



City of La Quinta

CITY / SA / HA / FA MEETING DATE: November 4, 2014

AGENDA CATEGORY:

BUSINESS SESSION:

CONSENT CALENDAR: 3

STUDY SESSION:

PUBLIC HEARING:

ITEM TITLE: APPROVE TWO-YEAR EXTENSION TO BANKING SERVICES AGREEMENT WITH WELLS FARGO BANK

RECOMMENDED ACTION:

Approve a two-year extension of the Wells Fargo banking services agreement from January 1, 2015 through December 31, 2016.

EXECUTIVE SUMMARY:

- The City's investment policy requires that a bid process for banking services be conducted every four years, if considered necessary.
- The current agreement with Wells Fargo Bank for banking services expires on December 31, 2014.
- The City and Wells Fargo have negotiated a contract extension of two years with a 10 percent reduction in fees.
- On October 8, 2014, the Investment Advisory Board (IAB) approved forwarding a recommendation to City Council to extend the current agreement for two years.

FISCAL IMPACT:

Based on the monthly volume of banking fees over the past year, it is estimated that annual savings as a result of the ten percent reduction will be \$1,753.20 annually or \$3,506.40 over the life of the proposed two-year extension:

	Current		Proposed		Savings
Monthly	\$ 1,453.20		\$ 1,307.10		\$ 146.10
Annually	\$ 17,438.40		\$ 15,685.20		\$1,753.20

BACKGROUND/ANALYSIS:

The City's agreement with Wells Fargo for banking services will expire on December 31, 2014. The City's investment policy requires that a bid process for banking services be conducted every four years, but only if considered necessary. The IAB recommended that the City approve a two-year extension of the existing Wells Fargo agreement rather than going out to bid for the following reasons:

1. In exchange for a two-year extension to their contract, Wells Fargo has offered to reduce fees by ten percent.

Finance Department staff approached Wells Fargo last month to negotiate a reduction in fees in exchange for a one-year extension. Wells Fargo countered with a ten percent reduction in fees for a three-year extension. Final negotiations resulted in the two-year extension with the ten percent reduction in fees.

2. The probable costs in conducting a request for proposals for banking services (and possibly changing banking providers) would most likely be more than the minimal savings that may result.

Over the years, banking institutions have consolidated, leaving only marginal differences among banks in terms of service levels and pricing.

3. Changing banks prior to completion of the City's new financial software systems may complicate issues and result in additional costs, both direct and in lost productivity.

In April 2014, the City installed a new financial software system and transported all City, Financing Authority, Housing Authority and Successor Agency financial data to this system; staff is resolving data conversion issues and customizing reports to best fit the City's reporting needs.. Additionally, this month the City went live on a separate permit tracking software (building, planning, business license, animal control and engineering). Finance is in the process of working with both software vendors to provide integration between both systems with regard to cash/payment processing.

4. The City has been very satisfied with the services provided by Wells Fargo.

Wells Fargo completely overhauled the City's pricing schedule two years ago, resulting in a \$5,076 annual savings.

The IAB recommends that the City Council approve a two-year extension (Attachment 1) to the existing Wells Fargo banking services agreement. All other terms and conditions of the previously approved agreement will remain in place.

ALTERNATIVE:

As the IAB has recommended approval based on the above stated reasons, staff has no other alternatives.

Report prepared by: Rita Conrad, Finance Director

Report approved for submission by: Frank J. Spevacek, City Manager

Attachment: 1. Wells Fargo Services Agreement Extension



Government & Institutional Banking
GIB Centralized Relationship Team
333 Market Street, 15th Floor
MAC AO109-152
San Francisco, CA 94105

October 22, 2014

Rita Conrad
Finance Director/City Manager
City of La Quinta
78-495 Calle Tampico
La Quinta, CA 92253

Re: Extension of Term of Banking Services

Dear Ms. Conrad,

The City of La Quinta ("City") has received an offer from Wells Fargo Bank, N. A. ("Bank") to extend the term of its current contract for banking and treasury management services for an additional two-year period. The current term of the contract expires December 31, 2014. The new term will expire December 31, 2016 ("Term").

The parties agree that the pricing for the services set forth in Exhibit A attached hereto shall be in effect beginning January 1, 2015 and remain for the entire term unless amended in writing signed by both parties. Notwithstanding anything to the contrary herein, the pricing for any additional services not listed in Exhibit A shall be provided by the Bank at the then-current price unless otherwise agreed to between the parties.

Please sign the acknowledgement below and return to me. Upon receipt of the executed acknowledgement, the agreement set forth herein shall become effective.

