



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2012 NOV 15 PM 4:10 **AGENDA REPORT**

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Kataño Kasaine

SUBJECT: Extension of Wells Fargo
Contracts for One or Two Years

DATE: November 5, 2012

City Administrator
Approval

Date

11/15/12

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council approve the proposed resolution extending the existing contractual agreements with Wells Fargo Bank, N.A. ("Wells Fargo") to provide for the City primary depository services and custodial banking services, as authorized by Resolutions 82060 C.M.S. and 82061 C.M.S., and determine an extension period of one or two years.

OUTCOME

On June 2, 2009, City Council authorized the City to enter into contractual agreements with Wells Fargo to provide primary depository services (through Resolution No. 82060 C.M.S.) and primary custodial banking services (through Resolution No. 82061 C.M.S.) for a three year period, with the option of two renewals of one year each, at an annual cost not to exceed \$275,000 and \$25,000 respectively. Subsequently on April 30, 2012, the City Council approved Resolution No. 83822 C.M.S. amending Resolution No. 82060 C.M.S. to require that any action to extend the City's primary depository and custodial banking services contracts come back to the City Council for approval, thereby rescinding the City Administrator's authority to extend the contracts.

The contractual agreements with Wells Fargo will be expiring on December 31, 2012. Pursuant to Resolution No. 83822 C.M.S., staff is returning to the City Council seeking authorization to extend the primary depository and custodial banking agreements with Wells Fargo for either one or two years, as authorized by Resolutions No. 82060 C.M.S. and 82061 C.M.S. During the extension period, staff will prepare a Request for Proposal ("RFP") for both depository and custodial banking services to qualified banking institutions with branches or headquarters in Oakland.

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BACKGROUND/LEGISLATIVE HISTORY

Wells Fargo currently provides depository and custodial banking services to the City. Wells Fargo was selected through an extensive RFP process based on in-depth evaluation of the bank's overall qualifications, scope and level of services, pricing, reference checks and compliance with various City requirements. On March 11, 2009, the City issued an RFP for depository and custodial banking services to twenty-three banking institutions with branches or headquarters in Oakland. The City received responses to the RFP on April 3, 2009 from Wells Fargo and Bank of America to provide depository and custodial services and from Alta Alliance Bank and Bank of the West to provide depository banking services only. After a thorough examination of the proposals, staff invited Bank of America, Bank of the West, and Wells Fargo as the three finalists to present their qualifications to an interview panel. The panelists, which included City staff and outside entities, ranked Wells Fargo the highest among the three banks after a comprehensive evaluation of the bank's overall qualifications to provide the City with a full range of depository and custodial banking services.

On June 2, 2009, the City Council awarded Wells Fargo both contractual agreements for depository and custodial banking services for a three-year period, which commenced on December 31, 2009. By June 2010, Wells Fargo was fully transitioned and operating as the City's depository bank after an exhaustive and detailed implementation process. Wells Fargo continues to serve in this capacity until the end of the contract, which will expire on December 31, 2012.

As the City's depository bank, Wells Fargo provides general depository services such as balanced reporting, detailing debt/credit information, performing fund transfers, issuing stop payments, obtaining reports, etc. In addition, Wells Fargo also provides other banking services such as account maintenance, lockbox services, paper disbursement services, paper disbursement reconciliation services, general Automated Clearing House (ACH) services, wire transactions, and sophisticated online banking services through its Commercial Electronic Office ("CEO").

As the City's custodial bank, Wells Fargo holds and administers all of the City's investments. A comprehensive list of some of the services provided by Wells Fargo is included in *Attachment E* of this report.

