services and authorizing the City Manager to execute agreements to secure the same by and on behalf of the City.

Impact/Analysis:

Changes in various services are anticipated to result in minimum first-year savings of \$106,962.00. Additional savings may result from changes in service applications.

Bette Wordelman, Director of Finance