

FINANCE COMMITTEE

10-0290R

RESOLUTION AUTHORIZING BANKING SERVICES WITH M&I MARSHALL & ILSLEY BANK FOR AN ESTIMATED AMOUNT OF \$82,506 PER YEAR.

CITY PROPOSAL:

WHEREAS, the city of Duluth desires to offer up-to-date payment options and to electronically deliver invoices to its customers; and

WHEREAS, the city of Duluth proposes to enter into a banking services arrangement with M&I Marshall & Ilsley Bank to perform these services.

NOW, THEREFORE, BE IT RESOLVED, that the Duluth City Council hereby approves the terms and conditions for banking services, listed in Public Document No _____ on file in the office of the city clerk, to include receivable automation and consolidation, credit card processing, lock box services ACH (automated clearing house) transactions and online payment processing for an estimated amount of \$82,506, payable as follows:

(a) \$21,451.56 Water Fund 510, Department/Agency 500, Organization 1940-2400, Object 5310;

(b) \$32,177.34 Gas Fund 520, Department/Agency 500, Organization 1940-2400, Object 5310;

(c) \$18,976.38 Sewer Fund 530, Department/Agency 500, Organization 1940-2400, Object 5310;

(d) \$9,900.72 Stormwater Fund 535, Department/Agency 500, Organization 1940-2400, Object 5310.

Approved:

Approved for presentation to council:

Department Director
Purchasing Agent ____

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

PWU/FINANCE/PRCH AH/DS:le 6/1/2010

STATEMENT OF PURPOSE: This resolution authorizes banking services with M & I Marshall & Ilesley Bank for an estimated amount of \$82,506 per year, payable from the water, gas, sewer and stormwater funds.

The city currently cannot offer its utility customers basic services such as online payments, automated payments, choice of payment methods, recurring

payments or electronic bill presentation. This has created numerous complaints from our customers.

In addition to giving our customers the tools they want, adding this functionality will give our customer service representatives more time to handle pressing customer matters, rather than spending their time dealing with these very basic issues.

This cost will be mitigated in a number of ways, including:

- (a) Savings on equipment and hardware - \$31,200;
- (b) Bank fees already incurred - \$12,840;
- (c) Credit card fees already incurred - \$13,500.

Additional savings, not yet quantified, include customer satisfaction, paper and postage savings for electronic bill presentation, reduced need for MIS (Management Information Systems) support and back-up redundancy for equipment failure.

The purchasing division sent RFPs (request for proposals) to three local vendors and posted the RFP on the city's website April 16, 2010. Proposals received as of the closing date were turned over to an internal committee of finance experts for evaluation. After carefully reviewing the proposals received, the committee determined that M&I Marshall & Ilsley Bank offered the most effective proposal for the most reasonable price with the opportunity to explore and create enhanced customer service opportunities and delivery methodologies.

Lockbox Banking Services RFP No. 10-14DS; Requisition 10-0336 Closing Date April 29, 2010	
Financial Institution	City/State
US Bank	Duluth, Minnesota
M&I Marshall & Ilsley Bank	Duluth, Minnesota
Wells Fargo Bank, N.A.	Duluth, Minnesota