



AGENDA REPORT

Meeting Date: June 7, 2012
Item Number: H-11
To: Honorable Mayor & City Council, City of Beverly Hills
From: Eliot Finkel, City Treasurer
Scott G. Miller, Chief Financial Officer / Director, Administrative Services
Subject: **AUTHORIZE THE CITY ATTORNEY, DIRECTOR OF ADMINISTRATIVE SERVICES/CFO AND THE TREASURER TO EXECUTE AN AGREEMENT WITH WELLS FARGO BANK TO PROVIDE THE CITY OF BEVERLY HILLS BANK DEPOSITORY SERVICES**
Attachments: None

RECOMMENDATION

Staff recommends that the City Council move to authorize and direct the Director of Administrative Services/Chief Financial Officer, City Attorney and Treasurer to negotiate and execute an agreement between Wells Fargo Bank and the City of Beverly Hills to provide bank depository services.

INTRODUCTION

Over the past fifteen years there have been significant advances within the banking industry that allow for increased financial efficiency and control in depository services. To ensure the City is taking full advantage of these advancements, staying up to date in the industry, and following best practices in the financial field an open invitation to submit RFQ proposals to provide the City with bank depository services was distributed.

In addition to the open invitation to submit proposals, sixteen banks were personally invited to participate in the proposal process. Eight proposals were ultimately received and evaluated by the City's evaluation team which consisted of the City's Treasurer, Chief Financial Officer, Assistant Director of Administrative Services – Finance, Accounting Manager and John Kim, Partner with De La Rosa & Company, an independent outside party with expertise within the Financial Services industry.

At the City's May 10, 2012 Audit Committee meeting, Council member Gold and Bosse received the evaluation team's recommendation.

DISCUSSION

From the eight proposals, four banks were “short listed” and selected to provide the evaluation team in-depth presentations highlighting the services they offer to help the City operate more efficiently and effectively. Additionally, the finalists conducted comprehensive and hands-on workshops for the City’s end users of their banking software.

These banks were:

<u>Bank</u>	<u>Proposed Cost of Services</u>
City National Bank	\$100,395
J.P. Morgan	\$48,032
US Bank	\$127,206
Wells Fargo Bank	\$47,886

The City’s evaluation criteria included but were not limited to the evaluation of original bids, analysis and scoring of short list interviews, reviews of their software programs, feedback from references, available services that will improve the efficiency and effectiveness of City banking operations, feedback from the City’s end users of banking software, proposed cost of services and proposed interest rate on deposited funds.

The evaluation group found Wells Fargo Bank scored highest after all the evaluations and interviews were completed. The City expects great changes to existing practices as a result of the new relationship with Wells Fargo. The City will have the ability to streamline processes, reduce costs and improve the levels of service we can offer to our residents, vendors and employees.

The implementation process will begin with a comprehensive evaluation of our existing policies and practices to determine functional areas that can improve and where possible, new and modern banking practices can be implemented. This work will be conducted by Wells Fargo’s Government & Institution Banking team, which will leverage their experience working with other leading edge public and private agencies.

Once the initial evaluation is completed, an implementation plan will be developed. This plan will include specific deliverables, persons responsible for specific actions and specific deadlines. Typically, the implementation takes 90 – 120 days to complete. Meanwhile, the City will continue to use our existing banking services until the transition to Wells Fargo is complete.

FISCAL IMPACT

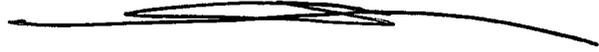
The total cost of bank depository services, which are estimated to be \$50,000 per year will be more than fully offset through interest income from deposited City funds. The City will realize additional cost savings by streamlining processes and taking advantage of new technologies which will reduce the cost of many types of current transactions.

Additionally, as part of the agreement the City successfully negotiated an account credit of \$15,000 to fully offset the cost of acquiring new banking related equipment such as scanners, checks and credit card processing machines.

The contract term is for three years, during which time the cost of the services provided to the City are fixed. This fixed price can be extended up to two additional years. During the contract period, the City is not limited from using other financial institutions for other programs the City may want to use.



Eliot Finkel
City Treasurer



Scott G. Miller
CFO / Director, Administrative
Services