



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Te
metro.net

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**FINANCE, BUDGET AND AUDIT COMMITTEE
JULY 16, 2014**

**SUBJECT: CONTRACT NUMBER PS145210201401, OPERATING FUND
PORTFOLIO**

ACTION: APPROVE CONTRACT FOR BANKING CUSTODY SERVICES

RECOMMENDATION

Authorize the Chief Executive Officer to award a five-year, firm fixed-unit rate contract, Contract number PS145210201401, to U.S. Bank Institutional Trust & Custody (U.S. Bank) to provide custody, compliance reporting, and performance measurement services. The three-year base contract (August 1, 2014 to July 31, 2017) will be for an amount not to exceed \$870,000.00 and the two one-year options (August 1, 2017 to July 31, 2019) for an amount not to exceed \$580,000.00, for a total not to exceed \$1,450,000.00 effective August 1, 2014.

ISSUE

Operating funds are the pool of excess working capital used to fund expenses such as salaries, fuel, and supplies. The LACMTA Investment Policy requires that securities purchased for the investment of surplus operating funds and collateral be maintained in the trust department or the safekeeping department of an established bank. The Treasurer is also required to report compliance with the investment policy and provide the portfolio's performance returns in a quarterly report to the CEO and Board. To comply with the mandated policy, the LACMTA requires custodial services, compliance reporting, and performance measurement services.

DISCUSSION

The current contract was awarded through a competitive procurement in July 2009 to U.S. Bank Institutional Trust & Custody. That five-year contract, inclusive of two, one-year renewals, is due to expire on July 31, 2014.

DETERMINATION OF SAFETY IMPACT

Approval of this report will not impact the safety of our patrons or employees.

FINANCIAL IMPACT

Actual expenditures for the nine months ended March 31, 2014 totaled \$188,810.

The funding of \$290,000 for these services is included in cost center 5210's FY2015 budget. The projects funded with admin totaled \$165,300 and are as follows: \$11,600 in project number 100002 Government and Oversight Activities and \$153,700 in project number 610340 Investment and Debt Management., The project funded with Enterprise Interest Revenue totaled \$124,700 in project number 300076 Debt Service – Enterprise.

Total proposed fees of \$1.45 million over five years are based on a firm fixed rate applied to estimated market value of assets under custody, the number of transactions applied to a unit price, and the number of accounts subject to compliance monitoring and performance reporting services.

This multi-year contract will be managed by the Treasury department cost center manager and the Executive Director, Finance and Budget and will be accountable for budgeting the cost in future years.

ALTERNATIVES CONSIDERED

LACMTA's Investment Policy mandates the use of an external trust department to safekeep operating fund securities or cash.

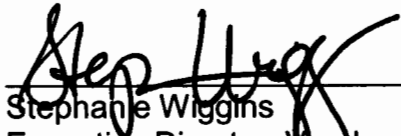
NEXT STEPS

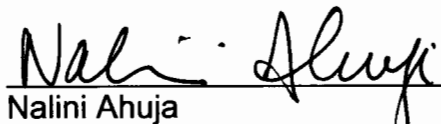
Upon Board approval finalize contract negotiations with the selected firm.

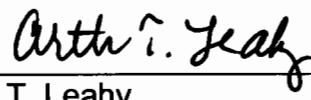
ATTACHMENT

A. Procurement Summary

Prepared by: Marshall Liu, Principal Financial Analyst (213) 922-4285
 Donna R. Mills, Treasurer (213) 922-4047
 Linda Rickert, Contract Administrator (213) 922-4186


Stephanie Wiggins
Executive Director, Vendor and Client Management


Nalini Ahuja
Executive Director, Finance and Budget


Arthur T. Leahy
Chief Executive Officer

PROCUREMENT SUMMARY

CUSTODIAL BANKING SERVICES PS145210201401

1.	Contract Number: PS145210201401	
2.	Recommended Vendor: U S Bank	
3.	Type of Procurement (check one): <input type="checkbox"/> IFB <input checked="" type="checkbox"/> RFP <input type="checkbox"/> RFP-A&E <input type="checkbox"/> Non-Competitive <input type="checkbox"/> Modification <input type="checkbox"/> Task Order	
4.	Procurement Dates:	
	A. Issued: 1/28/14	
	B. Advertised/Publicized: 2/01/14	
	C. Pre-proposal/Pre-Bid Conference: 2/11/14	
	D. Proposals/Bids Due: 3/6/14	
	E. Pre-Qualification Completed: 4/21/14	
	F. Conflict of Interest Form Submitted to Ethics: 5/20/14	
	G. Protest Period End Date: 6/25/14	
5.	Solicitations Picked up/Downloaded: 20	Bids/Proposals Received: 3
6.	Contract Administrator: Linda Rickert	Telephone Number: 213-922-4186
7.	Project Manager: Marshall Liu	Telephone Number: 213-922-4285

A. Procurement Background

The RFP was issued in accordance with Metro's Acquisition Policy and the contract type is a Firm Fixed Unit Price.