ANALYSIS

Pursuant to Resolutions No. 82060 C.M.S. and 82061 C.M.S., the City Administrator has the authority to execute two one-year renewals of the depository and custodial banking agreements with Wells Fargo. On April 30, 2012, the City Council passed Resolution No. 83822 C.M.S. which amended Resolution No. 82060 C.M.S. to require that any action to extend the depository and custodial banking services contracts with Wells Fargo come back to the City Council for approval. The agreements will expire on December 31, 2012, therefore staff is seeking

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Council authority to extend the banking agreements with Wells Fargo for either one or two years, while staff conducts the RFP process for banking services. If Council approves a two year extension, the RFP process would begin in January 2014. If Council approves a one year extension, the RFP process would begin in January 2013.

Staff will evaluate the potential banking institutions in consideration for providing depository and custodial banking services to the City. The banking institution will be selected through an extensive and lengthy RFP process that involves a thorough evaluation of the banks' overall qualifications and abilities to support the City's high volume and wide-range of banking transactions. A tentative schedule of the RFP process is included as *Attachment D* of this report.

PUBLIC OUTREACH/INTEREST

This item did not require any public outreach other than the required posting on the City's website.

COORDINATION

This report has been prepared by the Treasury Division in coordination with the City Attorney's Office and Budget Office.

COST SUMMARY/IMPLICATIONS

The appropriations for depository and custodial banking services have been established in Treasury's current year bank and bonds budget. Staff has reasonable expectation that the costs associated with the contract extensions will remain within or below budgeted levels.

SUSTAINABLE OPPORTUNITIES

Economic: There is no impact to economic opportunities following actions under this report.

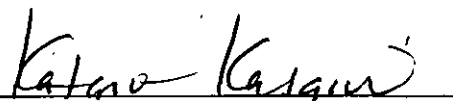
Environmental: There is no impact to environmental opportunities following actions under this report.

Social Equity: There is no impact to social equity opportunities following actions under this report.

CEQA

This report is not a project under CEQA.

Respectfully submitted,



KATANO KASAINÉ
City Treasurer, Treasury Division

Reviewed by:
David Jones, Principal Financial Analyst

Prepared by:
Bemadette de Leon, Treasury Analyst III
Treasury Division

Attachments (5):

Attachment A: Resolution No. 82060 C.M.S.

Attachment B: Resolution No. 82061 C.M.S.

Attachment C: Resolution No. 83822 C.M.S.

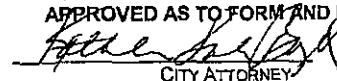
Attachment D: 2013 Schedule for Banking RFP

Attachment E: List of Banking Services Provided by Wells Fargo

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INTRODUCED BY COUNCIL MEMBER
OFFICE OF THE CITY CLERK
OAKLAND

APPROVED AS TO FORM AND LEGALITY


CITY ATTORNEY

2009 MAY 14 PM 6:36 OAKLAND CITY COUNCIL

RESOLUTION NO. 82060 C.M.S.

RESOLUTION AUTHORIZING AN AGREEMENT WITH WELLS FARGO BANK TO PROVIDE PRIMARY DEPOSITORY SERVICES FOR THE CITY AT AN ANNUAL COST NOT TO EXCEED \$275,000

WHEREAS, the City on July 1, 1999, entered into an agreement with Bank of America to provide depository services for a period of three years, with subsequent renewals; and

WHEREAS, the City on July 1, 2005, entered into a new agreement with Bank of America to provide depository services for a period of three years, with annual renewals at the City's option; and

WHEREAS, the City on March 11, 2009, issued a Request for Proposals for depository services; and

WHEREAS, four banking institutions – Alta Alliance Bank, Bank of America, Bank of the West and Wells Fargo Bank – responded to this RFP; and

WHEREAS, a City selection committee, after considering the respective capabilities and quality and cost of service of these banks, has determined that Wells Fargo would provide the most cost-effective and highest-quality service; and

WHEREAS, Wells Fargo has indicated that it can provide the currently required services for an annual amount not to exceed \$275,000; and

WHEREAS, no bank's proposal fully met the specific requirements of the City's Local/Small Business Enterprise Program or the Living Wage Ordinance; now, therefore be it

