



## Legislation Text

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**TO:** Mayor Bien-Willner and Town Council Members

**FROM:** Jill Keimach, Town Manager  
Douglas Allen, CFO

**DATE:** September 10, 2020

**DEPARTMENT:** Finance

**AGENDA TITLE:**

**Discussion and possible direction on options for Banking and Investment Services**

**SUMMARY STATEMENT:**

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 transparency, to continuously find improvements and to regularly review processes that support the Town's tradition of judicious fiscal management. The discussion was not initiated by or a result of dissatisfaction or concern with the Town's current banking services or investment practices.

**Three services areas under consideration:**

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

**I. GOVERNMENT BANKING**

The Town has used Wells Fargo as its primary bank for all governmental banking services for an extended period. The pricing contract has expired. Like all other contracts with the Town, a formal procurement process is required.

With the complexity and infrequent nature of procuring banking services, governments typical engage a consultant to assist in this process. However, compared to medium and large municipalities, the cost benefit of a consultant for Paradise Valley is a factor to consider.

**Recommended Action:**

Extend with Wells Fargo through December 2021 via a co-op agreement for new pricing and examine the feasibility of procurement options during the 2022 budget process.

*Why Change Pricing Models before Request for Proposal (“RFP”)?*

- The duration of a banking RFP can be extensive;
- The current pricing contract is expired and can be negotiated; and
- The Town may benefit from an estimated savings of \$4,921 per year, based on “analyzed charges” and Wells Fargo new rate structure.

*Why look to do an RFP procurement rather than extend long-term via co-op agreement?*

- Adequate assurance the selected servicing bank:
  - Is the best for the Town’s current needs; and
  - Can meet the Town’s long-term strategic financial services plan.
- Allows time for:
  - Reviewing the cost / benefit of the formal processes; and
  - Considerations and process to hire a consultant for assistance

*Can this be done administratively, or does it require Council action?*

- Extending through December 2021 can be done administratively:
  - The service is specifically budgeted; and
  - The full contract cost is less than \$100,000.
- Extending into CY2022 would require Council action:
  - The full multi-year contract costs are estimated over \$100,000.
- The FY2021/22 budget would charter the course beyond December 2021.

## **II. MERCHARGE SERVICES (CREDIT CARDS)**

Currently 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 proposals 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. The goal is to find / validate what is best for the Town and its customers.

## **III. INVESTMENT POOLS**

The Town’s Investment Policy allows for the selection of various banks, investment pools and investment managers by the Town Manager or designee that meet the Town’s objectives as stated and defined in the Investment Policy.

Per policy, Management is to “maintain a list” of potential and eligible providers. The current list 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; and
- State of Arizona Treasurer's Local Government Investment Pool #5 (LGIP).

**Scheduled Action:**

A Request for Proposal is scheduled to be released September 15<sup>th</sup>, 2020 to expand the current list of qualified banks with investment pools and services. Any number (none, one, or more) responding investment banks may be selected and added to the list of options for the Town.

**ATTACHMENT(S):**

Banking Services Presentation v1