Sincerely,

Aloha Sabado
Assistant Vice President
Portfolio Manager

ACKNOWLEDGED AND ACCEPTED BY:

City of La Quinta

By: _____ Date: _____
Name:

Title: _____



EXHIBIT A

Wells Fargo Treasury Management Proposal

City of La Quinta

Pricing as of September 2014

<u>Service Description</u>	<u>Standard Price</u>	<u>New Exception Price</u>	<u>Monthly Volume</u>	<u>Standard Charges</u>	<u>New Exception Charges</u>
ACH					
ACH ORIGINATED - ADDENDA REC	0.03000	0.03000	6	0.18	0.18
ACH RECEIVED ITEM	0.04748	0.04748	103	4.89	4.89
ACH PAYMENTS ONLINE BATCH RELEASE	4.00000	3.00000	10	40.00	30.00
INTERNET ACH BASE FEE	25.00000	25.00000	1	25.00	25.00
INTERNET ACH ONE DAY ITEM	0.25000	0.10000	305	76.25	30.50
INTERNET ACH TWO DAY ITEM	0.15000	0.10000	87	13.05	8.70
Subtotal				159.37	99.27
ACH Fraud Filter					
ACH CEO FRAUD FILTER REVIEW MO BASE	25.00000	25.00000	3	75.00	75.00
ACH CEO FRAUD FILTER REVIEW MO BASE	0.00000	0.00000	3	0.00	0.00
Subtotal				75.00	75.00
Account Reconciliation					
ARP AGED ISSUE RECORDS ON FILE-ITEM	0.04000	0.04000	47	1.88	1.88
ARP CHECKS PAID - FULL RECON	0.11000	0.11000	325	35.75	35.75
ARP FULL RECON-ITEM	0.04000	0.04000	320	12.80	12.80
ARP MONTHLY BASE - FULL	40.00000	40.00000	1	40.00	40.00
ARP OPTIONAL REPORTS	6.00000	6.00000	22	132.00	132.00
ARP OUTPUT - TRANSMISSION	10.00000	7.00000	22	220.00	154.00
ARP STATEMENT MONTHLY BASE CEO	0.00000	0.00000	1	0.00	0.00
OUTGOING TRANSMISSION - PER ITEM	0.00000	0.00000	325	0.00	0.00
Subtotal				442.43	376.43
Cash Branch/Store Channel					
CASH DEP/\$1 VER AT TELLER WINDOW	0.00130	0.00130	10,107	13.14	13.14
CR POSTED - OTC STORE DEPOSITS/ND	0.00000	0.00000	41	0.00	0.00
PAYEE VALID NON ACCT HLDER-CHK CASH	0.00000	0.00000	1	0.00	0.00
Subtotal				13.14	13.14
Cash Vault					
CASH VAULT MIXED DEPOSIT PROCESSING	0.00000	0.00000	2	0.00	0.00
CASH VLT DEP PROCESSING	0.00000	0.00000	30	0.00	0.00
CASH VAULT CURRENCY/COIN DEPOSITED	0.00120	0.00120	8,338	10.01	10.01
CASH VAULT MONTHLY BASE	0.00000	0.00000	1	0.00	0.00
Subtotal				10.01	10.01
Desktop Deposit/Electronic Check					
DESKTOP DEPOSIT IMAGES RETRIEVED	0.50000	0.50000	1	0.50	0.50
DESKTOP DEPOSIT CREDIT POSTED	1.00000	1.00000	42	42.00	42.00
DESKTOP DEPOSIT REPORT MTHLY BASE	40.00000	20.00000	1	40.00	20.00
DESKTOP DEPOSIT-WFARGO DEPOSIT ITEM	0.08000	0.08000	123	9.84	9.84
DESKTOP DEPOSIT-NON WFARGO DEP ITEM	0.08501	0.08501	491	41.74	41.74

