

**VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL MEETING
NOVEMBER 3, 2009 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
Banking Services Agreement 2010-2013	Resolution Ordinance ✓ Motion Discussion Only	Judy Buttny Finance Director

SYNOPSIS

A motion is requested to authorize an agreement with Charter One Bank for banking services and lockbox operations in an estimated amount of \$21,000 per year.

STRATEGIC PLAN ALIGNMENT

The Five Year plan and Goals for 2008-2013 identified *Exceptional Municipal Organization*. A supporting objective of this goal is *Financially Sustainable Village Government*.

FISCAL IMPACT

Based on current activity levels, the proposed agreement for banking services and lockbox operations would result in a total cost of \$21,000 for the Village in FY10. The proposed FY10 budget includes \$10,500 in the General Fund and \$10,500 in the Water Fund for these services. The proposed agreement represents an approximate savings of \$3,000 for the Village in FY10 when compared to FY09 costs for these services.

UPDATE & RECOMMENDATION

This item was discussed at the October 27, 2009 workshop. This item has been moved from the consent agenda to the active agenda for Village Council consideration.

Staff recommends approval on the November 3, 2009 active agenda.

BACKGROUND

This agreement has an initial term of three years with two one year renewals. An RFP for banking, lockbox and other proposed services was developed in August 2009 and was sent to fourteen banks with a presence in Downers Grove and was placed on the internet for general viewing. The RFP requested separate proposals for banking, lockbox and other proposed services. The Village received responses from six banks. Five banks, including JP Morgan Chase, U S Bank, Hinsdale (Community), Charter One and Fifth Third provided complete responses. National City responded with credit card processing only.

The selection criteria used for all the responses included the following:

- Complete response to all required response items on the standard forms provided;
- Ability to meet current and projected service requirements over the term of the banking agreement (any past experiences with the bank will be taken into consideration);
- Ability to provide numerous electronic banking services;
- Best earnings credit rate (ECR) on required compensating balance;

- Best rate of interest paid on accounts;
- Best availability schedule for deposit items; and;
- Aggregate banking service cost, per identified activity and corresponding compensating balance.

Of the five proposals, Charter One equaled or bettered the other four (4) institutions on all the criteria except the rate of interest paid on accounts. This difference in interest rate was considered as not material being within .10% (10 basis points) of the other institutions. Additionally Charter One's lockbox is in Lisle which may help speed collections.

Banks have different pricing structures and making comparisons among them is challenging. Staff prepared an RFP that requested pricing on the most common transactions processed by the Village, which is estimated to capture 95% of the costs. The following table summarizes the comparables requested in the RFP between the five (5) proposing institutions on a yearly basis.

Bidder	Depository Services	Lockbox Services
Charter One*	\$10,441	\$ 9,444
U S Bank	\$12,881	\$24,080
Community Bank	\$14,200	\$19,383
Fifth Third	\$17,933	\$11,606
J P Morgan Chase	\$22,470	\$24,132

* Recommended Vendor

The agreement would be effective January 1, 2010 and we will work with our current banking institution on the transition.

VILLAGE OF DOWNERS GROVE
COUNCIL ACTION SUMMARY

INITIATED: Finance DATE: November 3, 2009
(Name)

RECOMMENDATION FROM: _____ FILE REF: _____
(Board or Department)

NATURE OF ACTION:

STEPS NEEDED TO IMPLEMENT ACTION:

- Ordinance
- Resolution
- Motion
- Other

Motion to “AWARD A CONTRACT TO CHARTER ONE BANK FOR BANKING SERVICES AND LOCKBOX OPERATIONS ,” as presented.

SUMMARY OF ITEM:

This authorizes a contract with Charter One Bank for banking service and lockbox operations. The agreement has an initial term of three years with two one-year renewals.

RECORD OF ACTION TAKEN:
