

CITY OF EL PASO, TEXAS
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM

DEPARTMENT: Financial Services

AGENDA DATE: 12/23/08

CONTACT PERSON/PHONE: Carmen Arrieta-Candelaria/541-4293

DISTRICT(S) AFFECTED: Citywide

SUBJECT:

Discussion and action on the recommendation that the City Council select Wells Fargo Bank as the depository bank for the municipality's funds based on the submitted Application for Depository Services and authorize City staff to negotiate, City Attorney to review and the City Manager to sign any contracts or other documents required to effectuate the contract. This is a five year contract.

BACKGROUND / DISCUSSION:

Pursuant to Local Government Code Chapter 105 ("LGC") which governs the selection of a depository bank, the City solicited Applications for Depository Services from banking institutions in order to provide depository services to the City. A review committee comprised of various City departments reviewed the two applications received and has recommended that Wells Fargo be selected as the City's depository. Pursuant to LGC, the City may approve a contract for up to five years and the committee therefore recommends that City enter into an agreement with Wells Fargo for a five (5) year contract.

PRIOR COUNCIL ACTION:

Has the Council previously considered this item or a closely related one?

Yes, on December 10, 2006, City Council approved an option to extend the City's current depository contract with Wells Fargo Bank for an additional two (2) years pursuant to an award approved by City Council on December 21, 2004.

AMOUNT AND SOURCE OF FUNDING:

This item will be funded from compensating balances of the accounts held at Wells Fargo Bank. The total annual fees are estimated at \$243,101; the total estimated fees over the five-year term of the contract are \$1,215,505.

BOARD / COMMISSION ACTION:

Enter appropriate comments or N/A

N/A

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: _____

Carmen Arrieta-Candelaria

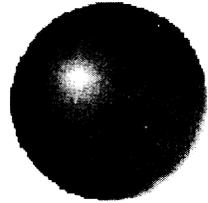
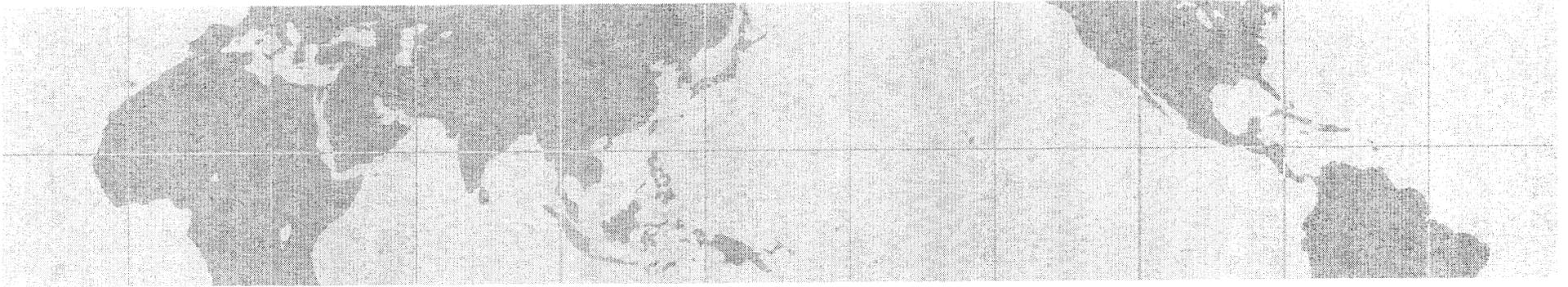
(Example: if RCA is initiated by Purchasing, client department should sign also)

Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA: _____

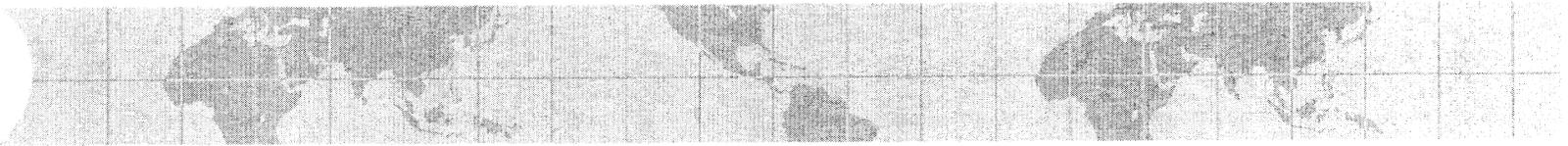
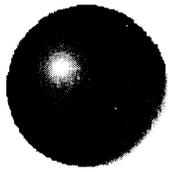
CITY MANAGER: _____

