



Agency Rpt (41)

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
Sacramento, California

CITY MANAGER'S OFFICE
RECEIVED
APPROVED
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

Honorable Members **APPROVED**

SUBJECT: Selection of provider of Banking Services

SUMMARY

JAN 25 1983

This report recommends the approval for the selection of First Interstate Bank as the Agency's provider of banking services.

BACKGROUND

In the Spring of 1982, the Sacramento Housing and Redevelopment Commission inquired as to the current provider for Agency banking services and how the provider was originally selected. At the present time, the Agency utilizes both River City Bank and Central Bank. Both banks were selected several years ago and present staff is unaware of the process used to select these institutions. The determination was made to competitively select one banking institution to provide banking services for the Agency.

On October 19, 1982, the Governing Boards approved the process for selection of a provider for banking services and Banking Service Proposal-Request for Bids. Seven bids were received by the deadline of November 22, 1982 at 4:00 p.m. from the following banks:

1. Bank of America
2. First Interstate Bank
3. Imperial Bank
4. River City Bank
5. Security Pacific Bank
6. Union Bank
7. Wells Fargo Bank

A selection committee composed of Donald Sperling, Assistant City Treasurer; Alan Doumas, Accountant from the County Treasurers Office; and Rick Vorpe, Financial Analyst from the Agency reviewed and evaluated all bids based on established criteria (See Exhibit I). Bank of America and Wells Fargo Bank were eliminated after the initial evaluation and the remaining five banks were selected for additional

1-25-83
All Districts

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento

Page Two

interviews and evaluation. The selection committee recommended that First Interstate Bank be selected as the provider of banking services for the Agency based on the proposal attached as Exhibit II. The term of the Agreement is for three years with cancellation privileges for either party upon ninety days written notice. Unit prices are firm for the life of the Agreement.

FINANCIAL DATA

The Agency does not pay a fee for banking services but compensates the bank by maintaining account balances sufficiently large enough to offset the bank charges. Bank charges are determined by multiplying the number of each type of transaction by the unit price per transaction. This monthly charge is offset by an earning credit determined by multiplying the average daily bank balance by the earning credit rate. The Agency does pay for armored carrier service and for check stock. Both of these items will now be paid for by the bank. In addition, staff in the Finance Division presently involved with bank reconciliation will be able to devote more of their time to other tasks since the bank will be performing a reconciliation service. Present indications are that the Agency would receive all of these additional services with no increase in compensating balances. In addition, First Interstate Bank also has the capability of providing lock box services and cash management services. Present plans are to implement both of these services later in the 1983 year.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of January 17, 1983, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Angelides, Hall, Luevano, Miller, Teramoto, Walton

NOES: None

VACANCY: One

ABSENT: Dickinson

POLICY IMPLICATIONS

The proposed actions in this staff report are consistent with current policy.

RECOMMENDATION:

The staff recommends: (1) approval for the selection of First Interstate Bank as the Agency's provider of banking services; and (2) authorization for the Executive Director to negotiate and execute an agreement based on the approved proposal attached as Exhibit II

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

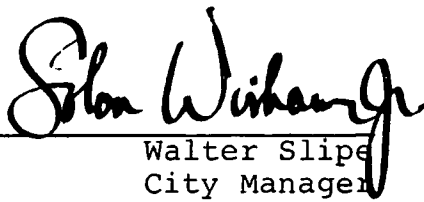
Redevelopment Agency of the
City of Sacramento

Page Three

Respectfully submitted,


WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:


for: Walter Slipes
City Manager

RESOLUTION NO. 83-008

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

January 25, 1983

RESOLUTION APPROVING SELECTION OF
FIRST INTERSTATE BANK AS THE PROVIDER
OF BANKING SERVICES FOR THE AGENCY
AND AUTHORIZING THE EXECUTIVE DIRECTOR
TO NEGOTIATE/EXECUTE A CONTRACT

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO:

Section 1. The selection of First Interstate Bank
as the provider of banking services for the Agency is approved.

Section 2. The Executive Director is hereby author-
ized to negotiate and execute a contract with First Interstate
Bank to provide banking services as outlined in Exhibit II for
the period of three years subject to annual approval by the
Agency for extension.

CHAIRMAN

ATTEST:

SECRETARY

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

JAN 25 1983

RESOLUTION NO. 83-004

ADOPTED BY THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO

ON DATE OF

January 25, 1983

RESOLUTION APPROVING SELECTION OF
FIRST INTERSTATE BANK AS THE PROVIDER
OF BANKING SERVICES FOR THE AUTHORITY
AND AUTHORIZING THE EXECUTIVE DIRECTOR
TO NEGOTIATE/EXECUTE A CONTRACT

BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY
OF SACRAMENTO:

Section 1. The selection of First Interstate Bank
as the provider of banking services for the Authority is
approved.

