



City of Rochester Hills
AGENDA SUMMARY
FINANCIAL ITEMS

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
248.656.4630
www.rochesterhills.org

Legislative File No: 2016-0380

TO: Mayor and City Council Members
FROM: Kurt A. Dawson, Director Assessing/Treasury
DATE: September 26, 2016
SUBJECT: Banking Services

REQUEST:

City Council requested to authorize the award of the contract for banking services to Huntington Bank, Columbus, OH in the amount not-to-exceed \$180,000 through September 30, 2019 and further authorizes the Mayor to execute a contract on behalf of the City.

REASON FOR PURCHASE:

The City's banking services include general account, depository, retail lockbox, cash vault, disbursement, reconciliation, ACH, EDI payment, web accounts, wire transfers, electronic deposit, remote deposit, electronic ACH home-payment concentrator, on-line reporting, payee positive pay, and investment services.

The City solicited Request for Proposals for banking services and 6 responsive, responsible proposals were received. Proposal responses were evaluated by representatives of Treasury, Fiscal, and Accounting staff. A review and analysis was conducted with regard to legal and other qualifications, completeness of proposal, caliber of customer service, financial strength, availability of products, and total cost to City. The City shortlisted and subsequently interviewed four of the banking institutions to ensure their proposed services and costs met all the needs of the City.

Huntington Bank was selected and is being recommended for award based on their proposed fee structure, banking products, ability to provide the services the City needs, customer support, local references, proprietary lockbox service, and best value cost proposal including their Earnings Credit Rate (ECR). Huntington Bank proposes to keep the ECR rate firm at the quoted level of 45 basis points and will not decrease the rate if interest rates lower. However if interest rates should rise the ECR rate may be increased in the future. The request for proposal includes a renewal clause, which allows the City to exercise a renewal option at the expiration of the initial contract term for an additional two year period under the same terms and conditions, if it is determined to be in the best interest of the City at the time and thereby providing for up to five (5) years of banking services.

PROCESS:

Vendor Name and Address:

Huntington National Bank
41 South High Street
Columbus, OH 43215

Reason for Selection:

Best Value

Method of Purchase:

Contract

BUDGET:

Funding is included in the 2017 Proposed Budget as well as the 2018-19 Projected Budget at \$45,000 per year [or \$135,000 over 3-Years]. The banking service fees charged by Huntington Bank are estimated at approximately \$60,000 per year [or \$180,000 over 3-Years].

For FY 2017, a future interfund budget adjustment will be presented to cover the \$15,000 additional cost of banking services from another account(s) within the General Fund, so as to not increase FY 2017 total bottom line spending. The 2018-19 Budget figures will be increased appropriately moving forward.

It should be noted the increase in the Earnings Credit Rate (ECR) from 35 Basis Points (currently) to 45 Basis Points offered by Huntington Bank. Based upon the estimated average balance maintained at Huntington Bank, an additional \$12,000 per year in Interest Earnings is anticipated.

| Fund Name | Department Account No | Account No. Description | 3-Year Budget Amount | 3-Year Cost | 3-Year Remaining Budget |
|--------------|-----------------------|-------------------------|----------------------|-------------|-------------------------|
| General Fund | 253.801000 | Professional Services | \$135,000 | \$180,000 | (\$45,000) |

RECOMMENDATION:

It is recommended that the Rochester Hills City Council authorizes the award of the contract for banking services to Huntington Bank, Columbus, OH in the amount not-to-exceed \$180,000 through September 30, 2019 and further authorizes the Mayor to execute a contract on behalf of the City.

| APPROVALS: | SIGNATURE | DATE |
|--|-----------|------|
| Department Review | | |
| Department Director | | |
| Budget Content: Finance Director | | |
| Purchasing Process: Supervisor of Procurement | | |
| Mayor | | |
| Deputy Clerk | | |