

Banking and Investment Services



September 10th, 2020

Banking and Investment Services

Scope

PURPOSE OF AGENDA ITEM

The approach to selecting the Town’s banking and investment service providers was discussed by the “*Banking and Investment Summer Workgroup*” and is being brought to the Mayor and Town Council in the spirit of transparency, to continuously find improvements and to regularly review processes that support the Town’s tradition of judicious fiscal management.

NOT DISSATISFIED WITH SERVICES

The discussion was not initiated by or a result of dissatisfaction or concern with the Town’s current banking services or investment practices.

THREE SERVICE AREAS

- I. Government banking services;
- II. Merchant Services (Credit Cards); and
- III. Investment pool participation.



Banking and Investment Services

I. Banking

CURRENT STATUS

The pricing contract for Banking Services with Wells Fargo has expired.

With the complexity and infrequent nature of banking Request for Proposals (“RFP”), experts are typically engaged.

RECOMMENDED ACTION

- Extend with Wells Fargo through December 2021 via coop agreement;
- Receive new pricing; and
- Examine the feasibility of procurement options during the 2022 budget process, such as a Request for Proposal (“RFP”).

WHY CHANGE PRICING BEFORE RFP?

- Duration of RFP; Pricing contract negotiable
- Estimated cost savings of \$4,921

WHY RFP vs CO-OP?

Find what is best for the Town’s current and long-term strategic financial services plan.

ADMINISTRATIVELY OR COUNCIL ACTION

- Extending to Dec 2021 can be done administratively; (budgeted and cost < \$100,000)
- Into CY2022 requires Council action as estimated cost over \$100,000;
- The FY2021/22 budget would give direction beyond December 2021.



CURRENT STATUS

- The Town has two service providers:
- “Wells Fargo” terminals are physically in Municipal Court and Post Office; and
 - “Express Bill Pay” on-line services are utilized by Community Development and Finance Departments.

Community Development passes the credit cards fees along to the customer, all other departments do not.

Any RFPs for these services will require a concerted effort of all impacted departments.

RECOMMENDED ACTION

Continue with status quo and review concurrently but separately with Banking Services before adoption of the FY2021/22 budget.

Goal will be to find / validate what is best for the Town and its customers.



CURRENT STATUS

Per the investment policy, Management is to “maintain a list” of potential and eligible providers.

The current list of options includes one investment manager, one service bank and participation in two investment pools:

- PFM, Investment Management;
- Wells Fargo, Service Bank;
- Wells Fargo Money Market pool account;
- State of Arizona Treasurer’s Local Government Investment Pool #5 (LGIP).

SCHEDULED ACTION

A Request for Proposal is scheduled to be released September 15th, 2020 to expand the current list of qualified banks with investment pools and services.

Any number (one, one or more) responding investment banks may be selected and added to the list of options for the Town.



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Costs and Question

Current WF Cost Estimates

Fund / Department	FY2020/21 Estimated Costs	
	Banking	Credit Card
General Fund	\$ 23,062	-
Alarm Fund	437	-
Fire Service	7,993	-
Sewer Fund	2,552	-
Courts *	-	\$ 15,486
Post Office *	-	8,593
CDD	-	**
Finance	-	**
Total WF	\$ 34,044	\$ 24,079

* Based on 2019 activity

** FY2020 "Express bill pay" = \$ 68,940

IMPACT OF NEW PRICING

The next slide was provided by WF. It containing "analyzed charges" under a new pricing and shows an annual savings in banking services of \$4,921.

COUNCIL DIRECTION (Question)

Continue as outlined and bring back before May 2021 ? Go full procurement now ? Or other ?



Pricing Update and Subsequent Savings

As the result of the pricing extension, the following products will be updated, resulting in an annual savings of \$4,921.80 in analyzed charges:

AFP Code	Service Description	Charge Basis	New Price	Existing Price	Volume	New Charges	Existing Charges	Savings
010000	DDA STMT W/IMAGE CLASSIC-MTHLY BASE	Account	2.00000	5.00000	1	2.00	5.00	3.00
050401	WTLBX TRANSMISSION MONTHLY BASE	Transmission	75.00000	220.00000	1	75.00	220.00	145.00
100416	CEO RETN ITEM SUBSCRIPTION PER ACCT	Subscription	35.00000	75.00000	1	35.00	75.00	40.00
109999	SMART DECISION-ELEC CHECK ACH	Check deposited	0.06000	0.12000	125	7.50	15.00	7.50
109999	SMART DECISION-ELEC CHECK ACH ONUS	Check deposited	0.06000	0.12000	32	1.92	3.84	1.92
150240	PYMT AUTH MAX CHECK MTHLY BASE	Account	10.00000	60.00000	3	30.00	180.00	150.00
350300	WIRE IN DRAWDOWN- DOMESTIC	Message	10.00000	22.00000	2	20.00	44.00	24.00
40022Z	CEO EVENT MESSAGING SERVICE - EMAIL	Email	0.10000	0.30000	97	9.70	29.10	19.40
400272	CEO PREV DAY REPORTING ITEMS LOADED	Item loaded	0.03500	0.06000	173	6.06	10.38	4.33
40005Z	CEO BASIC BANKING - MONTHLY BASE	Company	5.00000	20.00000	1	5.00	20.00	15.00
								410.15

\$2,837

Existing monthly charges

\$2,427

New monthly charges after the
above pricing changes

\$4,921.80

Total approximate annual savings in
analyzed charges

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