

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER, FINANCE
DEPARTMENT
SUBJECT: RESOLUTION APPROVING AN AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT WITH WELLS
FARGO BANK FOR DEPOSITORY AND BANKING SERVICES
AND RATIFYING PRIOR LETTER AGREEMENTS

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, waive any required competitive process and approve extending the current agreement with Wells Fargo Bank by approving an Amendment to Professional Services Agreement to provide banking services for one additional year **to allow staff time to issue a Request for Proposal (RFP)** for these services, evaluate the proposals and implement a transition for banking services to the selected bank. The current agreement expires June 30, 2017. Staff also recommends that Council set a not to exceed limit of \$400,000 for payments under the Amendment. Staff further recommends that Council ratify past letter agreements, acknowledging and accepting changes to services, rates and terms set forth therein.

EXECUTIVE SUMMARY

The City has an agreement with Wells Fargo Bank to provide a wide range of banking services necessary to operate the organization. The current agreement expires on June 30, 2017 and Finance Department staff would like to extend the agreement for one additional year to allow time for a competitive process to select and implement a transition to a new agreement. The current agreement has been in place since 2002. The original agreement did not have a not to exceed funding amount and provided for automatic renewal of term subject to notice of cancellation by either party. Due to lack of paperwork documenting the history of this agreement, it is unclear how it was managed prior to 2011. In 2011 and 2014, the agreement was extended for set terms of three years by letter and new and updated fee schedules were added to maintain the banking relationship.

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BACKGROUND

On May 14, 2002, the Council received an informational report on award of a contract for commercial banking services to Wells Fargo Bank. City staff completed a competitive solicitation for commercial banking services and as a result, the banking relationship was moved from Bank of America to Wells Fargo Bank.

On July 30, 2002, Council, by resolution, authorized the Director of Administrative Services to administer the City's bank accounts and use of a facsimile signature for banking purposes.

Since the current agreement expires June 30, 2017, staff would like to waive any required competitive process, extend this agreement for one additional year and allow for payments under the extension in an amount not to exceed \$400,000. The one year extension will allow for staff to complete a competitive process soliciting proposals for banking services. The proposed amendment includes a clause that allows for termination without cause with 30 days' notice.

PRIOR CITY COUNCIL REVIEW

Included in background section above.

ANALYSIS

The City currently spends approximately \$350,000 annually for banking services through fees approved as part of this agreement. The fees were updated in 2011 and 2014 by letter agreements signed by the Chief Financial Officer. Copies of the 2011 and 2014 Extension Letters and fee updates are included as **Attachment 1**. The most recent extension and fee update agreement letter expires June 30, 2017. Wells Fargo Bank has provided an updated fee structure for a one-year extension of the banking relationship while staff goes through a competitive process to solicit proposals for banking services.

The following information outlines fees the City has paid to Wells Fargo for the past three years:

Citywide Wells Fargo Fees

	FY 2013/14	FY 2014/15	FY 2015/16
WF Bank Fees	\$ 104,648	\$ 91,573	\$ 88,750
WF Credit Card Fees	<u>\$ 242,196</u>	<u>\$ 247,992</u>	<u>\$ 251,507</u>
Total WF Fees	\$ 346,844	\$ 339,565	\$ 340,257

Staff is recommending Council ratify the 2011 and 2014 Extension Letters and fee updates, acknowledging and accepting all changes to services, rates and term set forth therein, waive any required competitive process, authorize a one-year extension, approve an updated fee structure and authorize an additional \$400,000 to be expended under the

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new amendment. If the competitive process review and selection of a new service provider along with implementation takes less than one year, the agreement would terminate sooner.

FISCAL IMPACT

There are no fiscal impacts to the General Fund from extending this agreement for one additional year. As a regular operating expenditure, banking fees are included in the FY 2017-18 proposed budget and as a regular operating expenditure are expected to be included in future budget proposals when presented to Council.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline §15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On May 11, 2017, this agreement was brought to the Long Term Financial Policy and Audit Sub-committee for discussion.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Agreement Extensions 2011 and 2014
- Attachment 2 – Proposed Agreement Extension
- Resolution/Exhibit A (Agreement)

CONTACT

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