RESOLVED: That the City Administrator be authorized to negotiate and execute an agreement with Wells Fargo to provide primary depository services for the City for a three-year period with two one-year options to renew, for an annual amount not to exceed \$275,000 for current service levels; and be it

FURTHER RESOLVED: That the City Administrator be authorized to negotiate with Wells Fargo for such additional banking services as he may from time to time deem appropriate, at costs which she shall deem reasonable, provided that such services, combined with existing services, shall not exceed an annual cost of \$275,000; and be it

FURTHER RESOLVED: That the City Council finds and determines that in order to secure these services it is in the best interest of the City to waive the requirements of the Local/Small Local Business Enterprise Program and the Living Wage Ordinance.

IN COUNCIL, OAKLAND, CALIFORNIA, JUN 2 2009, 2009

PASSED BY THE FOLLOWING VOTE:

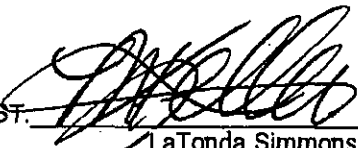
AYES- ~~BRUNNER~~, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND PRESIDENT
BRUNNER - 7

NOES- 0

ABSENT- 0

ABSTENTION- Brooks - 1

ATTEST.


LaTonda Simmons
City Clerk and Clerk of the
Council of the City of Oakland, California

Date of Attestation: 6/4/09

FILED
INTRODUCED BY COUNCIL MEMBER
OFFICE OF THE CLERK
OAKLAND

APPROVED AS TO FORM AND LEGALITY

Ruth Lee Salas
CITY ATTORNEY

2009 MAY 14 PM 6: 66

OAKLAND CITY COUNCIL

RESOLUTION NO. 82061 C.M.S.

RESOLUTION AUTHORIZING AN AGREEMENT WITH WELLS FARGO BANK, N.A. TO PROVIDE PRIMARY CUSTODIAL BANKING SERVICES FOR THE CITY AT AN ANNUAL COST NOT TO EXCEED \$25,000.

WHEREAS, the City on July 1, 1999, entered into an agreement with Bank of America to provide custodial banking services for a period of three years, with subsequent renewals; and

WHEREAS, the City on July 1, 2005, entered into a new agreement with Wells Fargo to provide custodial banking services for a period of three years, with annual renewals at the City's option; and

WHEREAS, the City, on March 11, 2009, issued a Request for Proposals for custodial services; and

WHEREAS, two banking institutions - Bank of America and Wells Fargo - responded to this RFP; and

WHEREAS, a City selection committee, after considering the respective capabilities and quality and cost of service of these banks, has determined that Wells Fargo would provide the most cost-effective and highest-quality service; and

WHEREAS, Wells Fargo has indicated that it can provide the currently required services for an annual amount not to exceed \$25,000; and

WHEREAS, no bank's proposal fully met the specific requirements of the City's Local/Small Business Enterprise Program or the Living Wage Ordinance; now, therefore be it

RESOLVED: That the City Administrator be authorized to negotiate and execute an agreement with Wells Fargo to provide primary custodial banking services for the City for a three-year period with two one-year options to renew, for an annual amount not to exceed \$25,000 for current service levels; and be it

FURTHER RESOLVED: That the City Administrator be authorized to negotiate with Wells Fargo for such additional banking services as he may from time to time deem appropriate, at costs which she shall deem reasonable, provided that such services, combined with existing services, shall not exceed an annual cost of \$25,000; and be it

FURTHER RESOLVED: That the City Council finds and determines that in order to secure these services it is in the best interest of the City to waive the requirements of the Local/Small Local Business Enterprise Program and the Living Wage Ordinance.

