



Agenda Item No. 3

To: Finance-Auditing Committee/Committee of the Whole
Meeting of October 10, 2008

From: Bette Joe, Director of Accounting
Joseph M. Wire, Auditor-Controller
Celia G. Kupersmith, General Manager

Subject: **AUTHORIZE EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH WELLS FARGO BANK, N.A., RELATIVE TO REQUEST FOR PROPOSALS NO. 2009-D-2, BANKING AND ASSOCIATED FINANCIAL SERVICES**

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors authorizes execution of a Professional Services Agreement with Wells Fargo Bank, N.A. (Wells Fargo), of San Francisco, CA, relative to Request for Proposals (RFP) No. 2009-D-2, *Banking and Associated Financial Services*, for approximately \$225,000 for a five-year term, to provide bank depository and related cash management services, with the understanding that requisite funds are available in the FY 08/09 District Division Operating Budget and will be budgeted accordingly for future years.

Summary

With the exception of a slight interruption in 1987, the District has maintained a banking relationship with one bank (Bank of America). In 2007, the District issued RFP No. 2007-D-6, *Banking and Associated Financial Services*, in an attempt to seek proposals for banking services. The RFP was suspended shortly after issuance due to other District priorities that were ongoing at the time. On April 29, 2008, the District issued RFP No. 2009-D-2, *Banking and Associated Financial Services*. The distribution of the RFP was limited to banks that met the required qualification of having an established banking relationship with the Local Agency Investment Fund (LAIF). No DBE banking firms have a LAIF banking relationship. Proposals were received from six banks:

1. Bank of America
2. Bank of the West
3. Citibank
4. Union Bank of California
5. U.S. Bank
6. Wells Fargo Bank, N.A.

An Evaluation Committee, comprised of District staff, evaluated each proposal based upon the following criteria (and related points awarded) set forth in the proposal documents:

1. Compatible Product Line, Qualifications and Experience (30 points)
2. Customer Service from Assigned Relationship Manager/Team (20 points)
3. Banking Reporting and Information Access Capabilities (30 points)
4. Fee Structure (20 points)

Based upon these criteria, the Committee determined that three banks were within the competitive range and invited their representatives to participate in interviews. The interviews were conducted July 17-18, 2008. Representatives of the following banks were interviewed:

1. Bank of America
2. U.S. Bank
3. Wells Fargo Bank, N.A.

Following the interviews, all three proposers were asked to provide additional clarifications and revised pricing proposals. Wells Fargo received the highest ranking from the Evaluation Committee for their product lines, location of branch offices, credit rating, and reporting capabilities. The key personnel who participated in the interview demonstrated a high level of knowledge and understanding of the District's needs. Wells Fargo submitted the appropriate proposal documents as required by the RFP and accepted the District's terms and conditions for the engagement without material exception.

The Evaluation Committee conducted reference checks, which supported Wells Fargo's collaborative style of management and understanding of client needs. The Committee also visited Wells Fargo's central vault site to assure security needs and clarify transaction work flow.

Lastly, Wells Fargo offered a pricing structure that was highly competitive with the other proposers. The banking fee will vary based upon the services that are finally selected; however, cost rate components are comparable to those of the other proposers.

Based upon the evaluation of the written proposals, the oral interviews, site visitations, reference results and the revised cost proposals, staff recommends award of RFP No. 2009-D-2 to Wells Fargo as the highest ranked proposer.

Wells Fargo's San Francisco corporate (and headquartered) office will provide oversight for the banking operations of the District. Wells Fargo was founded in San Francisco in 1852 and is the oldest and largest financial services company based in California.

Wells Fargo provides governmental banking services to over 450 public sector clients, including counties, cities and special districts. Wells Fargo operates over 3,200 banking stores and over 6,900 ATMs within the continental United States, including over 80 stores and 350 ATMs in the Bay Area (defined as Mountain View northward to Marin County), in addition to having a robust online banking system. This allows the District staff and employees major flexibility when accessing banking services.

Wells Fargo offers a superior online banking reporting system (*Commercial Electronic Office*®) that provides real-time access to financial information, along with training tutorials. Web site access is highly secure and user friendly; information from the site can be easily downloaded for further analysis. In 2007, Wells Fargo was awarded the recipient of *Best Web Site Design* from *Global Finance Magazine*.

Wells Fargo has an issuer rating of “Aaa” from Moody’s Investors Service and maintains the highest Standard & Poor’s credit rating (“AAA”). It has not been significantly affected by the recent downward turns in the finance industry due to the issuance of sub-prime mortgages.

Upon execution of the professional services agreement with Wells Fargo, the District will work with both the incumbent bank and Wells Fargo to create a smooth transition. The conversion will be done in a planned phased-in approach, with completion no later than June 30, 2009.

Fiscal Impact

The banking contract covers a period of five years. Based upon current operating conditions, it is expected that banking charges will approximate \$225,000 over this time period. The FY 08/09 operating budget has sufficient funds to cover current year expenditures; future budgets will incorporate the projected costs.