No amendments were issued during the solicitation phase of this RFP. There were no questions from potential proposers.

B. Evaluation of Proposals/Bids

A total of three proposers responded to this solicitation. A Proposal Evaluation Committee consisting of staff from the Treasury Department and a consultant from the City of Los Angeles was convened and conducted a comprehensive technical evaluation of the proposals received.

The proposals were evaluated based on the following evaluation criteria and weights:

- Qualifications of the Firm 25 percent
- Custody Compliance and Performance Measurement 25 percent
- Technology, Transition and Conversion 25 percent
- Analysis of Fees in Relation to SOW 10 percent

- Price/Fees 15 percent

The evaluation criteria are appropriate and consistent with criteria developed for other, similar financial services.

The three proposers are listed below in alphabetical order:

1. STATE STREET BANK AND TRUST COMPANY
2. US BANK N.A.
3. WELLS FARGO BANK N.A.

Qualifications Summary of Firms:

STATE STREET BANK AND TRUST

State Street Bank and Trust has a dedicated government clients team with an internally developed web based monitoring system. They have a long term commitment to their technology and provide updates that keep the product current.

US BANK N.A.

US Bank N.A. provides an automated real time system that is customized to fit each client. Their system reports no down time in the last three years – key to providing regular, on demand, reporting for Metro. In February, 2012, they increased their California presence by adding another 40 staff members thereby helping to ensure that Metro will receive satisfactory services as needed.

WELLS FARGO N.A.

Wells Fargo N.A. uses Clearwater Analytics to provide reporting. Their Institutional Retirement and Trust Division strive to develop a strong relationship with their clients. Wells Fargo N.A. reports they are the fourth largest bank in the US.

CONCLUSION

During the month of March, the Proposal Evaluation Committee met twice to discuss the details of Metro’s requirements in relation to the proposals submitted. The Evaluation Committee determined that the incumbent, US Bank N.A. presented the best plan with the lowest fee structure to Metro.

1	FIRM	Average Score	Factor Weight	Weighted Average Score	Rank
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2	Firm 1 STATE STREET BANK AND TRUST				
3	Qualifications of the Firm	86.67	25.00%	21.67	
4	Custody Compliance and Performance Measurement	88.33	25.00%	22.08	
5	Technology, Transition and Conversion	85.00	25.00%	21.25	
6	Reasonableness of Fees related to SOW	40.00	10.00%	4.00	
7	Price/Fees Formula		15.00%	3.59	
8	Total		100.00%	72.59	3
9	Firm 2 US BANK N.A.				
10	Qualifications of the Firm	94.67	25.00%	23.67	
11	Custody Compliance and Performance Measurement	96.33	25.00%	24.08	
12	Technology, Transition and Conversion	96.00	25.00%	24.00	
13	Reasonableness of Fees related to SOW	97.33	10.00%	9.73	
14	Price/Fees Formula		15.00%	15.00	
15	Total		100.00%	96.48	1
16	Firm 3 WELLS FARGO N.A.				
17	Qualifications of the Firm	86.00	25.00%	21.50	
18	Custody Compliance and Performance Measurement	90.00	25.00%	22.50	
19	Technology, Transition and Conversion	83.33	25.00%	20.83	
20	Reasonableness of Fees related to SOW	90.00	10.00%	9.00	
21	Price/Fees Formula		15.00%	13.38	
22	Total		100.00%	87.21	2

C. Cost/Price Analysis

The recommended price has been determined to be fair and reasonable based upon competitive pricing, technical evaluation, and historical comparison.

	Bidder/Proposer Name	Proposal Amount	Five Year Total
1.	STATE STREET BANK AND TRUST	\$1,039,160.00	\$5,195,800.00
2.	US BANK N.A.	\$248,456.00	\$1,242,280.00
3.	WELLS FARGO N.A.	\$278,550.00	\$1,392,750.00

Please note: Fees are based on volume of accounts and quantity of transactions. The pricing shown is a sampling for proposal purposes. Actual pricing will be based on a Unit Price structure and will be dependent on the number and amount of the individual transactions.

D. Background on Recommended Contractor

The recommended firm, US BANK N.A., headquartered in Minneapolis, Minnesota has been in business since 1863 and is a leader in the field of Institutional Trust and Custody Services. US Bank N.A. is the incumbent and has provided satisfactory services during the current contract period.

US Bank N.A. is the fifth largest bank in the US. They boast the highest Standard and Poor rating of any bank in the United States.

E. Small Business Participation

The Diversity and Economic Opportunity Department (DEOD) did not establish a Small Business Enterprise (SBE) goal for this solicitation. U.S. Bank did not make an SBE commitment and is not eligible for the SBE Preference.