

Memorandum



CITY OF DALLAS

DATE September 25, 2009

TO Members of the Budget, Finance & Audit Committee:
Chair Jerry Allen, Vice-Chair Ann Margolin, Vonciel Jones Hill, Angela Hunt, Delia Jasso, Ron Natinsky, David Neumann

SUBJECT Depository Services Contract

The September 29, 2009 Budget, Finance & Audit Committee agenda includes a briefing of the Depository Contract Request for Application results. Attached is a copy of the briefing for your review.

A handwritten signature in black ink, appearing to read 'D. Cook'.

David Cook
Chief Financial Officer

c: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest E. Turner, Assistant City Manager
Craig Kinton, City Auditor

Depository Services Contract

Budget, Finance and Audit Committee
September 29, 2009



Purpose

- Provide Information on Depository Services Contract selection process.
 - Background
 - Request for Application Schedule and Requirements
 - Application Results
 - Recommendation

Background

- The Depository Services Contract includes the following services:
 - Deposit of all monies including cash, checks and electronic fund transfers.
 - Processing customer receipts made by cash, check, credit card and other electronic means
 - Ex: Utility bill payments received through lockbox
 - Processing payroll and vendor payments through the use of various technologies, including electronic transfers.
 - Maintaining various City bank accounts, including custody of City investments.
 - Bank account reconciliation services.

Background

- State Law Governs Selection Process
 - Defines the process as a Request for Applications
 - Identifies eligible applicants as banks doing business within the State of Texas
 - Authorizes a five-year contract
 - Lists conditions depository must satisfy, including providing and maintaining collateral for deposits

Request for Application Schedule

May 26	Briefed Finance, Audit & Accountability Committee on the depository contract selection process
May 29	Depository Contract Information Meeting
July 9	Request for Applications Released
July 21	Pre-Application Meeting
August 20	Applications Received
September 29	Budget, Finance & Audit Committee Briefing
October 14	City Council Action

Request for Applications

- Required Depository Services
 - General Banking Services
 - Deposits, disbursements, securities safekeeping
 - Merchant Services
 - Credit card processing
- Additional Services included in the RFA
 - Retail Lockbox Services for Pay1 receipts

Request for Applications

Basis of Award:

- Lowest fees for services consistent with City Specifications
 - Processing requirements
 - Technology compatibility requirements
- Compliance with the City's Business Inclusion and Development Policy
- Commitment to Community Reinvestment Act Compliance

Depository Contract Information Meeting

May 29, 2009

- Invitations mailed to 79 banks.
- Reviewed City needs and expectations.
- The following banks were represented:

Bank of America

JPMorgan Chase

Bank of New York Mellon

NexBank

Bank of Texas

Plains Capital Bank

Citibank

Sterling Bank

Comerica Bank

United Central Bank

Frost Bank

Wells Fargo

Home Bank

Pre-Application Meeting

July 21, 2009

- Pre-application meeting held to answer questions and provide clarification regarding the Request for Applications.
- The following banks were represented:

Bank of America	Comerica Bank
Bank of New York Mellon	JPMorgan Chase
Capital One Bank	Wells Fargo
Citibank	
- 8 addendum items to the Request for Applications were posted in response to 125 questions from banks.

Applications Received

August 20, 2009

Bank	Bank of America	Bank of New York Mellon	Comerica	JPMorgan Chase
Depository Services	✓	No Response	Partial Response	✓
Additional Services – Retail Lockbox	✓	✓	No Response	No Response

APPLICATION RESULTS

Application Results

- All fee assessments are based on the average monthly volume provided by the City in the Request for Application.
 - Used to compare fees submitted by each applicant.
 - Used to estimate fees the City expects to incur during the term of the contract.

Application Results

Responsiveness		
	Depository Services	Additional Services Retail Lockbox Services
Bank of America	✓	✓
Bank of New York Mellon		✓
Comerica	*	
JPMorgan Chase	✓	

* Comerica applied to provide only merchant services (credit card) and did not apply to provide general banking services.

Application Results

Estimated Total Fees for Depository Services		
Period	Bank of America	JPMorgan Chase
Year 1	\$170,046	\$93,481
Year 2	340,089	366,159
Year 3	340,089	426,635
Year 4	340,089	464,432
Year 5	340,089	464,432
TOTAL	\$1,530,402	\$1,815,139

Application Results

Estimated Total Fees for Retail Lockbox Services		
Period	Bank of America	Bank of New York Mellon
Year 1	\$109,954	\$257,391
Year 2	219,908	257,391
Year 3	219,908	257,391
Year 4	219,908	257,391
Year 5	219,908	257,391
TOTAL	\$989,586	\$1,286,955

STAFF RECOMMENDATION

Staff Recommendation

- City staff recommends Bank of America as the city's depository bank and provider of additional retail lockbox services.
 - Community Reinvestment Act rating of "Outstanding"
 - Bank of America meets the Business Inclusion and Development Plan requirements and includes 25% M/WBE participation.
- Request Committee recommendation to approve a five-year contract for depository services and retail lockbox services for full City Council Approval on October 14, 2009.