



COUNCIL AGENDA: 6/19/18
FILE NO: 18-886
ITEM: 3.10

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Julia H. Cooper

SUBJECT: SEE BELOW

DATE: May 29, 2018

Approved

D. D. S. L.

Date

6/7/18

**SUBJECT: AMENDMENT TO THE GENERAL BANKING SERVICES AGREEMENT
WITH WELLS FARGO BANK**

RECOMMENDATION

(a) Adopt a resolution to authorize the Director of Finance to:

- (1) Negotiate and execute the Fourth Amendment to the General Banking Services, Merchant Card Processing Services, and Lockbox Services agreements with Wells Fargo Bank, N.A. ("Wells") to extend the term of the agreement for one year from July 1, 2018 through June 30, 2019, in an amount not to exceed \$2,143,000.
- (2) Negotiate and execute the Second Amendment to the Securities Custodial Services agreement with Wells to extend the term of the agreements for one year from July 1, 2018 through June 30, 2019, in an amount not to exceed \$19,000.

OUTCOME

Extending the General Banking Services, Merchant Card Processing Services, Lockbox Services, and Securities Custodial Services agreements with Wells will provide staff time to complete the request for proposal ("RFP") process, and, if necessary, provide banking services coverage throughout the transition period to a new vendor.

BACKGROUND

On June 1, 2009, the City signed a contract with Wells to provide banking and financial services including general banking services, merchant card processing services, lockbox services, and securities custodial services for an initial term of July 1, 2009 to June 30, 2012 with three two-year options for extending the agreements at the City's sole discretion.

On June 29, 2016, the City executed the third option period extending general banking services, merchant card processing services, lockbox services, and securities custodial services for the term of July 1, 2016 through June 30, 2018.

ANALYSIS

Finance has prepared a RFP package to seek providers for general banking and lockbox services, merchant card processing services, securities custodial services, and print services. The RFP was released on May 14, 2018 and is anticipated to conclude with the selection of a provider(s) by the end of October 2018. Below are the key events and timeframes for this bid:

<u>Date</u>	<u>Event</u>
May 14, 2018	RFP Released
June 21, 2018	Proposals Due
July-September 2018	Proposal Evaluation Period (Oral Interviews/Presentations Clarifications/Best and Final Offer)
October 2018	Notice of Intended Award

The final extension of the Wells agreements for general banking services, merchant card processing services, lockbox services, and securities custodial services expires on June 30, 2018. Extension of the Wells agreements is necessary to ensure vital banking services continue uninterrupted through the RFP process, contract negotiations, and if necessary, through the transition period.

EVALUATION AND FOLLOW-UP

This memorandum will not require any follow-up from staff.

PUBLIC OUTREACH

This memorandum will be posted on the City's website on or about June 8, 2018 for the June 19, 2018 Council agenda.

COORDINATION

This report was coordinated with the City Manager's Budget Office and City Attorney's Office.

COMMISSION RECOMMENDATION/INPUT

This item does not require any input from a board or commission.

COST SUMMARY/IMPLICATIONS

- 1. AMOUNT OF RECOMMENDATION/COST OF PROJECT:** \$2,162,000
- 2. COST ELEMENTS OF AGREEMENT/CONTRACT:** The fiscal year 2018-19 Proposed Operating Budget is \$2,162,000; inclusive of \$524,813 for general banking and lockbox services, \$1,618,187 for merchant card processing services, and \$19,000 for securities custodial services.
- 3. SOURCE OF FUNDING:** Fund 001 – General Fund.
- 4. FISCAL IMPACT:** The City submitted a proposed budget appropriation of \$2,162,000 for general banking services, lockbox services, merchant card processing services, and securities custody services. These funds cover the ongoing costs of the banking and financial services agreements with Wells and are approved annually through the budget process. This memorandum does not have an incremental effect on the proposed budget.

BUDGET REFERENCE

Fund #	Appn. #	Appn. Name	Total Appn.	Amt. For Contract	2018-2019 Proposed Operating Budget Page	Last Budget Action (Date, Ord. No.)*
001	2987	Banking Services	\$2,162,000	\$2,162,000	IX-20	N/A

*The 2018-2019 Proposed Operating Budget is scheduled to be approved by Council on June 12, 2018 and adopted on June 19, 2018.

HONORABLE MAYOR AND CITY COUNCIL

May 29, 2018

Subject: Amendment to the General Banking Services Agreement with Wells Fargo Bank

Page 4

CEQA

Not a Project, File No. PP17-003, Agreement/Contracts (New or Amended) resulting in no physical changes to the environment.

/s/

JULIA H. COOPER
Director of Finance

For questions, please contact Rick Bruneau, Deputy Director of Finance, at (408) 535-8310.