



**Metro**

REVISED  
BOARD OF DIRECTORS  
JUNE 28, 2007

**SUBJECT: BANKING SERVICES CONTRACT**

**ACTION: APPROVE CONTRACT AWARD FOR BANKING SERVICES**

**RECOMMENDATION**

Authorize the Chief Executive Officer to award a ten year, unit rate contract, Contract No. PS0752101933, to Bank of America, for general and specific banking services, in an amount not to exceed \$1,675,260 inclusive of five one-year options effective ~~June~~ July 1, 2007.

**RATIONALE**

Metro requires basic and specialized banking services that include daily balance reporting, payment processing, automated wire transfer, Automated Clearinghouse (ACH) and electronic fund transfer (EFT) payments, coin and currency deposits, lockbox services, positive pay, stop payments, and account reconciliation.

**FINANCIAL IMPACT**

Funding of \$200,000 for this service is included in the FY07 budget in cost center 5210, Treasury. The funds are divided among three projects under account 50316, Services: 4% to Fund 2101, Project 100002, General Overhead; 43% to Fund 1111, Project 300076, Governmental & Oversight; and 53% to Fund 3220, Project 610340, Debt Service – Enterprise. Since this is a multi-year contract, the cost center manager will be accountable for budgeting the cost in future years, including any option exercised. As of December 31, 2006, \$43,080.50 in fees had been charged for FY07 banking services.

**ALTERNATIVES CONSIDERED**

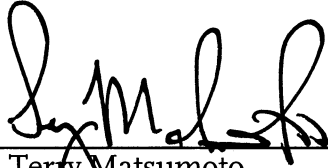
Award to the lowest price offerer, approximately \$190,000 less. This alternative is not recommended because Bank of America was ranked highest in the areas most critical to Metro's needs including instant access to images and data from Metro's lockboxes, a streamlined paper disbursement function which allows direct download from Metro's Financial Information System, auto-transmission of positive pay activities that eliminates the need for duplicate file upload, auto check stale dating using full account reconciliation that reduces manual input, an extensive branch network in Los Angeles County which provides our employees and customers convenient check cashing access, and annual emergency acceptance and processing of bulk dollar deposits at zero cost. Overall, Bank of America was the highest rated proposer and determined to be the "best value" for Metro.

Banking Services Contract

ATTACHMENT

A. Procurement Summary

Prepared by: Mary Morgan, Principal Financial Analyst



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Terry Matsumoto  
Chief Financial Services Officer and  
Treasurer



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

**BANKING SERVICES CONTRACT**

1.	Contract Number: PS 0752101933		
2.	Recommended Vendor: Bank of America		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: \$ 1,675,260.00	Recommended Price: \$ 1,675,260.00	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Indefinite Delivery/Indefinite Quantity - Unit Rate		
5.	Procurement Dates:		
	A. Issued: October 19, 2006		
	B. Advertised: E-mail and Internet		
	C. Pre-proposal Conference: October 30, 2006		
	D. Proposals Due: December 6, 2006		
	E. Pre-Qualification Completed: November 8, 2006		
	F. Conflict of Interest Form Submitted to Ethics: March 7, 2007		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: 0% Small Business Enterprise	Date Small Business Evaluation Completed: October 16, 2006	
	B. Small Business Commitment: 0 % Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 6	Bids/Proposals Pickedup: 29	Bids/Proposals Received: 5
8.	Evaluation Information:		
	A. Bidders/Proposers Names: Bank of America Bank of the West Union Bank U. S. Bank Wells Fargo Bank	<u>Bid/Proposal Amount:</u> \$1,765,502 \$1,523,710 \$3,844,515 \$2,957,793 \$1,599,653	<u>Best and Final Offer Amount</u> \$1,675,260 Competitive Range exclusion Competitive Range exclusion \$2,952,793 \$1,484,852
	B. Evaluation Methodology: Competitive RFP Best Value/explicit factor. Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: April 16, 2007		
	B. Protest Receipt Date:		
	C. Disposition of Protest Date:		
10.	Contract Administrator: Phyllis Walker	Telephone Number: 213/922-1084	
11.	Project Manager: Mary Morgan	Telephone Number: 213/922-4143	

## BOARD REPORT ATTACHMENT A-1 PROCUREMENT HISTORY

### BANKING SERVICES

#### A. Background on Contractor

Bank of America has provided services to the public sector since 1910. The Global Government Group was formed in 1982 to address the needs of international, federal, state and local government clients. Services are provided to the largest government agencies in the world including the U. S. Department of Defense and Department of the Interior, with services provided in 48 states and to over 9,700 local government agencies throughout the country. A great degree of specialization is provided to transportation, utilities, water/wastewater, etc. type organizations.

Bank of America, the current banking services provider, has provided services to Metro for the past 10 years and is currently providing services to public agencies such as the City of Los Angeles, County of Los Angeles, Los Angeles Department of Water and Power, Bay Area Rapid Transit District and San Diego Association of Governments.

#### B. Procurement Background

This is a competitive negotiated procurement using the explicit factors/weighted guidelines methodology in accordance with Metro's Procurement Policy Manual for the selection of the bank recommended to provide services to Metro.

A Small Business Enterprise goal was not recommended.

#### C. Evaluation of Proposals

An RFP using the numerically scored/explicit factors methodology was used for the selection and recommendation for award. Five proposals were received in response to this RFP. The source selection committee (SSC) was comprised of representatives from Metro's Treasury Department, Accounting Department, and a representative from the City of Los Angeles Cash Management Department.

All proposals were reviewed in accordance with evaluation criteria. Bank of the West and Union Bank of California were excluded from the competitive range as their proposals did not offer all of the services required by Metro. The three highest ranked firms were invited to participate in a demonstration and interview. At the conclusion of the demonstration and interview process, each bank was asked to submit their best and final offer (BAFOs).

The SSC rated Bank of America technically highest overall. They have extensive experience with transit agencies and local governments and their proposal significantly utilizes automation to improve our business practices. Services that ranked highest were in the following areas: 1) instant access to images and data from Metro's lockboxes,

2) a streamlined paper disbursement function which allows direct download from Metro's Financial Information System, 3) auto-transmission of positive pay activities that eliminates the need for duplicate file upload, 4) auto check stale dating using full account reconciliation that reduces manual input, 5) an extensive branch network in Los Angeles County which provides our employees and customers convenient check cashing access, and 6) annual emergency acceptance and processing of bulk dollar deposits at zero cost. Based on the evaluations of the three banks, it was determined that Bank of America's proposal offers the best value to Metro.

D. Cost/Price Analysis Explanation of Variances

The recommended price of \$1,675,260 has been determined to be fair and reasonable based upon adequate competition and a price analysis conducted by the Contract Administrator.

Bank of America's BAFO price is approximately 5% lower than their originally proposed price and 29% less than the independent cost estimate. Metro was also able to achieve savings over what is currently paid for these services because some transaction prices were reduced as a result of increased automation. Specific areas of transaction price reduction include information reporting, electronic payments, lockbox services and check processing.

BOARD REPORT ATTACHMENT A-2  
LIST OF SUBCONTRACTORS

BANKING SERVICES CONTRACT

PRIME CONTRACTOR – Bank of America

Small Business Commitment

Other Subcontractors

None

None

Total Commitment      0% - No goal recommended