DATE: _____



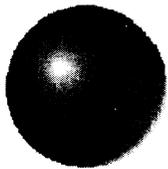
City of El Paso
Application for Depository
Agreement

Presented by Financial Services Department
For Council Action – December 23, 2008



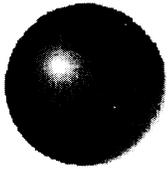
Application Review Approach

- ⊕ Review Committee comprised of representatives from Financial Services, Tax Department, and Airport
- ⊕ Selected key areas to rate services provided
- ⊕ Analyzed fees and compared pricing for services selected



Rating Focus Areas

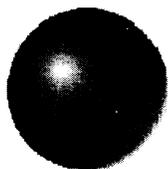
- ⊕ Community Involvement
- ⊕ Monthly Maintenance Fees
- ⊕ Payments On-Line
- ⊕ Remote Deposit System
- ⊕ Collateralization Costs
- ⊕ Lockbox and Tax Collection Services



Community Involvement

	Wells Fargo		Bank of America
Financial Support to Nonprofit Organization in El Paso Community	\$1,395,850		\$255,000
# of Employees in El Paso	627		250
Ranking	2		1

Ratings: 2-Highest; 1-Lowest

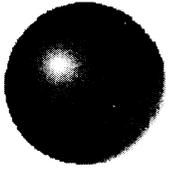


Monthly Maintenance Fees

	Wells Fargo	Bank of America
Total fees for 5 years Lockbox included	\$1,215,505	\$1,299,127*
Total fees for 5 years	\$801,768	\$990,067
Ranking	2	1

*Caveat; only providing 1/3 of the services requested.

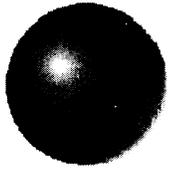
Ratings: 2-Highest; 1-Lowers



Payments On-Line

	Wells Fargo		Bank of America
Implementation fee (One-time)	Waived		Waived
Web-system for Payments	Yes		Yes
IVR System Available	Yes		Yes
Fund Availability	1 – 3 day		1 day
Convenience Fee or Merchant Fee Based	Yes		Yes
Bilingual Available	Yes		Yes
Ranking	1		2

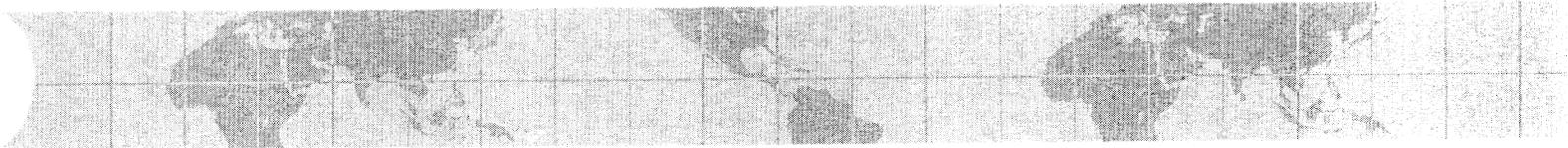
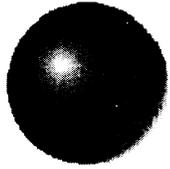
Ratings: :2-Highest; 1-Lowest



Remote Deposit System

	Wells Fargo		Bank of America
Implementation fee (One-time)	Waived		Waived
Maintenance for Software Installation	None		Waived
Transactions fees	Varied; \$.03 to \$.47		Tiered Pricing; \$.09-\$.15
Monthly ACH Fee (Per Location)	\$17 per location		Waived
Ranking	1		2

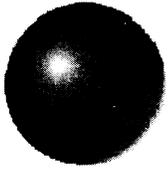
Ratings: 2-Highest; 1-Lowest



Collateralization Costs

	Wells Fargo		Bank of America
102% Requirement Met	Yes		Yes
Time to Adjust Collateral	Daily Adjustment		Daily Adjustment; 24 Hour Notice
Fees for Excess Collateral	25 basis points for excess collateral*		25 basis points for excess collateral*
Ranking	2		1

*Although BOA and Wells Fargo charges 25 basis points for excess collateral, the City does not expect to pay for these type of fees since the City employs a full-time Treasury Manager who monitors this position on a daily basis. This fee was not taken into consideration in the overall fee comparison.

