

RIVERSIDE TRANSIT AGENCY
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June 22, 2006

TO: BOARD OF DIRECTORS
THRU:  Larry Rubio, Chief Executive Officer
FROM:  Vince Rouzaud, Director of Purchasing and Materials Management
SUBJECT: Authorization to Award Agreement to Wells Fargo for the Agency's Commercial Banking Services

Summary: The Agency's commercial banking services have been provided by the current provider for several years. It is good business practice to periodically survey the market to ensure that the Agency is receiving the latest array of services available and that these services are competitively priced.

On February 24, 2006, staff issued Request for Proposals (RFP) 6-002 for the Agency's commercial banking services. As is standard procedure, the procurement was publicly advertised in a newspaper of general circulation and a notice was posted on the Agency's website along with a copy of the RFP document. A pre-proposal meeting was held on March 10, 2006, questions from Offerors were submitted and responded to, and finally, four proposal submittals were received on March 29, 2006. The firms who submitted proposals were:

- Union Bank of California
- US Bank
- Bank of America
- Wells Fargo

The proposals were reviewed by an evaluation committee representing staff from the Finance and Purchasing departments. In evaluating which firm's proposal offered the highest quality services at the lowest possible cost, staff carefully weighed each proposal against the evaluation criteria outlined in the RFP. In particular, the committee was looking for solutions that would reduce the complexity of the Agency's cash management procedures, minimize costs and maximize interest income; the successful proposal would contain all three attributes.

The proposal submitted by Union Bank of California was ranked the lowest of the four by the evaluation committee. The Union Bank submittal included discussion on most of the Agency's required services but overall

the submittal was very brief. Also, the proposal from Union Bank did not include service conversion incentives which would result in RTA absorbing service conversion costs (new checks, vault supplies, etc.). Finally, not all fees were stated on the RFP price summary form and instead reference was made to their standard fee schedule. Staff determined this could add complexity to the Agency's cash management procedures and that generally, this reflected an inability on the part of Union Bank to tailor their banking services to meet RTA's needs.

The proposal submitted by US Bank was ranked the next lowest. Significant factors for this low technical ranking included no local branch (the nearest branch is in Temecula and their proposal designated their San Diego office as the Agency's main contact) and no single individual would be assigned as an "Account Executive" contact. It was deemed critical to the committee that the commercial banking services provider have a local branch office (as set forth in the RFP) and that Agency personnel be able to contact a specific person directly when necessary.

The Bank of America proposal contained a very good discussion on the Agency's required services but included many exceptions in the proposed services, in the proposed terms and conditions and in the service analysis fees. From the committee's perspective, Bank of America was unable to tailor its services to address RTA's specific needs without significant cost to the Agency.

Overall, the proposal submitted by Wells Fargo received the highest technical scores and rankings by the committee. Staff believes Wells Fargo submitted the proposal with the most complete understanding of the Agency's needs and that the project team and work plan offered by Wells Fargo represents the best value to the Agency for its commercial banking needs. Wells Fargo took no exceptions to the Agency's terms and conditions and their analysis fees were comparable to those submitted by the other three firms. Though they are the incumbent provider, Wells Fargo also offered service conversion incentives to be applied towards new services. It was the committee's final determination that the other three proposal submittals did not offer substantive cost benefits to the Agency when compared to the proposal submittal from Wells Fargo and overall, staying with Wells Fargo presents a zero risk to the Agency.

In summary, staff recommends awarding the Agency's commercial banking services to Wells Fargo beginning July 1, 2006, for the following reasons:

- To have fixed analysis fees for a five-year period;
- To re-structure the Agency's cash management system to maximize interest earnings and minimize complexity and cost; and

- To avoid service conversion costs and the introduction of the risk typically associated with service conversions

The services may be continued for an additional five-year period, at the discretion of the Agency, with an increase in the analysis fees equal to the prior annual percentage change in the Consumer Price Index for the Los Angeles/ Riverside Counties area.

Fiscal Impact:

While the Agency is assessed analysis fees for banking services, the direct payment of those fees is avoided by the Agency maintaining a specific minimum balance in the main account. Actual monthly fees vary depending on the type and volume of transactions. Prior to the RFP being issued in February, Wells Fargo had already implemented new procedures to streamline the Agency's cash management services; staff estimates monthly analysis fees have decreased approximately 25 percent saving the Agency approximately \$800 per-month in fees.

Committee Recommendation:

This item was discussed at the Board Budget and Administration Committee meeting of June 7, 2006. The Committee members unanimously approved recommending this item to the full Board of Directors for their consideration.

Recommendation:

Authorize staff to award an Agreement to Wells Fargo for the Agency's banking services for an initial 5-year period, with an additional 5-year period to be exercised at the sole discretion of the Board.