

TO: City Council

FROM: Mike Compton, City Treasurer  
Jennifer Sorenson, Finance Manager

SUBJECT: **Commercial Banking Services**

DATE: October 4, 2011

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Needs: For the City Council to consider awarding commercial banking services to Heritage Oaks Bank.

Facts:

1. While not a formal policy, it has been the practice of the City to distribute a Request for Proposal (RFP) for commercial banking services every five years.
2. RFPs were distributed to all banks within the City that had a full service branch.
3. The City received four responses; Heritage Oaks Bank, Rabo Bank, Santa Barbara Bank & Trust and Wells Fargo Bank.
4. Heritage Oaks Bank's proposal provides the lowest cost to the City.

Analysis & Conclusion:

The City's current banking services arrangement with Heritage Oaks Bank is based upon a "cost analysis" wherein each City cash/coin/check activity has a cost associated with it. This cost is offset by an "earnings factor" based upon the cash balances kept in the account. This is the industry practice for municipal banking services and is referred to as "compensating balances".

The RFP identified the annual quantity of items on which fees are currently paid and asked all banks to submit cost proposal for said banking activities. The detailed cost matrix is attached but is summarized as follows:

Heritage Oaks Bank	\$ 8,485.08
Wells Fargo Bank	\$10,734.06
Rabo Bank	\$14,231.20
Santa Barbara Bank	\$15,191.88

Based upon cost and the very satisfactory banking relationship that the City currently enjoys with Heritage Oaks Bank, I am recommending that the City remain with Heritage Oaks Bank.

Policy

Reference:

City of Paso Robles Purchasing and Payment Procedures Manual.

Fiscal  
Impact:

The cost to remain with Heritage Oaks Bank is equal to the cost currently being incurred by the City and is approximately \$2,750 less than the next lowest cost proposal.

Options:

- a. Adopt Resolution No. 11-XXX approving a five year banking relationship with Heritage Oaks Bank with an option for two additional years at the discretion of the City Treasurer or;
- b. Amend, modify or reject the above option.