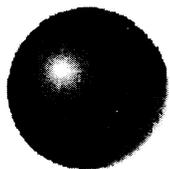


Lockbox Services

	Wells Fargo		Bank of America
Monthly Cost of Lockbox	\$6,896		\$5,151*
Total Cost of Lockbox for 5 years	\$413,737		\$309,060*
Programming/Set-Up fees	None		None
Location of Processing Center	Phoenix, AZ		Dallas, TX
Third-Party Provider	Regulus		Dallas
Ranking	2		1

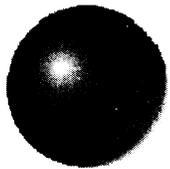
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Ratings: 2-Highest; 1-Lowest



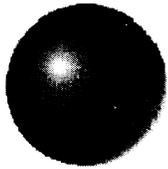
Tax Collection Services

	Wells Fargo		Bank of America
Full Service Banking Centers	12		None
Mobile Banking Services During Last Three Tax Collection Days	Yes		No
Ranking	2		1



Summary Ratings Matrix

	Wells Fargo		Bank of America
Community Involvement	2		1
Monthly Maintenance Fees	2		1
Payments On-Line	1		2
Remote Deposit System	1		2
Collateralization Costs	2		1
Lockbox	2		1
Tax Collection Services	2		1
Rating on Services	12		9

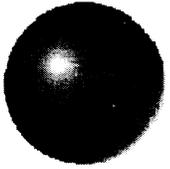


Summary Cost Matrix

	Wells Fargo		Bank of America
Monthly Maintenance Fees	\$801,768		\$990,067
Lockbox	\$413,737		\$309,060*
Estimated Costs	\$1,215,505		\$1,299,127

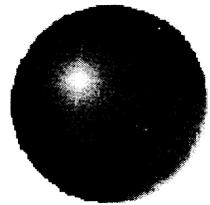
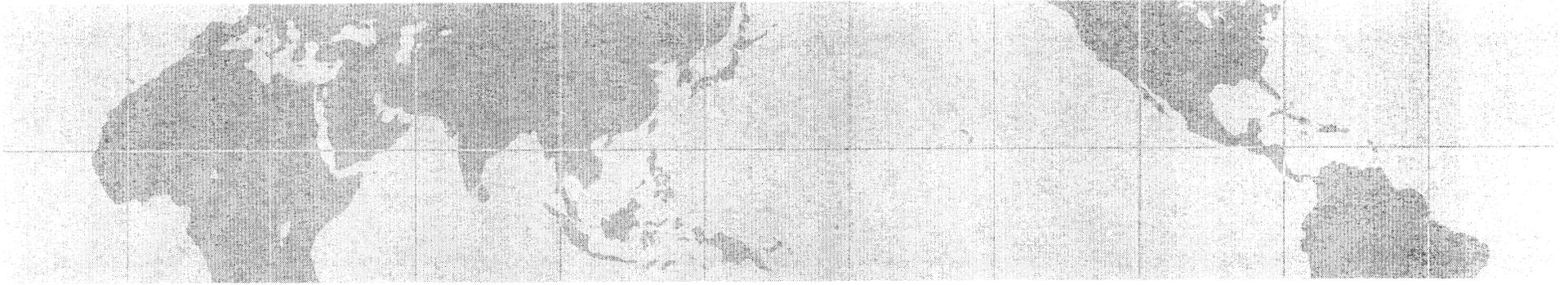
*Caveat, only providing 1/3 of the services requested.

Note: Costs are for a five year contract. Costs for other services were not included since the City is not currently utilizing those services. The cost component, however, was taken into consideration during the rating portion of the assessment.



Selection of Depository

- ✦ Discussion and action on the recommendation that the City Council select Wells Fargo Bank as the depository bank for the municipality's funds based on the submitted Application for Depository Services and authorize City staff to negotiate, City Attorney to review and the City Manager to sign any contracts or other documents required to effectuate the contract. This is a five year contract.



Questions?