

COUNCIL ACTION FORM

SUBJECT: AWARD FOR BANKING SERVICES TO FIRST NATIONAL BANK

BACKGROUND:

It is the City's policy to periodically request proposals for banking services from local financial institutions. The current contract for banking services with First National Bank will expire September 30, 2012. The contract that Council is being asked to approve will expire September 30, 2015 with a three-year renewal option available.

Fees quoted by the financial institutions are based on a per item cost for historical or anticipated City transaction volume. These estimated costs could vary if volume changes significantly.

Four financial institutions responded to the Request for Proposal for Banking Services (RFP). A committee comprised of the Director of Finance, City Treasurer and Utility Customer Services Supervisor reviewed and rated the proposals. The rating criteria set forth in the RFP was based on the following:

Costs	25%
Availability and quality of service	35%
Community reinvestment	5%
Cost of conversion and implementation	10%
Bank stability (financial and organizational)	15%
Technology	10%

Based on the criteria above, the average score and calculated annual cost are shown below:

Financial Institution	Average Score	Calculated Annual Cost
First National Bank	8.8	\$ 8,142.00
Great Western Bank	7.0	\$16,800.00
Wells Fargo Bank	6.3	\$43,745.76
Bankers Trust	6.3	\$73,523.91

The committee members each separately evaluated the institutions. Based on the RFP criteria, the highest rated proposal was received from First National Bank at the lowest calculated annual cost of \$8,142. The calculated annual cost for the next highest rated proposal was approximately twice that amount.

ALTERNATIVES:

1. Adopt the Depository Resolution designating First National Bank of Ames, Iowa, as the depository bank for the City of Ames through September 30, 2015, with a three-year renewal option, at a calculated annual cost of \$8,142 for services requested.
2. Direct staff to further review proposals and make a recommendation to award services to another proposer.
3. Reject all proposals.

MANAGER'S RECOMMENDED ACTION:

The City is required to have banking services to conduct financial transactions. The First National Bank proposal provides the best value for the City for the services required.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the Depository Resolution designating First National Bank of Ames, Iowa, as the depository bank for the City of Ames through September 30, 2015, with a three-year renewal option, at a calculated annual cost of \$8,142 for services requested.