IN COUNCIL, OAKLAND, CALIFORNIA, JUN 2 2009, 2009

PASSED BY THE FOLLOWING VOTE:

AYES- ~~BRUNNER~~, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND PRESIDENT

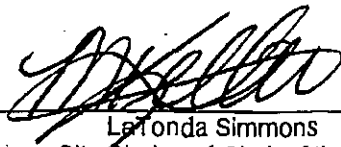
BRUNNER - 7

NOES- 0

ABSENT- 0

ABSTENTION- Brooks - 1

ATTEST:



Latonda Simmons
City Clerk and Clerk of the
Council of the City of Oakland, California

MISSING ORIGINAL LEGISLATION

Resolution / Ordinance Number: 88822
City Council Meeting Date 4.30.12
Agenda Item No. 13
Recorded Vote Saves

Reason for Missing Legislation:

- Draft submitted in agenda packet, original never received
- Council amended legislation at the meeting

Responsible Contact Information:

Department Council
Contact Person/Ext. E. Buchen x 7240

Notes (if any)

FILED
OFFICE OF THE CITY CLERK
OAKLAND, CALIFORNIA

2012 MAR -1 PM 3:12

OAKLAND CITY COUNCIL

DRAFT

RESOLUTION NO. _____ C.M.S.

Introduced by Councilmembers Brunner and Kaplan

Resolution To Amend Resolution 82060 Rescinding The City Administrator's Authority To Extend The City's Primary Depository And Custodial Banking Services Contracts And To Require That Any Action To Extend Shall Come Back To The City Council For Approval

WHEREAS, the City's primary depository and custodial banking services contracts with Wells Fargo expire on December 31, 2012; and

WHEREAS, Resolution 82060 authorized the City Administrator to negotiate and execute an agreement with Wells Fargo, including two one-year options to renew; and

WHEREAS, the role of financial institutions in the foreclosure crisis and recession has created renewed interest in and support for policies to hold banks responsible to the communities they serve;

WHEREAS, Oakland has been a leader in passing progressive banking policies such as the Linked Banking ordinance; and

WHEREAS; other Bay Area jurisdictions such as the City of Berkeley, the City and County of San Francisco, and the Peralta Community Colleges District are reviewing their banking contracts and considering responsible banking policies; and

WHEREAS; the Oakland City Council should have the opportunity to review the City's banking policies as well as consider additional requirements and conditions for the City's banking contracts before any decision is made regarding the current contract; and

RESOLVED: that the City Council hereby amends Resolution 82060 and rescinds the City Administrator's authority to extend the City's primary depository and custodial banking services contracts; and

FURTHER RESOLVED: the City Council requires that any action to extend the City's primary depository and custodial banking services contracts shall be authorized by the City Council.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF, and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

ATTACHMENT D

SCHEDULE OF ACTIVITIES FOR DEPOSITORY AND/OR CUSTODIAL SERVICES PROVIDER SELECTION (As of January 1, 2013)

January 2013							February 2013							March 2013						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2						1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28			24	25	26	27	28	29	30
														31						

April 2013							May 2013							June 2013						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6				1	2	3	4							1
7	8	9	10	11	12	13	5	6	7	8	9	10	11	2	3	4	5	6	7	8
14	15	16	17	18	19	20	12	13	14	15	16	17	18	9	10	11	12	13	14	15
21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22
28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29
														30						

Date	Description
January 2 – 18, 2013:	Develop RFP, ID recipients
January 21:	Issue RFP
February 8:	Bidder's Conference
March 25:	Submission Deadline
March 26 – April 5:	Review Proposals
April 8:	Notify Finalists via Email
April 15 – 19:	Interview Finalists
April 24:	Select Banking Provider(s)
1 st week of May:	Submit Staff Report to City Administrator's Office
May 2013:	Finance and Management Committee
1 st week of June:	City Council
June 2013:	Start Process
December 2013:	Complete Conversion

