



## MEMORANDUM

**TO:** Mark Z. Finigan, Assistant City Manager  
**FROM:** Roger D. Wittenberg, Finance Director  
**DATE:** May 16, 2012  
**SUBJECT:** City of Key West Request for Proposals (RFP) #005-12 Banking Services Contract Approval

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### **ACTION STATEMENT:**

Purpose of this resolution is to rank the responses received to the RFP for Banking Services and to authorize the City Manager to negotiate and execute a contract with the highest ranked firm.

### **BACKGROUND:**

On March 28, 2012 the city received 3 responses to its RFP for Banking Services.

David Jang of The PFM Group (PFM) assisted the City in the preparation of the RFP. He also reviewed and analyzed the responses to the RFP for compliance with the terms and conditions as set forth in the RFP and prepared the Banking Services Pricing Chart. (attached)

Based upon his analysis and my review of the RFP's I have ranked the RFP's as follows:

First State Bank:	95.5
BB&T:	92.5
Bank of America:	88.0

## ANALYSIS:

The City received 3 responses all from well qualified firms. Any of the 3 firms could perform the required services as requested by the City in the RFP.

**First State Bank (FSB)** is the City's current provider of banking services and has provided outstanding service and customer assistance. FBS met all the requirements of the City RFP and listed all local personnel as part of the City's account team. While FSB proposed the highest monthly fee for banking services it also proposed the most favorable interest on the City's average collected balance, Fed Funds rate plus 10bps with a floor of 81 bps, which would result in a positive net income of approximately \$36,350 annually. FSB did not propose an earnings credit rate.

**BB & T** also provided a very favorable proposal and is highly capable of providing the City with the required service. BB&T enlisted local personnel as part of the City's account personnel. While their fee proposal was somewhat less than FSB, \$500 per month, based upon the volumes in the proposal, the interest earned on available balances was also substantially less, \$2,500 per month. The annual net income to the City for the first year is \$30,000 less than FSB. BB&T proposed an earnings credit rate of Fed Funds minus 25bps with a floor of 65bp and a interest on idle funds of Fed Funds minus 25bps with a floor of 15bps.

**Bank of America (BOA)** one of the largest banking institution in the United States highly resourceful and highly capable of providing the City with the requested service. BOA presented the lowest monthly fees but also the lowest earnings credit rate with no indication of a floor rate and also indicated the rate was subject to change at any time. BOA also choose not to quote an interest rate on idle funds or a floor rate. BOA listed no local account contact and took numerous exceptions to the City's standard RFP language.

All analysis were based upon the scenario presented in the RFP of a \$9,000,000 daily collected balance. Actual interest earned and bank comparison will change monthly based upon volume of transactions, Fed Funds rate and Average collected balance.

## RECOMENDATION

Based upon the a review of the proposals First State Bank scored the highest due to the favorable interest rate proposed on the average collected balance. This rate was sufficiently higher to offset the other proposer who proposed a lesser rate with lesser monthly costs.