



Finance Committee Memorandum

City of Arts & Innovation

TO: FINANCE COMMITTEE MEMBERS **DATE: SEPTEMBER 14, 2016**
FROM: FINANCE DEPARTMENT **WARDS: ALL**
SUBJECT: REPORT ON CITY'S BANKING INSTITUTIONS AND RESPONSIBLE BANKING UPDATE

ISSUE:

Receive a report of the City's banking institutions and Bank of America's 2015-16 Responsible Banking update.

RECOMMENDATION:

That the Finance Committee receive the report of the City's banking institutions and Bank of America's 2015-16 Responsible Banking update.

BACKGROUND:

The Finance Department is responsible for managing the City's banking relationships. In October 2012, the Finance Committee authorized a Request for Proposals ("RFP") to be distributed to all interested banking institutions for Treasury, Merchant and Purchasing Card services to ensure that the City was receiving the most favorable pricing available, and to determine if there were any processing efficiencies available through other vendors. In addition, the Committee was interested in having each bank detail their approach to "Responsible Banking" in their bid response documents.

The RFP was distributed in November 2012 to the following banks that expressed interest in competing for the contract:

US Bank	Bank of The West
Union Bank	J.P. Morgan/Chase
Wells Fargo Bank	BBVA/Compass Bank
Bank of America	Citizens Business Bank

Proposals were received from all of the above banks except for Citizens Business Bank.

Through the RFP evaluation process, it has been determined that Bank of America submitted the most cost effective proposal of all banks, featuring extremely low monthly fees, significant earnings for overnight funds, and a competitive Purchasing Card rebate program.

On April 23, 2013, the City Council approved staff's recommendation that Bank of America continue to serve as the City's Treasury and Merchant Card Services provider for a contract term of five years, with the option of three additional one year renewals. The Bank of America's contract is now in its third year.

DISCUSSION:

Responsible Banking

Responsible Banking refers to a strong commitment by banks to address corporate social responsibility as an integral part of its business activities by contributing in a sustainable manner to the improvement of the financial well-being of its client, the community and the society. In August 2012 the Finance Committee addressed Responsible Banking as it pertained to the City's various banking relationships. Upon direction and approval from the Finance Committee, responsible banking language was included in the 2012 Request for Proposals for Banking Services and was used as a criterion to evaluate proposals submitted by the banking institutions.

All the bidders demonstrated various efforts toward Responsible Banking. However, Bank of America demonstrated a significant commitment to the local region in their 2012 proposal, and have since provided to staff a 2015 update entitled "Bank of America Investing in Riverside", which highlights their support of Riverside-based nonprofits, regional organizations, Riverside Chamber of Commerce, and sponsorship of many events in Riverside.

Bank of America has approximately 250 employees working in Riverside, six financial centers and twelve ATM locations.

Bank of America is also a nationwide banking industry leader in the following areas:

- Financial/Credit Ratings
- Commitment to Public Sector
- Commitment to Treasury
- Recognition in the Marketplace
- Client Fulfillment & Servicing
- U.S. Footprint/ Electronic Banking Capabilities

Additional Banking Institutions

Although Bank of America is the City's Treasury Depository and Merchant Services provider, the City makes an effort to use other banks for additional banking relationships as outlined :

Banking Institution		Selection Based On:	Opened	Current Balance (\$000's)
Bank of America		RFP		
	General		4/28/1994	33,020
	Payroll		5/5/1994	26
	COR 125		12/16/2003	21
	City Litigation Service		3/17/2009	4
CalTrust		Legacy depository maintained as an alternative to LAIF		
	Heritage Money Market Fund		9/14/2009	10,065
	CalTrust Short Term Fund		4/27/2006	1,302
	CalTrust Medium Term Fund		4/27/2006	0
	Government Money Market Fund		10/1/2015	0
Citizens Business Bank		Former City Treasury selected depository in support of local banks	11/12/2011	5,079
LAIF		Local Agency Investment Fund run by the State of California		
	City of Riverside		7/1/1988	49,540
	Riverside Public Finance Authority		3/20/1991	49,398
BBVA Compass		Part of the Convention Center Remodel Loan Agreement	8/22/2012	1,015

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Scott G. Miller PhD., Chief Financial Officer/City Treasurer
 Certified as to availability of funds: Scott G. Miller PhD., Chief Financial Officer/City Treasurer
 Approved by: Marianna Marysheva-Martinez, Assistant City Manager
 Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Bank of America Investing in the City of Riverside 2015
2. Presentation