



Naperville

CITY COUNCIL AGENDA ITEM

SUBJECT: Recommend Award of RFP 13-025A, Depository Banking, Lockbox and Safekeeping Services

TYPE OF VOTE: Simple Majority

ACTION REQUESTED:

Approve the Award of RFP 13-025A, Depository Banking, Lockbox and Safekeeping Services, to BMO Harris Bank, per unit prices submitted, for an amount not to exceed \$838,750 for a five-year contract period (\$167,750 per year) beginning August 1, 2013.

BOARD/COMMISSION REVIEW:

The Financial Advisory Board reviewed and evaluated the proposed banking solutions and presentations from the short-listed banks.

COUNCIL ACTION PREVIOUSLY TAKEN:

Date	Item No.	Action
N/A		

DEPARTMENT: Finance Department
Procurement Services Team

SUBMITTED BY: Michael E. Bevis, Chief Procurement Officer

FISCAL IMPACT:

Funds are budgeted in various accounts
Amount budgeted: \$168,000/year

BACKGROUND:

The City requested proposals from commercial banking institutions with home offices or branch facilities within the corporate city limits of Naperville who possess the capability and expertise to provide depository and various banking services for the City. The City desires to implement automated banking technology available currently, and any new technology that becomes available during the contract period.

The City's current banking services agreement expires July 31, 2013. The new banking services agreement will be for five years (prices fixed for the initial two years) from the date of implementation (August 1, 2013), with consideration for two additional two-year extensions at the end of the initial five-year contract period. The City's objective is to maximize interest earned, minimize banking costs and improve operations efficiency through the use of technology. Services included: Depository & Banking, Lockbox, and Master Trust. Procurement Card services are being procured under RFP 13-025B: Accounts Payable Services.

DISCUSSION:

Notification and Response:

Notices Sent: 151
Planholders: 23
Responses Received: 6

Proposals were received from the following banks:

US Bank, Deerfield	Wintrust Financial Corp., Naperville
BMO Harris Bank, Chicago	PNC Bank, Chicago
Fifth Third Bank, Chicago	JP Morgan Chase Bank, Chicago

Initial Statements of Qualifications submitted were reviewed by the evaluation committee, which was made up of City staff from Finance, the Naperville Library, and Information Technology. A shortlist of those banks evaluated as most qualified resulted, based on the criteria and weights, listed in the RFP:

- Approach to Providing Customer Service – 30%
- Online Services and Capabilities – 30%
- Experience in providing services requested in this proposal to similar accounts – 20%
- Financial strength of the institution as demonstrated on the financial data requested – 10%
- Completeness of the proposal with respect to the submission of requested documentation – 10%

The shortlisted banks - BMO Harris Bank, Fifth Third Bank, JP Morgan Chase Bank, and US Bank - were required to attend an information-sharing session with City staff. (Shortlist Scoring is included as Attachment 1.) At the session, City staff shared relevant information with the short-listed candidates and responded to their questions, in order for them to fully understand the City's current environment, and the desired environment, as a basis for their proposed solutions.

Approximately two weeks later, the banks submitted their solutions, which were forwarded to the Financial Advisory Board (FAB) for their review prior to formal presentations on November 6th. All four banks presented their solutions to the FAB, which scored them based on the following modified criteria:

- Bank's Approach to Providing Customer Service – 35%
- Online Services and Capabilities – 30%

Quality & Completeness of the Solution Proposed - 35%

Based on scoring (see Attachment 2), the two top-scoring banks, JP Morgan Chase Bank and BMO Harris Bank, were given the scope of work for pricing.

Finally, the two shortlisted banks' averaged presentation scores were used to calculate each bank's "adjusted cost." The final score (converted to a decimal) for each bank was divided into the proposed solution price from the respective bank, which yielded the adjusted cost for that bank. Award is being recommended to the bank with the lower adjusted cost, which is also the lowest actual cost. The final adjusted cost/award calculation follows (see Attachment 3 for pricing comparison):

Bank	Final Score	Net Monthly Cost *	Adjusted Cost
BMO Harris	83	\$13,484	\$16,246
JP Morgan Chase	92	\$20,150	\$21,902

* The net monthly cost includes pass-thru transactions; such as, interchange fees & FDIC insurance charges; minus Earned Interest Credit on the City's bank balance.

RECOMMENDATION:

Staff recommends award of RFP 13-025A, Depository Banking, Lockbox and Safekeeping Services, to BMO Harris Bank for unit prices submitted and fixed pricing for the first two years; not to exceed \$838,750 (\$167,750 per year) for the five-year contract.

ATTACHMENTS:

1. Initial Shortlist Scoring
2. Solution Scoring
3. Pricing Comparison

RFP 13-025A: Banking Services

Shortlist Scoring

CONSULTANT NAME	Evaluator 1	Evaluator 2	Evaluator 3	Evaluator 4	Evaluator 5	Evaluator 6	Evaluator 7	<u>Average Score</u>
BMO HARRIS	77	91	76	92		69	74	80
FIFTH/THIRD BANK	79	80	55	90	73	66	79	75
JP MORGAN CHASE	80	89	84	90	77	69	78	81
WINTRUST	54	51	59	86		46	35	55
PNC BANK	52	57	58	85	76	43	54	61
US BANK	76	83	90	86	86	63	65	78

RFP 13-025A: Banking Services
SOLUTIONS SCORE

CONSULTANT NAME	<u>FAB #1</u>	<u>FAB #2</u>	<u>FAB #3</u>	<u>FAB #4</u>	<u>FAB #5</u>	<u>Evaluator</u> <u>#6</u>	<u>Evaluator</u> <u>#7</u>	<u>Evaluator</u> <u>#8</u>	<u>TOTAL</u>
BMO HARRIS	75	95	87	90	74	93	60	90	83
FIFTH/THIRD BANK	55	75	78	65	65	35	45	83	63
JP MORGAN CHASE	85	95	94	95	90	100	83	95	92
US BANK	70	80	70	60	30	35	35	67	56

RFP 13-025 A: Depository Banking Services

PRICING COMPARISON

	<u>CHASE</u>	<u>HARRIS</u>
Service Costs	\$23,400	\$21,826
Custody Service	<u>\$3,000</u>	<u>\$1,033</u>
Total Monthly Cost	\$26,400	\$22,859
Minus ECR *	-\$6,250	-\$9,375
Net Monthly Costs	\$20,150	\$13,484
Final Solutions Score	0.92	0.83
Adjusted Cost	\$21,902.17	<u>\$16,245.78</u>

* The Earnings Credit Rate (ECR) for Chase: .50% and for Harris: .75%

Attachment 3