Section 2. The Executive Director is hereby author-
ized to negotiate and execute a contract with First Interstate
Bank to provide banking services as outlined in Exhibit II for
the period of three years subject to annual approval by the
Authority for extension.

CHAIRMAN

ATTEST:

SECRETARY

APPROVED
SACRAMENTO HOUSING AUTHORITY
CITY OF SACRAMENTO

JAN 25 1983

CRITERIA FOR SELECTION

- Size of compensating balance
 - Function of: Earning credit base
 - Per item charges
 - Reserve Requirements
 - Fixed or flexible rates
 - Float factor
- Service provided
 - Are all required services provided?
 - 3 checking accounts
 - Rehab escrow account
 - loan repayment account with/follow-up
 - account reconciliation service
 - VISA/Mastercard
 - same day use of deposited funds (float factor = 0)
 - repurchase agreements
 - compensating balances for all services
 - FDIC Insurance plus 100% collateralized
(Federal Government obligation)
 - three year time period

Additional services

- Armored Carrier
- Lock Box (important-will replace armored carrier)
- Checks provided

Optional services that bank suggests

-
-

- Will there be additional charges of any type?
 - Set up charge for loan repayment
 - Charges for late notices

-

Timeliness of service

- Are all operations local?
 - if no, any delays likely
- Local officer assigned to us to handle problems?

- Location of Bank
- Minority Ownership?
- Local Ownership?
- Copy of bank agreement available?
- Uses of excess earning capacity
 - Offsets to insufficient earnings in other months
 - Other services
 - Interest earning accounts

Overall quality of:

- Written Proposal
- Oral Interview



First Interstate Bank
of California
Box 1228
Sacramento, CA 95806
916 449-2200

January 5, 1983

Richard K. Slaymaker
Assistant Finance Director
Sacramento Housing and Redevelopment Agency
630 I Street
Sacramento, California 95814

Dear Mr. Slaymaker,

Enclosed is a list of First Interstate Bank fixed prices developed for the Sacramento Housing and Redevelopment Agency bid proposal.

The prices are all fixed for the three year contract except for, Armored Car Service.

The earnings allowance rate will vary from month to month and is based on (average 90 day CD rates for the same period).

Sincerely,

A handwritten signature in dark ink, appearing to read 'Wayne Camp', written over a light-colored background.

Wayne Camp
Vice President and
Operations Manager

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

COST DEVELOPMENT FOR BID PROPOSAL

	3/83 - 2/86 Price Per Unit	Average Annual Price
<u>I. DDA Services</u>		
Items Paid	\$.08500	\$ 4,845.00
Deposit Tickets	1.15963	4,174.67
Items Deposited	.07700	2,310.00
Returned Items	.86972	104.37
Stop Payments	5.21833	313.10
Wires - Outgoing	17.89444	1,043.67
Wires - Incoming	11.59629	695.78
Currency Deposited	.86972	344.41
Monthly Maintenance	5.79815	278.31
Total DDA Services		<u>\$14,109.31</u>
<u>II. Account Reconciliation Services</u>		
Plan I - Full Reconciliation		
Mo. Base Fee (Primary Acct.)	40.58702	\$ 487.04
(Additional Acct.)	23.19258	556.62
Item Paid - Tape		
Payroll Account	86.97218	1,043.67
General Account	.08783	1,844.43
Section 8 Account	.05914	1,175.30
Stop Payment	3.07302	184.38
Total Account Reconciliation Services		<u>\$ 5,831.44</u>
<u>III. BankCard</u>		
Deposit Tickets	.86972	\$ 497.48
Merchant Discount	3.10%	632.40
Total BankCard Services		<u>\$ 1,129.88</u>
		<u>\$21,070.63</u>
TOTAL EXPENSE BEFORE ADDITIONAL SERVICES		
		<u>\$213,210.00</u>
<u>ADDITIONAL SERVICES</u>		
<u>I. Armored Car Service (Brinks)</u>		
Set Up	3.33000	\$ 3.33
Pick Up	163.00000	1,956.00
Monthly Maintenance	3.47889	41.75
Locked Bag	3.48000	174.00
Total Armored Car Services		<u>\$ 2,175.08</u>
<u>II. Lock Box</u>		
Item	.26671	\$ 8,001.30
Deposit Ticket	.34489	91.84
Monthly Maintenance	86.97218	1,043.67
Total Lock Box Services		<u>\$ 9,136.81</u>
<u>III. Supply</u>		
Checks - 1 part	.06029	\$ 1,808.70
3 parts	.03110	933.00
Endorsement Stamp		
Total Supplies		<u>\$ 2,741.70</u>
		<u>\$35,124.22</u>
TOTAL EXPENSE INCLUDING ADDITIONAL SERVICES		
		<u>\$35,124.22</u>
TOTAL COLLECTED BALANCE REQUIRED (REQUIRED SERVICES PLUS ADDITIONAL SERVICES)		<u>\$355,415.00</u>