

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

99-121

SYNOPSIS -

AGENDA:

MARCH 22, 1999

SUBJECT:

RFP FOR BANKING
AND CUSTODIAL
SERVICES

The City currently uses Norwest Bank for commercial banking and custodial services for the deposit, safekeeping, and withdrawal of its cash and investments. (Norwest Bank does not offer, nor does the City pay for, any investment advice.) The City's cost for these banking and custodial services was approximately \$50,000 in calendar year 1997, and again in 1998. City Council has directed the Treasurer to prepare a Request for Proposals (RFP) for the competitive procurement of banking services and custodianship of the City's investment securities.

TYPE:

FISCAL IMPACT -

RESOLUTION
ORDINANCE
RECEIVE/FILE

An estimated \$50,000 per year, deducted from overall City interest earnings prior to the allocation of those interest earnings to the appropriate City funds and accounts.

SUBMITTED BY:

KEVIN RIPER
TREASURER

RECOMMENDATION -

Approval of Request for Proposals for Banking and Custodial Services, and authorization to proceed with a competitive procurement process.

BACKGROUND -

The City's two primary bank accounts generate approximately 4,500 checks each month to vendors and employees, for a monthly amount of \$15,000,000. The RFP stipulates a contract for a four-year term, with two one-year renewal options. Minimum requirements for responding banks are:

- i) Federally or State chartered
- ii) Federally insured

- iii) Community Reinvestment Act rating of "Satisfactory" or higher
- iv) At least one full-service branch located within the city limits
- v) Collateral security provided consistent with State law

A four-person selection committee (Treasurer, Treasury Manager, operating department representative, and member of the public appointed by the Mayor) will evaluate proposals on the following basis:

Evaluation Category	Weight
Availability and quality of services	30 points
Community investment	20
Bank stability (financial and organizational)	5
Technology	5
Pricing	30
Costs of conversion and implementation	10
Total	100 points

The last evaluation category is included because converting from one bank to another, or even changing significantly a relationship with the current bank, involves substantial cost, partly out-of-pocket, but mostly in staff time across the organization.

Following is the timeline currently in place for completing this process:

Council consideration of RFP	Monday, March 22, 1999
RFP notice published/proposals mailed	Tuesday, March 23, and Wednesday, March 24, 1999
Mandatory pre-bid conference	Wednesday, April 14, 1999, 10 AM
Proposals due	Wednesday, April 28, 1999

Council consideration of staff recommendation	Monday, June 21, 1999
Anticipated effective date of contract	Between July 1, 1999 and September 30, 1999

The timeline includes seven weeks for evaluation of proposals, because banking services proposals can be complicated to evaluate and score on a comparable basis. The anticipated effective date of the contract will depend upon the conversion/implementation requirements between the City and the selected bank, and on the availability of City staff, both in the Finance Department and operating departments, during the (simultaneous) Phase 2 of the PeopleSoft implementation project.

Staff recommends excluding from the RFP four (relatively small) groups of bank accounts:

1. Accounts used for deposits from City-owned swimming pools and aquatic centers, because the employees making the deposit of cash should be permitted to travel the shortest possible distance to a bank. Therefore, these accounts should remain with whichever bank is physically closest to the pool or aquatic center;
2. Parking meter account, for distance reasons as in #1 above, and because the current bank holding this account does not charge the City for the significant number of coins that have to be counted, and the account is interest-bearing;
3. Checking account for Blank Park Zoo, for the same distance reasons as in #1 and #2 above, and because the current bank holding this account does not charge the City for services; and
4. CDBG and HOME accounts, because the current bank holding these accounts provides complex, time-consuming services at minimal cost, and because transition to a different bank would be extraordinarily time-consuming.

Attachment

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