ATTACHMENT E

Wells Fargo Banking Services

Depository and Banking Services	Statements and Reporting	Web Services	Safekeeping/ Custodial Services
<ul style="list-style-type: none"> • Account Maintenance • Merchant Card Services • Lock Box Services • Payroll Direct Deposit • Receipt and Processing of Bags from Armored Carrier • Check 21 • Paycard • Priority Teller Service • Electronic Data Transfer • Automated Clearing House Services • ACH Fraud Filter 	<ul style="list-style-type: none"> • Monthly Statement • Monthly Account Analysis Statement • Annual Statement • Issue Recap Report • Checks Paid Report • Outstanding Checks Register • Miscellaneous Advice Activity • Consolidated Register 	<ul style="list-style-type: none"> • Image Inquiry • Image on Demand • Treasury Information Reporting • Business Statements • Image Lockbox • Stop Payments • Wire Transfer • Positive Pay • Account Balance Inquiry • Transaction Inquiry • Deposit History • Cash Vault Inquiry • Event Messaging • ACH Services • Returned Item Search 	<ul style="list-style-type: none"> • Safekeep all securities • Settle securities transactions • Collect all investment income relating to assets • Present for payment all maturing securities or any securities called for redemption and collect proceeds • Monthly statements of all securities held in safekeeping • Provide confirmation of each trade

INTRODUCED BY COUNCIL MEMBER _____

FILED
OFFICE OF THE CITY CLERK
OAKLAND

APPROVED AS TO FORM AND
LEGALITY

Katherine Helen Boyd
DEPUTY CITY ATTORNEY

2012 NOV 15 AM 11:19

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C. M. S.

RESOLUTION AUTHORIZING [ONE-YEAR, TWO-YEAR] EXTENSIONS TO THE CURRENT AGREEMENTS WITH WELLS FARGO BANK TO PROVIDE PRIMARY DEPOSITORY SERVICES FOR THE CITY AT COSTS NOT TO EXCEED \$275,000 ANNUALLY AND PRIMARY CUSTODIAL BANKING SERVICES AT A COST NOT TO EXCEED \$25,000 ANNUALLY

WHEREAS, the City on March 11, 2009, issued a Request for Proposals for depository services; and

WHEREAS, four banking institutions – Alta Alliance Bank, Bank of America, Bank of the West and Wells Fargo Bank – responded to this RFP; and

WHEREAS, a City selection committee, after considering the respective capabilities and quality and cost of service of these banks, determined that Wells Fargo would provide the most cost-effective and highest-quality service; and

WHEREAS, on June 2, 2009 the City Council approved Resolution No. 82060 C.M.S., authorizing the City Administrator to negotiate and execute an agreement with Wells Fargo to provide primary depository services for the City for a three-year period with two one-year options to renew, for an annual amount not to exceed \$275,000 for current service levels; and

WHEREAS, on June 2, 2009 the City Council approved Resolution No. 82061 C.M.S., authorizing the City Administrator to negotiate and execute an agreement with Wells Fargo to provide primary custodial banking services for the City for a three-year period with two one-year options to renew, for an annual amount not to exceed \$25,000 for current service levels; and

WHEREAS, on April 30, 2012 the City Council approved Resolution No. 83822 C.M.S. amending Resolution No. 82060 C.M.S. to require that any action to extend the City's primary depository and custodial banking contracts come back to the City Council for approval; and

WHEREAS, the three-year period of the agreements with Wells Fargo commenced on December 31, 2009 and expire on December 31, 2012; now, therefore be it

RESOLVED, that the City Administrator is authorized to extend the current primary depository and primary custodial banking agreements with Wells Fargo for an

[one, two] additional year[s] until December 31, [2013, 2014] at annual costs not to exceed \$275,000 for depository services and \$25,000 for custodial banking services.

IN OAKLAND, COUNCIL, CALIFORNIA, _____, 2012

PASSED BY THE FOLLOWING VOTE:

**AYES: - DE LA FUENTE, KERNIGHAN, NADEL, SCHAAF, BROOKS, BRUNNER, KAPLAN, AND
PRESIDENT REID**

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California