

Business Item

Metropolitan Council



Committee Meeting Date: September 27, 2023

For the Metropolitan Council: October 11, 2023

Business Item: 2023-218

General Banking, Custody, and P-Card Services, Master Contract 22P382

District(s), Member(s): All

Policy/Legal Reference: FM 14-2 - Expenditures for the Procurement of Goods, Services, and Real Estate Policy

Staff Prepared/Presented: Mark Thompson, Director Treasury, 651-602-1629; Lila Eltawely, Enterprise Equity Senior Manager, Office of Equity and Equal Opportunity (OEEO), 651-602-1762

Division/Department: Regional Administration / Finance

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to award and execute contracts 22P328A-D, which will provide the Council with General Banking, Custody, and Purchasing Card services, in an amount not to exceed \$770,000.

<u>Contracted Service</u>	<u>Organization</u>	<u>Contract Number</u>	<u>Contract Amount</u>
General Banking	Wells Fargo	22P328A	\$ 550,000.00
General Banking	US Bank	22P328B	\$ 20,000.00
Custody	Principal Custody Solutions	22P328C	\$ 200,000.00
Purchasing Card	Bank of America	22P328D	No Cost

Background

Council banking services are centrally administered by the Treasury department in Regional Administration Finance. Custody services are utilized by the Treasury department and provide investment-related safekeeping, processing, and reporting for the Council's ~\$1.5 billion Short- and Long-term investment portfolios. The Purchasing Card department is also within Regional Administration Finance and administers purchasing card services Council wide. These services were last solicited in 2018.

The Request for Proposals was issued on February 1, 2023. A pre-proposal meeting was hosted by Council staff that outlined the solicitation requirements, discussed project specifications, and responded to plan holder inquires. There were eighteen registered plan holders, thirty consultants, three subcontractors, two plan rooms, and ten plan holders identified as minority, woman, veteran, small, or disadvantaged business enterprises.

The Council received eleven proposals on April 4, 2023, to be evaluated for the consideration of

award across three categories of financial services – 1) General Banking services; 2) Custody services; and 3) Purchasing Card services. The RFP invited proposers to bid on one, two, or all three of the services.

To create opportunity for all size banks to bid, for the first time the Council's general banking accounts were divided into four subgroups. An online information session was held to inform potential proposing banks of this new subgroup structure and obtain feedback. Eleven community banks attended this session.

Although a Metropolitan Council Underutilized Business Program (MCUB) goal was not set for this locally-funded procurement, the Council did require the completion of a Financial Equity questionnaire which was part of the evaluation for all proposals. The questionnaire was developed and evaluated with the assistance of the Office of Equity and Equal Opportunity (OEEO).

Four separate panels evaluated proposals for General Banking, Custody, P-Card, and the questionnaire. Evaluation panels included staff from Treasury, Purchasing Card, General Ledger, Environmental Services, Metro Transit, Community Development, and OEEO. Panel consensus meetings were held in May, June, and July. Each panel reached consensus and have recommended four proposers across the three service categories.

All four proposed contracts are expected to be for a period of 5 years, structured with an initial 3-year term with two additional one-year renewal options.

Rationale

Proposals were evaluated on four criteria: 1) Quality, 2) Qualifications, 3) Experience, and 4) Price. The community development and equity based questionnaire was part of the Qualifications criteria.

Of the eight proposals for General Banking services, Wells Fargo's proposal demonstrated an excellent understanding of the products and services needed for the Council's large banking needs as well as offering the lowest total price. The panel recommends Wells Fargo for three General Banking subgroups - A1, A2 and A3. Wells Fargo offered overall the lowest cost using the Council's recent volumes and the proposed pricing is 9% less than the Council's current contract.

The General Banking panel is recommending US Bank for General Banking subgroup A4. This subgroup is for a single deposit account used only by the Metro Transit store located in the St. Paul skyway. This recommendation is based on convenience.

Of the four proposals received for Custody services, the panel came to consensus that Principal Custody Solutions offered a solid combination of staff experience, technical capabilities and offered the lowest cost based on actual Council investment holdings and transaction volumes. The proposal offered fees approximately 60% less than the current contract.

Of the eight proposals received for P-Card services, Bank of America's proposal was comprehensive and demonstrated excellent qualifications and the experience required for the Council's P-Card program. Bank of America also offered one of the highest rebate percentages with zero program costs. At projected spend volumes, the rebate represents a 23% increase over the current contract.

Thrive Lens Analysis

Stewardship – Competitively bidding for general banking services, investment custodian services and P-Card services provides the best pricing and service to the Council.

Funding

General Banking and Custody fees are funded through the Council's cost allocation process and are included in the operating budget. It is expected that all General Banking fees will be paid with earnings credits resulting in a zero net cost. The P-Card program does not incur any fees and receives a rebate from its transactions.



Small Business Inclusion

OEEEO thoroughly reviewed this procurement for MCUB opportunities in accordance with federal and state laws and regulations as well as contract specifications. Upon conclusion of OEEEO's research and analysis, no MCUB goal was set. However, the completion of a Financial Equity Questionnaire was required for all proposal submittals. In addition, OEEEO's Enterprise Equity Sr. Manager served as a member of all selection panels.

