

REGIONAL TRANSIT ISSUE PAPER

| Agenda Item No. | Board Meeting Date | Open/Closed Session | Information/Action Item | Issue Date |
|-----------------|--------------------|---------------------|-------------------------|------------|
| 3 | 06/27/11 | Open | Action | 06/22/11 |

Subject: Delegating Authority to the General Manager/CEO to Award a Contract to Wells Fargo Bank, N.A. for Banking, Line of Credit, and Investment Services

ISSUE

Whether or not to delegate authority to the General Manager/CEO to award a Contract to Wells Fargo Bank, N.A. for Banking, Line of Credit, and Investment Services.

RECOMMENDED ACTION

Adopt Resolution No. 11-06-____, Delegating Authority to the General Manager/CEO to Award a Contract to Wells Fargo Bank, N.A. for Banking, Line of Credit and Investment Services

FISCAL IMPACT

Banking Portion:

| | | | | |
|-------------------------|-----------|---------------|----|---------|
| Budgeted: | Yes | This FY: | \$ | 45,000 |
| Budget Source: | Operating | Next FY: | \$ | 48,000 |
| Funding Source: | Operating | Annualized: | \$ | 48,280 |
| Cost Cntr/GL Acct(s) or | 690071 | Total Amount: | \$ | 241,400 |
| Capital Project #: | | | | |
| Total Budget: | \$ 42,000 | | | |

Line of Credit Portion:

| | | | | |
|-------------------------|------------|---------------|----|---------|
| Budgeted: | Yes | This FY: | \$ | 120,000 |
| Budget Source: | Operating | Next FY: | \$ | |
| Funding Source: | Operating | Annualized: | \$ | |
| Cost Cntr/GL Acct(s) or | 690071 & | Total Amount: | \$ | |
| Capital Project #: | 690072 | | | |
| Total Budget: | \$ 120,000 | | | |

Note: The line of credit will be renewed annually; therefore the estimated yearly fee is only based on the expected FY2012 expenses.

Standard cash management procedure is to offset some or all of the banking fees against interest earned by compensating cash balance. As part of RT's cash management program, RT keeps a small compensating balance with Wells Fargo, which offsets some of these fees.

Approved:

Presented:

Final 6/22/11

General Manager/CEO

Director, Finance/Treasury

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DISCUSSION

On April 11, 2011, the RT Board of Directors approved the release of a Request for Proposals (RFP) for Banking, Line of Credit, and Investment services.

Staff released the RFP on April 13, 2011 and it was sent to eight financial institutions. The solicitation was advertised in publications of general circulation and posted on RT’s website under Contracting Opportunities. A pre-proposal meeting was held on April 22, 2011 and proposals were due on May 12, 2011. Two financial institutions submitted responsive proposals: Bank of the West and Wells Fargo.

The qualifying criteria included firm experience, personnel experience, service plan, and price proposal. Five evaluators reviewed the proposals: Brent Bernegger, Dee Brookshire, Paul Selenis, Jeff Cheng and Matthew Wayment. All evaluators ranked Wells Fargo ahead of Bank of the West. The average weighted score for Wells Fargo was 89.6 and Bank of the West 75.2. The total weighted score for Wells Fargo was 448 and Bank of the West 376. Bank of the West was eligible for a 10% point advantage as a Local Business Enterprise, which brought its total score to 420.8 (376 plus 10% of Wells Fargo’s score).

It was determined that Bank of the West would not have a reasonable chance of being awarded a contract and, therefore, did not remain in the competitive range for the following reasons:

- Bank of the West has a much smaller asset base.
- Bank of the West proposed a fee for an unused line of credit and in general, the fees associated with the Line of Credit were much higher.
- Bank of the West proposed inflexible dates for statements that are needed in a timely manner. For example, the RFP states “Each month, the financial institution must provide RT an analysis of each account within 8 working days after the last calendar day of each month.” Bank of the West’s proposal states, “Analysis Statements are produced on the 15th calendar day of the following month.”

In addition, it was the opinion of the evaluators that Wells Fargo’s online banking application is more comprehensive than Bank of the West’s and that Wells Fargo is in the best position to serve RT’s evolving needs in that area over the next 5 years.

The committee determined Wells Fargo Bank, N.A. to be the most qualified firm to provide banking, line of credit, and investment services. However, Staff recommends not adding the Wells Fargo Merchant Services option (credit card processing) to the contract, as RT has an opportunity to use the State of California’s Merchant Services contract, which will provide more favorable terms and pricing than offered by both Wells Fargo Bank and Bank of the West.

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Staff evaluated Wells Fargo Bank, N.A.'s compliance with all applicable federal, state and local laws. The institution is a qualified depository for public funds as defined in the California Public Deposit Protection Act, meets all requirements of the California Government Code for public funds, and is a member of the Federal Reserve System.

As part of its proposal, Wells Fargo submitted a number of exceptions to RT's standard form contract. RT and Wells Fargo are in the process of negotiations regarding these exceptions. As a consequence, the Contract is not yet ready to be approved.

To avoid a possible break in banking services, Staff recommends the Board delegate authority to the General Manager/CEO to award the Banking, Line of Credit, and Investment Services to Wells Fargo Bank, N.A. for an amount not to exceed \$241,400 for banking and investment services and \$120,000 for the Line of Credit.

RESOLUTION NO. 11-06-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

June 27, 2011

**DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO AWARD A
CONTRACT TO WELLS FARGO BANK, N.A. FOR BANKING, LINE OF CREDIT AND
INVESTMENT SERVICES**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE
SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby delegates authority to the General Manager/CEO to approve the Contract between Sacramento Regional Transit District, therein referred to as "RT," and Wells Fargo Bank, N.A., therein referred to as "Financial Institution," whereby Consultant agrees to provide banking, line of credit, and investment services, as specified for an amount not to exceed \$241,400 for a 5-year term.

DON NOTTOLI, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary