

Legislation Text

File #: 21-1086, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of RFP 21-155, Banking Services, to Naperville Bank & Trust (a Wintrust Community Bank) for an amount not to exceed \$407,000 and for a five-year term

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

In 2019, the City Council authorized the second and final two-year renewal term to the current Banking Services Contract 13-025.

In May 2021, the Finance Department issued RFP 21-155, Banking Services with the goal of entering into an agreement with a financial institution(s) that can provide general banking services including accurate and efficient processing of deposits and payments, security of funds and transactions and high-quality customer service. The following services were included in the RFP:

1. Lockbox services;
2. Fund distribution;
3. Payment issuance for both accounts payable and payroll in paper check, EFT and direct debit forms;
4. Deposit services including physical check/cash/currency deposit;
5. Bank draft;
6. E-Check; and
7. Merchant card deposits.

Specifically, the City maintains ten accounts with an average balance of \$22 million, not including funds held in investment accounts under separate management. The accounts are held in depository. The account structure is designed to manage the deposits from different sources and for different components (e.g., the Library, Naper Settlement and Commuter Parking). Daily cash and check deposits are made into a local bank office.

The City's total payroll exceeded \$63 million for 2020, of which \$62 million was paid through direct deposit and \$1 million was paid through checks. Approximately 98% of employees use direct deposit. In 2020, the City issued approximately 620 payroll checks and direct deposited another 31,099 checks. Payroll is prepared bi-weekly.

Checks are also generated weekly for accounts payable, with an estimated total of 10,500 printed checks and 3,000 EFTs for a total of approximately \$296.2 million generated during 2020.

DISCUSSION:

Advertisement Date: 5/28/2021

Notices Sent: 39

Proposal Opening Date: 7/08/2021

Planholders: 14

Proposals Received: 4

Proposals were received from the following banks:

BMO Harris Bank

JP Morgan Chase

Wells Fargo

Naperville Bank and Trust (Wintrust Bank)

Busey Bank, First Midwest Bank and First Secure Community Bank determined their bank could not meet the scope of services and declined to submit a proposal.

A selection team evaluated the proposals which were scored based upon criteria set forth in the RFP.

- Capability, Capacity and Qualifications of the Firm (30%)
- Suitability and Quality of the Approach (40%)
- Milestones and Deliverable (30%)

After review and scoring of proposals, the selection committee invited the three highest-scoring banks - BMO Harris, JP Morgan Chase and Naperville Bank and Trust - to attend an interview. Following the completion of interviews, the selection committee rescored the firms. Naperville Bank and Trust scored the highest and is being recommended for award. Naperville Bank and Trust also received outstanding reference check responses. The table below provides a summary of the final qualification scores:

Bank Name	Qualification Score
Naperville Bank & Trust	90.6
JP Morgan Chase Bank	85.4
BMO Harris Bank	82.4

The estimated annual fees for service, as provided within the proposed fee schedule, total \$81,400 per year. This amount is based upon estimated annual volume assumptions for various service items such as number of deposits, file transfers, notifications, ACH distributions, lockbox images, etc. The City has agreed to a hybrid account structure, where certain accounts earn interest and others earn an earnings credit rate ("ECR") to offset direct fees. Non-interest-bearing account balances will earn an ECR equal to the previous month Illinois Funds average rate, with a floor rate of 0.30%; excess balances will earn interest at a rate equal to the previous month Illinois Funds plus 5 basis points. An account analysis statement will be provided to the City by the 15th business day of each month; the statement will itemize all monthly transactions and related service charges by type and volume. Finance staff will monitor market conditions and strategically manage account balances to maximize returns and minimize fees.

Furthermore, Naperville Bank and Trust has agreed to waive all treasury management fees for the first three months after implementation to allow for the transition of balances and activity. Naperville Bank and Trust also guarantees line item pricing for the initial five-year contract term.

The anticipated implementation process will begin on November 1, 2021.

FISCAL IMPACT:

CIP: N/A

Depository banking services are expensed to a financial service account within each of the utilized funds. A total of \$1.6 million was budgeted for general financial fees, including banking services, in 2021. The recommended agreement will be used in the development of the 2022 Budget, which will be presented to City Council later this year.