City of Paso Robles  
Banking RFP Results Summary  
September 1, 2011

Item	Heritage Oaks Bank		Rabobank		Santa Barbara Bank & Trust		Wells Fargo	
	Per Unit Cost	Estimated Total Annual Cost	Per Unit Cost	Estimated Total Annual Cost	Per Unit Cost	Estimated Total Annual Cost	Per Unit Cost	Estimated Total Annual Cost
<b>Depository Services:</b>								
Deposit Account Maintenance Fee	\$ 20.00	\$ 720.00	\$ 15.00	\$ 540.00	\$ 15.00	\$ 540.00	\$ 12.00	\$ 432.00
Sweep Account Maintenance Fee	no response	no response	\$ 50.00	\$ -	\$ 50.00	\$ 600.00	\$ 150.00	\$ 1,800.00
Checks Deposited – On You	\$ 0.01	\$ 813.60	\$ 0.09	\$ 7,322.40	\$ 0.09	\$ 7,322.40	\$ 0.06	\$ 4,881.60
Checks Deposited – Local	no response	no response	\$ 0.09	\$ -			\$ 0.07	
Checks Deposited – Regional	no response	no response	\$ 0.09	\$ -			\$ 0.08	
Checks Deposited – Out of Area	no response	no response	\$ 0.09	\$ -			\$ 0.09	
Checks Deposited – Non charge	no response	no response	\$ 0.09	\$ -			\$ 0.09	
Deposit Correction – Per Item	no response	no response	\$ 1.50	\$ -	\$ 3.00	\$ -	\$ 5.00	
Deposited Item Returned – Per Item	\$ 5.00	\$ 1,020.00	\$ 5.00	\$ 1,020.00	\$ 9.00	\$ 1,836.00	\$ 2.50	\$ 510.00
Deposited Item Re-cleared – Per Item	no response	no response	\$ 5.00	\$ -	\$ 9.00	\$ -	\$ 1.50	
Cash Deposited	\$ 1.20/\$1,000	\$ 816.48	Tiered	\$ 916.80	\$ 0.12	\$ 816.48	\$ 0.0009	\$ 612.36
			\$1.10/1000 up to \$25,000					
			\$1.50/1000 >\$25,000					
Branch Deposits	\$0.80/dep	\$ 691.20						
<b>Paper Disbursement Services:</b>								
Checks Paid	\$ 0.15	\$ 1,035.00	\$ 0.12	\$ 828.00	\$ 0.14	\$ 966.00	\$ 0.07	\$ 483.00
12 Month Stop Payment – Per Item	\$25.50/\$10.00	\$306.00/\$120.00	\$15.00 per item	\$ 180.00	\$ 18.00	\$ 216.00	\$ 5.00	\$ 60.00
	if online	if online						
<b>General ACH Services:</b>								
Origination Monthly Fee	\$ 20.00	\$ 240.00	One-time Set-up	\$ 100.00				
Consumer Debits – ACH Received			\$ 35.00	\$ 420.00				
EFIPS Federal Tax Payment	\$ 0.10	\$ -	\$ 0.10	\$ -	\$ 0.10	\$ -	\$ 0.10	\$ -
Consumer Debits	\$ 0.05	\$ 1.80	No Charge	\$ -	\$ -	\$ -	\$ 2.50	\$ 90.00
Consumer Credits	\$ 0.05	\$ 30.00	\$ 0.10	\$ 60.00	\$ 0.10	\$ 60.00	\$ 0.065	\$ 39.00
Consumer Debits - Returns	\$ 0.05	\$ 12.00	\$ 0.10	\$ 24.00	\$ 0.10	\$ 24.00	\$ 0.065	\$ 15.60
Consumer Credits - Returns			No Charge	\$ -	\$ 9.00	\$ -	\$ 5.00	\$ -
Direct Deposit of Payroll – Per Transmission	No Charge	No Charge	\$ 5.00	\$ 120.00	\$ 9.00	\$ -	\$ 5.00	\$ -
Direct Deposit of Payroll – Per Item	\$ 0.05	\$ 285.00	No Charge	\$ -	\$ 0.10	\$ 570.00	\$ 0.065	\$ 370.50
Direct Deposit of Payroll - Returns			No Charge	\$ -	\$ 9.00	\$ -	\$ 5.00	\$ -
<b>Wire &amp; Other Funds Transfer Services:</b>								
Outgoing Wire – Per Item	\$25.00/15.00	\$3,300/1,980.00	\$ 15.00	\$ 1,980.00	\$ 11.25	\$ 1,485.00	\$ 5.00	\$ 660.00
	if online	if online						
Incoming Wire – Per Item	\$ 10.00	\$ 720.00	\$ 10.00	\$ 720.00	\$ 10.50	\$ 756.00	\$ 6.00	\$ 432.00
Transfer Between City Accounts – Per Item	No charge/online	No charge/online	No Charge	\$ -	\$ -	\$ -	\$ 3.00	\$ 108.00
			Account Analysis					
		\$ 8,485.08	\$ 14,231.20	\$ 15,191.88	\$ 10,734.06			
		<u>1</u>	<u>3</u>	<u>4</u>	<u>2</u>			

RANK

RESOLUTION NO. 11-XXX

A RESOLUTION OF THE CITY OF EL PASO DE ROBLES  
AWARDING CITY BANKING SERVICES TO  
HERITAGE OAKS BANK

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WHEREAS, City policy is to distribute a Request for Proposal for commercial banking services every five years; the last Request for Proposal was distributed in 2004; and

WHEREAS, Requests for Proposals were distributed to all banks with full service branch operations in Paso Robles; and

WHEREAS, the City received four responses that were evaluated based upon cost of services to be provided; and

WHEREAS, the proposal response received from Heritage Oaks Bank provided the lowest cost to the City for the desired banking services.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the City's banking services be awarded to Heritage Oaks Bank.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 4<sup>th</sup> day of October 2011 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Duane Picanco, Mayor

ATTEST:

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Caryn Jackson, Deputy City Clerk