

0150-10147-0000

TRANSMITTAL

TO
The Council

DATE
JUN 16 2014

COUNCIL FILE NO.

FROM
The Mayor

COUNCIL DISTRICT
n/a

Authority for the Director of Finance to amend contract numbers C-114564 and C-114826 with Wells Fargo Bank for general banking services.

Transmitted for your consideration. See City Administrative Officer report attached.



MAYOR (Ana Guerrero)

JUN 16 2014 10:30

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TO The Mayor	DATE 06/12/14	COUNCIL FILE NO.
FROM The City Administrative Officer		COUNCIL DISTRICT n/a

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Transmitted for your consideration. See City Administrative Officer report attached.



Miguel A. Santana
City Administrative Officer

MAS:ECM:01140073c

Report From
OFFICE OF THE CITY ADMINISTRATIVE OFFICER
Analysis of Proposed Contract
(\$25,000 or Greater and Longer than Three Months)

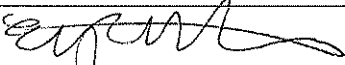

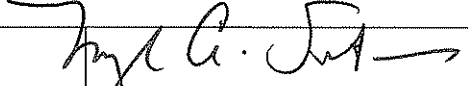
To: The Mayor	Date: 06/12/14	C.D. No. n/a	CAO File No.: 0150-10147-0000				
Contracting Department/Bureau: Office of Finance		Contact: Ken White					
Reference: Transmittal from the Office of Finance dated January 17, 2014							
Purpose of Contract: General banking services and merchant card processing							
Type of Contract: () New contract (x) Amendment		Contract Term Dates: July 1, 2008 through June 30, 2015 (one-year extension)					
Contract/Amendment Amount: Compensation shall be based on usage							
Source of funds: Department 39, Fund 100, Account 4040 (Bank Service Fees)							
Name of Contractor: Wells Fargo Bank 333 S. Grand Ave, 5 th Floor, Los Angeles, CA 90071							
	Yes	No	N/A*	8. Contractor has complied with:	Yes	No	N/A*
1. Council has approved the purpose		x		a. Equal Employmt. Oppty./Affirm. Action	x		
2. Appropriated funds are available	x			b. Business Inclusion Outreach	x		
3. Charter Section 1022 findings completed			x	c. Equal Benefits Ordinance	x		
4. Proposals have been requested	x			d. Contractor Responsibility Ordinance	x		
5. Risk Management review completed	x			e. Slavery Disclosure Ordinance	x		
6. Standard Provisions for City Contracts included	x			f. Bidder Certification CEC Form 50	x		
				g. Bidder Contributions CEC Form 55	x		
7. Workforce that resides in the City: 1.27%				*N/A = not applicable			

COMMENTS

The Office of Finance (Department) requests approval to amend Contract Nos. C-114564 and C-114826 with Wells Fargo Bank (Contractor) to exercise options to extend the terms of the contracts by one year, from July 1, 2008 through June 30, 2015. There are no other changes to the terms and conditions of the contracts.

The contracts are the result of a request for proposals (RFP) process and were executed in July 2008, before the Treasurer was consolidated into the Department. The contracts were executed under California Government Code Section 53649, which grants the Treasurer authority to execute banking related contracts.

The original term of the agreements was five years, with five one-year options to renew. Contract No. C-114826 was executed with the Contractor, with Wells Fargo Merchant Services as the merchant card services sub-contractor. Contract No. C-114564 was executed with Wachovia Bank, with Elavon as the merchant card services sub-contractor. In December 2008, the Contractor acquired Wachovia Bank and inherited the contract.

		
ECM	Analyst	01140073c
	Assistant CAO	City Administrative Officer

The Department of Water and Power, Department of Recreation and Parks, and the Library Department are assigned to Contact No. C-114826. All the other City departments are assigned to Contract No. C-114564. The Department considered consolidating the contracts, but the City Attorney advised that a new agreement cannot be executed without a new RFP process. Due to the City Attorney's advice and limited resources, the Department determined that it was not in the City's best interest to consolidate.

This is the second amendment to the contracts. The first amendments were executed in June 2013 to extend the term by one year and update the Standard Provision of City Contracts. The first amendment to Contract No. C-114564 also memorialized the Contactor's acquisition of Wachovia and updated the Elavon rates. Three one-year options to renew remain if the second amendments are approved.

Under the terms of the agreement, the Contractor provides general banking services, which include general account services, direct deposit, payroll tax processing, custody services, electronic fund transfers, lock box services, and purchasing cards. The Contractor also provides merchant card processing services. The rates for services are detailed in Exhibits C and D of Contract No. C-114564 and Exhibit C of Contact No. C-114826. The City may pay the fees by maintaining compensating balances or in cash. Due to reduced interest rates, the City is unable to maintain a compensating balance and pays cash. The 2013-14 cost for these services is estimated to be \$6.7 million.

The Department requested a Charter Section 1022 determination from the Personnel Department (Personnel). Upon review of the request, Personnel determined that the labor component of the agreements cannot be reasonably separated from the other contract elements and that a Charter Section 1022 review was not required.

To the best of our knowledge, the Contractor has complied with all standard provisions for City contracts and City contracting requirements, including the Responsible Banking Ordinance (RBO). The next deadline to submit documents for RBO is July 1, 2014. The Department is working with the Contactor to ensure that it continues to comply with RBO.

In accordance with Los Angeles Administrative Code Section 10.5(a), Council approval of the proposed agreement is required because the contracts exceed three years.

The City Attorney reviewed and approved the agreement as to form and content.

RECOMMENDATION

That the Council, subject to the approval of the Mayor, authorize the Director of Finance, or designee, to amend Contract Nos. C-114564 and C-114826 with Wells Fargo Bank for a term of July 1, 2008 through June 30, 2015.

FISCAL IMPACT STATEMENT

Funding is available in Department 39, Fund 100, Account 4040 (Bank Service Fees). This recommendation is in compliance with the City's Financial Policies in that there is no additional impact on the General Fund.