

**SOUND TRANSIT
STAFF REPORT**

MOTION NO. M2002-137

Banking services agreement with the Bank of America

Meeting:	Date:	Type of Action:	Staff Contact:	Phone:
Finance Committee	12/5/02	Discussion/Possible Action	Hugh Simpson, Chief Financial Officer Kelly Priestley, Controller	(206) 398-5082 (206) 398-5479

Contract/Agreement Type:	✓	Requested Action:	✓
Competitive Procurement	✓	Execute New Contract/Agreement	✓
Sole Source		Amend Existing Contract/Agreement	
Memorandum of Agreement		Contingency Funds Required	
Purchase/Sale Agreement		Budget Amendment Required	

OBJECTIVE OF ACTION

To execute an agreement for banking services with the Bank of America.

ACTION

To authorize the Executive Director to execute a three-year agreement with two one-year extensions for banking services with Bank of America for an amount not to exceed \$150,000.

KEY FEATURES

- The charges are based on volume of transactions and are offset by a no-interest-earning certificate of deposit that Sound Transit maintains with Bank of America, for a net cost to the agency of \$18,000 over the three-year contract period.
- Major items included in the scope of the banking services includes depository, reporting, wire transfer, electronic payment, direct deposit, investment, credit card, overnight public funds sweep, account analysis and other services.
- Bank of America is fully qualified under the terms/conditions outlined by the Washington Public Deposit Protection Commission and is licensed to conduct business in the State of Washington.
- Finance Committee approval is not required under Resolution No. 78-1, however since this is the agency's main depository and banking relationship, Finance Committee review and approval is being requested.

BUDGET IMPACT SUMMARY

Project Description: Banking Services Agreement with Bank of America

Current Status: Current contract expires December 31, 2002

Projected Completion Date: December 31, 2005

Action Outside of Adopted Budget:	Y/N	Y	Requires Comment
This Line of Business	N		
This Project	N		
This Phase	N		
This Task	N		
Budget amendment required	N		
Key Financial Indicators:	Y/N	Y	Requires Comment
Contingency funds required	N		
Subarea impacts	N		
Funding required from other parties other than what is already assumed in financial plan	N		

N = Action is assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan

BUDGET DISCUSSION

The total estimated cost of banking services over the three-year period is expected to be \$150,000. The charges are based on volume of transactions and are offset by a no-interest-earning certificate of deposit that Sound Transit maintains with Bank of America, for a net cost to the agency of \$18,000 over the three-year contract period. The Proposed 2003 Budget contains \$5,000 within the Finance and Information Services Department budget to cover these expenses. The balance will be accounted for in future budgets.

REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS

The proposed action is consistent with the current Board-adopted budget and is affordable within Sound Transit's current long-term financial plan and the subarea financial capacity.

SUMMARY FOR BOARD ACTION

Action Item: Banking Services

	(A) Current Approved Contract Value	(B) Spent to Date+ Estimate for remainder of 2002	Balance	(C) Proposed Action	(D) Proposed Total Contract Value
Contract Budget:					
Banking Services			-	18,000	18,000
Contingency					-
Total	-	-	-	18,000	18,000
Percent Contingency	0%			0.00%	0.00%

Accounts to be charged:	2003 Staff Budget	Future Staff Budgets	Direct Charges to Projects	Total
Auditing and Accounting Services	5,000	13,000		18,000
				-
				-
TOTAL CONTRACT CHARGES:	5,000	13,000	-	18,000

Budget Shortfall

Level	\$	Potential Revenues	Funding Source
NA	-	-	NA

Notes

The amount requested here is to cover payments that may be made to bank during the 3 year period of the contract.

M/W/DBE – SMALL BUSINESS PARTICIPATION

Due to the extensive and specific nature of the services required and the limited opportunities for subcontracting, M/W/DBE levels were not set in the RFP. However, proposers were required to provide their Equal Employment Opportunity and Affirmative Action Policy Statements in the RFP response. "At Bank of America, diversity is viewed as a business imperative. Effective management of diversity and the creation of an inclusive environment are viewed as imperative for the business, not only "the right thing to do." Bank of America has an extensive EEOC employment and hiring policy, and their diversity-recruiting program has developed relationships with the following organizations to assist with their efforts on a nationwide basis:

- INROADS, Inc.
- National Black MBA Association
- National Society of Hispanic MBA's
- The Consortium for Graduate Study in Management
- Urban Financial Services Coalition
- National Association of Black Accountants
- Black Data Processing Associates
- BRIDGES from School to Work – The Marriott Foundation for People with Disabilities

Another Bank of America corporate initiative is recruiting women and minorities not currently in the workplace, through corporate education programs, partnerships with organizations such as Welfare to Work, Project STEP, and Banking Skills Standards Project, among others.

This is a very limited version of their total policy statement, which is available upon request.

HISTORY OF PROJECT

In March 1997, the Board passed Resolution No. 84, authorizing a five-year contract for banking services and designating Bank of America as a depository for Authority funds.

In October of 1997, the Board passed Resolution No. 98, which authorized the agency to establish a system for credit card use for official government purchases and acquisitions and to contract for credit card services.

In March of 1998, through Resolution No. R98-6, the Board amended the contract with Bank of America to include credit card services.

Prior to the expiration of the contract, a competitive RFP process for banking services was conducted, and Bank of America was the successful proposer. In addition to general banking services, Bank of America also provides purchase and credit card services to Sound Transit.

Prior Board or Committee Actions and Relevant Board Policies

Motion or Resolution Number	Summary of Action	Date of Action
Resolution 84	Contract award to Bank of America National Trust and Savings Association for banking services, and designating B of A as depository for Authority funds.	3/27/97
Resolution 98	Authorizing a contract for the issuance and use of credit cards for official government purchases and acquisitions, and adopting a system for credit card use.	10/9/97
R98-6	Amending R-98 and authorizing the amendment of the banking services contract with Bank of America to include the issuance of credit cards to the RTA	3/19/98

CONSEQUENCES OF DELAY

Banking depository requirements and other services will not be under contract and fees will be subject to prevailing bank rates.

LEGAL REVIEW

BN 11-15-02

SOUND TRANSIT

MOTION NO. M2002-137

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Executive Director to execute a three-year contract agreement with two one-year extensions for comprehensive banking services with Bank of America for an amount not to exceed \$150,000.

Background:

In March 1997, the Board passed Resolution No. 84, authorizing a five-year contract for banking services and designating Bank of America as a depository for Authority funds.

In October 1997, the Board passed Resolution No. 98, which authorized the agency to establish a system for credit card use for official government purchases and acquisitions and to contract for credit card services.

In March 1998, through Resolution No. 98-6, the Board amended the contract with Bank of America to include credit card services.

Prior to the expiration of the contract, a competitive Request For Proposals process for banking services was conducted, and Bank of America was the successful proposer. In addition to general banking services, Bank of America also provides purchase and credit card services to Sound Transit.

The total estimated cost of banking services over the three-year period is expected to be \$150,000. The charges are based on volume of transactions and are offset by a no-interest-earning certificate of deposit that Sound Transit maintains with Bank of America, for a net cost to the agency of \$18,000 over the three-year contract period.

Motion:

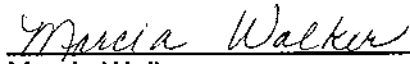
It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the Executive Director is authorized to execute a three-year contract agreement with two one-year extensions for comprehensive banking services with Bank of America for an amount not to exceed \$150,000.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on 12/05/02.



Kevin Phelps
Finance Committee Chair

ATTEST:



Marcia Walker
Board Administrator