Subtotal				134.08	114.08
General Account Services					
ACCOUNT MAINTENANCE W/ CHK RETURN	10.00000	10.00000	2	20.00	20.00
ACCOUNT MAINTENANCE-CHEXSTOR	10.00000	10.00000	2	20.00	20.00
ZERO BALANCE MASTER ACCOUNT MAINT	0.00000	0.00000	1	0.00	0.00
ZERO BALANCE MONTHLY BASE	15.00000	15.00000	1	15.00	15.00
DEBITS POSTED	0.06790	0.06790	62	4.21	4.21
CREDITS POSTED	1.29375	1.29375	96	124.20	124.20
ELECTRONIC CREDITS POSTED	0.19897	0.19897	194	38.60	38.60
DDA STATEMENT - PAPER	0.00000	0.00000	1	0.00	0.00
CLIENT ANALYSIS STATEMENT-PAPER	0.00000	0.00000	2	0.00	0.00
BANK CONFIRMATION AUDIT REQUEST	65.00000	65.00000	1	65.00	65.00
Subtotal				287.01	287.01
General Disbursement Services					
PYMT AUTH MAX CHECK MTHLY BASE	0.00000	0.00000	2	0.00	0.00
STOP PAYMENT - ONLINE	5.00000	5.00000	1	5.00	5.00
CHECKS RETURNED W/STATEMENT-ITEM	0.05000	0.05000	9	0.45	0.45
DDA CHECKS PAID	0.11000	0.11000	9	0.99	0.99
Subtotal				6.44	6.44
ITM Foreign Checks and Drafts					
DEPOSITED CHECK CANADIAN	5.25000	5.25000	1	5.25	5.25
Subtotal				5.25	5.25
Image Delivery					
WELLSIMAGE PAID CHECK PER ITEM	0.06000	0.06000	320	19.20	19.20
ONLINE IMAGE VIEW < 90 DAYS - ITEM	3.50000	3.50000	8	28.00	28.00
ONLINE IMAGE VIEW > 90 DAYS - ITEM	10.00000	10.00000	1	10.00	10.00
WELLSIMAGE PAID CHECK MONTHLY BASE	0.00000	0.00000	1	0.00	0.00
WELLSIMAGE PAID CHECK PER CD	30.00000	30.00000	1	30.00	30.00
Subtotal				87.20	87.20
Information Reporting					
CEO PREV DAY SUBSCRIPTION DETL ITEM	0.10000	0.10000	692	69.20	69.20
CEO PREV DAY SUBSCRIPTION MTHLYBASE	0.00000	0.00000	3	0.00	0.00
CEO PREV DAY SUBSCRIPTION MTHLYBASE	30.00000	30.00000	3	90.00	90.00
CEO SEARCH	0.98636	0.98636	11	10.85	10.85
Subtotal				170.05	170.05
Paper Checks Deposited					
DEPOSITED CHECKS - ON US	0.08600	0.08600	15	1.29	1.29
DEPOSITED CHECKS	0.08517	0.08517	58	4.94	4.94
Subtotal				6.23	6.23
Positive Pay					
PAYEE VALIDATION STANDARD-ITEM	0.02000	0.02000	325	6.50	6.50
POSITIVE PAY EXCEPTION - CEO IMAGE	0.50000	0.50000	1	0.50	0.50
POSITIVE PAY EXCEPTIONS - ITEM	0.50000	0.50000	1	0.50	0.50
POSITIVE PAY MONTHLY BASE	0.00000	0.00000	1	0.00	0.00
Subtotal				7.50	7.50
Returned Items					
CEO RETURN ITEM RETRIEVAL-IMAGE	0.50000	0.50000	1	0.50	0.50
CEO RETURN ITEM SERVICE MTHLY BASE	0.00000	0.00000	2	0.00	0.00
RETURN ITEM - CHARGEBACK	3.50000	3.50000	2	7.00	7.00
RETURN ITEM SPECIAL INSTRUCTIONS	0.25000	0.25000	2	0.50	0.50
RETURN ITEM PHONE NOTIFICATION	4.50000	4.50000	1	4.50	4.50
RETURN ITEM PHONE NOTIFY MTHLY BASE	10.00000	10.00000	1	10.00	10.00
RETURN ITEM SPECIAL INST MTHLY BASE	1.00000	1.00000	3	3.00	3.00

Subtotal				25.50	25.50
Sweep					
SWEEP STAGECOACH MUTUALFND ELECTNIC	0.00000	0.00000	1	0.00	0.00
SWEEP STAGECOACH MUTUAL FND MO BASE	0.00000	0.00000	1	0.00	0.00
Subtotal				0.00	0.00
Wells Tax					
WELLSTAX ACCESS CODE MONTHLY BASE	3.00000	3.00000	1	3.00	3.00
Subtotal				3.00	3.00
Wires					
WIRE SECURITY MONTHLY BASE	0.00000	0.00000	3	0.00	0.00
WIRE IN DOMESTIC	7.00000	7.00000	1	7.00	7.00
WIRE TEMPLATE STORAGE MONTHLY BASE	0.00000	0.00000	2	0.00	0.00
WIRE-OUTGOING DOMESTIC-CEO	7.00000	7.00000	2	14.00	14.00
Subtotal				21.00	21.00
Total Monthly Activity Charges				1,453.20	1,307.10
Total Monthly Savings				146.10	10%
Total Annual Savings				1,753.20	10%