

ITEM #: 16
DATE: 09-24-24
DEPT: FIN

COUNCIL ACTION FORM

SUBJECT: AWARD FOR BANKING SERVICES TO FIRST NATIONAL BANK FOR FISCAL YEARS 2024/2025, 2025/2026, AND 2026/2027, WITH A THREE-YEAR RENEWAL OPTION

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 on September 30, 2024. Therefore, staff prepared a Request for Proposal for Banking Services (RFP).

A committee comprised of Corey Goodenow, Director of Finance; Roger Wisecup, City Treasurer; and John Odenweller, Utility Accounts Supervisor, reviewed and rated the proposals. The rating criteria outlined in the RFP was based on the following:

- 30% - Cost
- 35% - Availability and quality of service
- 10% - Cost of conversion and implementation
- 15% - Bank stability (financial and organizational)
- 10% - Technology

The financial institutions' fees are based on a per-item cost for historical or anticipated City transaction volume. These estimated costs could vary significantly if volume changes. 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	\$12,661
Bankers Trust	7.3	\$135,976
Wells Fargo	5.9	\$25,246
Northwest Bank	5.2	\$240
First Interstate Bank	4.8	\$285,835
Availa Bank	3.9	\$24,000

The committee members evaluated the institutions' proposals separately. Based on the RFP criteria, First National Bank's proposal met all the required services and received the highest rating at the second lowest calculated annual cost of \$12,661. It should be noted that while all institutions are able to fulfill the banking requirements included in the RFP, only First National Bank and Bankers Trust were able to provide the custodial services (investment holdings) included in the RFP without the inclusion of a third party.

It is also important to note that institutions were required to provide the interest rate the City would return on its deposits as part of the RFP. **While each utilized a different method for interest earnings, based on current market conditions, First National Bank provides the greatest interest**

return at an estimated \$1.6 million annually. The next best return from the responses expected to return approximately \$1.485 million, or roughly \$120,000 less annually.

The contract now before the City Council for approval will expire September 30, 2027, with a three-year renewal option available.

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, 2027, with a three-year renewal option, at a calculated annual cost of \$12,661 for services requested.
2. Direct staff to further review proposals and make a recommendation to award services to another proposer.
3. Reject all proposals.

CITY MANAGER'S RECOMMENDED ACTION:

The City requires banking services to conduct financial transactions. The First National Bank proposal provides the best value for the required services. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.