



**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: 2008-0444

TO: Mayor and City Council Members
FROM: Kurt A. Dawson, Director of Assessing/Treasury
DATE: August 21, 2008
SUBJECT: Banking Services

REQUEST:

City Council approval of a 9-year contract with Bank of America, Troy, Michigan and authorize the Mayor to execute the contract on behalf of the City.

City Council waiver under Section 2-273(b), the 3 year requirement for long term contracts, under Section 2-281, which allows City Council the authority to waive any regulation or procedure pertaining to purchasing, deeming it to in the best interest of the City.

City Council is requested to authorize the award of the contract for banking services to Bank of America, Troy, Michigan in the amount not-to-exceed \$486,000.00, through September 2017.

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, electronic ACH home-payment concentrator, on-line reporting, payee positive pay, procurement cards and investment services.

The City solicited Request for Proposals for banking services. Eight proposals were received and evaluated by Treasury, Assessing and Accounting staff. Research and analysis were conducted validating financial bank strengths, standardized bank ratings and interest earning comparisons.

Bank of America was selected because their bank fees were competitive and their service, outstanding. The interest earnings rate offered for their over-night sweep account was substantially higher than the other proposing banks. Bank of America's current rating, by Bankrate.com Star Rating is three stars, Performing. BauerFinancial.com rates Bank of America 3 1/2 stars, Good. Financial information was also reviewed on the FDIC website, the Investools website and the documents submitted by the banks. We are very comfortable with the financial performance of Bank of America. The Bank of America offers the best overall value for the City of Rochester Hills.

In order that the City may enter into a 9-year contract, City Council is requested to waive Section 2-273(b) of the Purchasing Ordinance, which allows contracts to be entered into for up to three years provided funds are available for the first fiscal period at the time of issuance. Under Section 2-281, City Council may waive the 3 year requirement, recognizing the best value to the City. The long term contract will guarantee the fee structure and allow the City the discretion to terminate the banking arrangements if in its best interests.

PROCESS:

Vendor Name and Address:

Bank of America
Troy Headquarters
2600 W. Big Beaver Road
Troy, MI 48084

Reason for Selection:

Best Value

Method of Purchase:

Contract

BUDGET:

No staffing or budget impact. Below are the budget estimates for fees over the potential 9-year contract, one three-year contract with two (2) three-year renewals under the same terms, conditions and pricing. The numbers below are based upon a banking services fee of \$18,000 per year per fund for nine years. These below budgets will be proposed in the next nine proposed budgets.

Fund Name	Department Account No	Account No. Description	Proposed Budget Amount	Cost	Remaining Budget
General Fund	253.801000	Professional Serv.	\$18,000.00	\$18,000.00	.00
Sewer Dept.	510.801000	Professional Serv.	\$19,000.00	\$18,000.00	\$1,000.00
Water Dept.	530.801000	Professional Serv.	\$19,000.00	\$18,000.00	\$1,000.00

RECOMMENDATION:

It is recommended that the Rochester Hills City Council approve a 9-year contract with Bank of America, Troy, Michigan and authorize the Mayor to execute the contract on behalf of the City.

It is further recommended that the Rochester Hills City Council waive Section 2-273(b), the 3 year requirement for long term contracts, under Section 2-281, which allows City Council the authority to waive any regulation or procedure pertaining to purchasing, deeming it in the best interest of the City.

It is further recommended that the Rochester Hills City Council authorize the award of the contract for banking services to Bank of America, Troy, Michigan in the amount not-to-exceed \$486,000.00, through September 2017.

APPROVALS:	SIGNATURE	DATE
Department Review		
Department Director		
Budget Content: Finance Director		
Purchasing Process: Supervisor of Procurement		
Mayor		
City Council Liaison		

Document2