

# CITY OF HIGH POINT

## AGENDA ITEM



**Title: Recommendation for Primary Banking Services Provider 7/1/2016-12/31/2021**

**From:** Jeffrey A Moore, Financial Services Director

**Meeting Date:** June 6, 2016

**Public Hearing:** No

**Advertising Date /** N/A

**Advertised By:** -

**Attachments:** Memo Detailing Recommendation for Primary Banking Services

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### **PURPOSE:**

The City Council is required by General Statute 159-31 to authorize depositories for official receipts and transactions of the local government. As a matter of practice, the Financial Services staff periodically solicits Requests for Proposals from financial institutions who have a branch presence within the city limits and who are registered with the State Treasurer's Office.

### **BACKGROUND:**

The City's current primary banking services provider, Bank of America, was originally approved in a competitive solicitation process in 2004. City Council awarded its depository relationship services to them again in the last proposal process completed in 2010.

### **BUDGET IMPACT:**

The Manager's Recommended Annual Budget for the Fiscal Year 2016-2017 provides adequate funds for the costs of providing financial and depository services.

### **RECOMMENDATION / ACTIONS REQUESTED:**

City Council is requested to award the contract for primary banking services to Bank of America for the period July 1, 2016 to December 31, 2021, and that the appropriate City officials be authorized to execute all necessary documents.

## Financial Services


Jeffrey A. Moore, CPA CGMA  
DIRECTOR



## MEMORANDUM

May 27, 2016

**MEMO TO:** Randy McCaslin, Deputy City Manager

**FROM:** Jeffrey A. Moore, Financial Services Director   
Jackie S. Astrop, Treasury Services Manager

**SUBJECT:** Recommendation for Primary Banking Services Provider

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Professional service contracts such as banking services are not required to be bid, but we continue to believe conducting a competitive bid process utilizing a formal request for proposal is the preferred process where there are opportunities for better pricing through competition. Almost all large units of government in North Carolina put their financial institutions through a periodic competitive bid process. This provides better pricing of services and many times better services than negotiated contracts. A longer contract period also encourages a better partnership with the financial institution.

The Treasury Services Division solicited proposals for banking services from all 8 financial institutions with offices in High Point. The City received 6 proposals from the following financial institutions:

Bank of America  
BB&T  
Capital Bank  
First Bank  
SunTrust Bank  
Wells Fargo Bank

The evaluation team was composed of Jackie Astrop, Treasury Services Manager, Bob Martin, Director of Customer Services and myself. The proposals were evaluated with significant weight given to essential and existing services and the bank's use of technology to enhance the City's efficiency in its daily relationship and reporting with the financial institution. As expected, pricing was very competitive for product offerings. Following a comprehensive evaluation of services offered and comparative pricing, the evaluation team conducted additional analysis, including bank service performance, overnight investment performance, financial strength analysis, and reference checks.

In reviewing qualifications, the Evaluation Team had reservations about the single branch and proximity thereof for Capital Bank and SunTrust Bank. Though these institutions bid competitively, there was concern expressed that the lack of branches might hinder operations or increase costs because the City's revenue-producing facilities are spread throughout the city.

Accounting  
336.883.3240

Internal Audit  
336.883.3122

Purchasing  
336.883.3219

Treasury Services  
336.883.3230

Each institution responded with their costs to provide services based on volume averages of the types of transactions the City of High Point has currently. In order to fairly evaluate the variety of services, we calculated and extended those unit prices in an annualized pro-forma, excluding any costs of conversion and implementation.

<b>Bank of America</b>	<b>\$60,484</b>
BB&T	\$98,040
Capital Bank	\$55,581
First Bank	\$112,413
SunTrust Bank	\$84,023
Wells Fargo Bank	\$55,391

As a result of our comprehensive evaluation, it is our recommendation that the City award the Primary Banking Services Contract to Bank of America. Wells Fargo Bank and Capital Bank have offered competitive fees for much of the requested services, but Capital Bank did not offer some services we currently utilize, without which would hinder the current level of financial and payment operations we provide. Additionally, the table above does not take into account costs for implementation and conversion of the City's programs to interface to an alternative financial institution. These one-time costs are estimated to be \$25,000-\$30,000 for programming changes.

Completing the competitive process this year is expected to yield annual savings in excess of \$30,000 for most of the same levels of services and product offerings as compared to the current pricing structure of our contractual relationship with Bank of America.

For your additional information, City staff has been extremely pleased with the current relationship and the excellent service Bank of America has provided for the last 12 years. They have partnered with the City in numerous ways to provide payment options and services for our Customer Service Department.

We request City Council to award a contract relationship with Bank of America to provide the City's primary banking services for the period July 1, 2016 to December 31, 2021. Jackie Astrop and myself will be available to respond to any questions you may have about the bid process or our recommendation.