



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
 August 21, 2007

Honorable Mayor and
 Members of the City Council

Title: Purchase Investment and Operation Services.

Location/Council District: Citywide

Recommendation: Adopt a **Resolution** authorizing the City Treasurer to issue purchase orders for the purchase of on-going investment and banking services, consulting services, license, maintenance, and/or technical support services for software, and continuous annual contracts, during Fiscal Year 2007/08, for an amount not to exceed \$400,000.

Contact: Thomas P. Friery, City Treasurer, 808-5168; Lydia Abreu, Investment & Operations Manager, 808-5168

Presenters: NA

Department: City Treasurer's Office

Division: Investment & Operations

Organization No: 0900

Description/Analysis

Issue: As a result of the most recent changes in the procurement policies, we are presenting for City Council approval, services related to our investment operations.

Due to the unique nature of investment operations, over the past several years, the City Treasurer has acquired several sole-source services which assist in optimizing the City's investment returns. The Vendors listed in the table below have met the City's policy requirements for contracting. They are providing continuous services, for which, over a cumulative period, may eventually exceed \$100,000. For further explanation of each Vendor and the service it provides, see the Background section of this report.

The City Treasurer requests spending authorization to cover ongoing agreements for annual investment and banking services, consulting services, and license maintenance, and/or technical support services for software, from the following vendors for FY 2007/08:

Vendor Name	Projected Annual Amount FY 2007/08	Type of Service
Advent Software Inc	\$47,300	Software Licensing, Annual Maintenance, Consulting Services
American Stock Exchange	\$1,812	Subscription Fees
Bank of New York	\$85,000	Custodial Banking Fees - SCERS
Bank of New York	\$45,000	Custodial Banking Fees – City of Sacramento
Bloomberg LP	\$93,640	Administration, Connectivity & Equipment Rental Fees
Interactive Data	\$5,000	Data feed Services
Matrix USA, LLC	\$18,000	Investment Consulting Services
New York Stock Exchange	\$2,865	Data Services
RogersCasey, Inc	\$55,000	Consulting Services - SCERS
Total FY 2007/08	\$353,117	

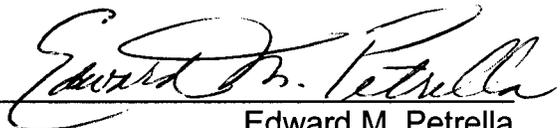
Policy Considerations: Under City Charter Section 73, the City Treasurer shall be responsible for the deposit and investments of all funds of the City Treasury not made subject to the control of others and keep Council fully advised which includes the selection, overview and management of the City’s banking services. The recommendation in this report is in accordance with the goals, objectives, initiatives and operating principles of the City Treasurer’s Strategic Plan. It is the policy of the City Treasurer’s Office to keep the City Council fully informed of the City’s Investment and Operation services that will exceed, cumulatively, \$100,000, over consecutive years.

Environmental Considerations: The City Council’s action in adopting the proposed Resolution is not a project for purposes of the California Environmental Quality Act.

Rationale for Recommendation: These services assist the City Treasurer in maximizing the City’s investment returns.

Financial Considerations: The total amount of this request will not exceed \$400,000 for Fiscal Year 2007/08. All of the services listed above are budgeted within the Treasurer’s Fiscal Year 2007/08 operating budget, which was adopted by Council on June 12, 2007.

Emerging Small Business Development (ESBD): City Council adoption of the attached resolution is not affected by City policy related to the ESBD Program.

Respectfully Submitted by: 
Edward M. Petrella
Debt Analyst

Approved by: 
Lydia Abreu
Investment & Operations Manager

Recommendation Approved:


Thomas P. Friery
City Treasurer

Table of Contents:

Report Pg 1

Attachments

- 1 Background Pg 4
- 2 Resolution Pg 5
- 3 Council Report Dated 1/8/2004 Pg 7
- 4 Resolution Pg 11

BACKGROUND: Since 1982, various investment services have been included in the City Treasurer's annual budget. Last year, our office presented for approval, the Bloomberg contract and have included the ancillary cost associated with the unique nature of investment operations. The City Treasurer has acquired several sole-source services which assist in optimizing the City's investment returns. The fees the City Treasurer pays for these services are absorbed by the management fees it charges for managing the SCERS portfolios.

The following describes the purpose of each service further, including the length of time the City Treasurer has utilized each service.

Advent Software, Inc (Service provided since March, 1998) Advent Software is the accounting software which houses all of the City's investment holdings, tracks investment performance history, and provides financial reports, and financial and statistical analysis. It has proven useful and there is a desire to continue use of it, as opposed to incurring the additional cost or disruption of switching to another accounting software product. Annual maintenance and consulting services are also included in this service.

American Stock Exchange: (Service provided since October, 1993) See Bloomberg.

Bank of New York: (Service provided since July, 1999) The Bank of New York provides custodial services for all of the City's and SCERS equity trades and fixed trades. On January 8, 2004, the City Treasurer reported to City Council, that through the Request for Proposals (RFP) process, the City Treasurer had selected the Bank of New York to provide this service beginning November 3, 2003, for a period of five years, through October 31, 2008, with the option for two one-year extensions (See Report to Council – pp 7-11).

Bloomberg LP: (Service provided since December, 1991) Bloomberg provides real-time data for all financial markets. It also provides real-time updates and news for all indices, corporate ratings and market conditions. On August 1, 2006, City Council authorized the City Treasurer to continue its contract with Bloomberg for the foreseeable future, so long as it continues to manage the City's investment portfolios (See Attachment 2 for Resolution No. 2006-571). Associated with Bloomberg are the **American Stock Exchange** and the **New York Stock Exchange**. The City pays a subscription fee for each of these services, which represents the City's portion of their license fees.

Interactive Data: (Service provided since June, 2003) Interactive Data is the live link to Advent Software that provides current actual market data for all portfolio holdings.

Matrix USA, LLC: (Service provided since February, 2003) Matrix provides research and ratings analysis and quantitative analysis, provides recommendations for buys and sells, and reports changes in security ratings.

New York Stock Exchange: (Service provided since October, 1993) See Bloomberg.

RogersCasey, Inc: (Service provided since 1982) Rogerscasey, Inc. is required by the Administrative & Fiscal Management Board to provide an independent evaluation of the SCERS portfolio.

RESOLUTION NO. 2006-571

Adopted by the Sacramento City Council

August 1, 2006

**AUTHORIZING THE OFFICE OF THE CITY TREASURER TO
CONTINUE ITS CONTRACT WITH BLOOMBERG L.P. IN
ORDER TO PROVIDE INVESTMENT MANAGEMENT SERVICES**

BACKGROUND:

Since 1991 the City Treasurer's Office is using Bloomberg L.P. as sole-source provider for financial market data in managing city-wide investment portfolios.

The contract is an open ended rolling lease agreement with Bloomberg L.P., Lessor, and the services provided are; software, data, and equipment. The agreement has been effective from the date it was accepted by Lessor, City of Sacramento, and shall remain in full force and effect and automatically renewed unless earlier terminated by Lessee or Lessor at any time immediately upon written notice to Lessee in the event of a breach by Lessee of any of the provisions of the agreement.

Lessee, City of Sacramento, agrees to pay Lessor, Bloomberg L.P., the amount indicated on the monthly schedule. The City Treasurer reviews the charges on monthly and determines its accuracy. For example, the total annual fees paid to Lessor past four fiscal years were: FY 03 - \$69,772.98, FY 04 - \$71,661.36, FY 05 - \$87,964.24, and FY 06 - \$104,592.86.

It appears that the contract fees going up approximately 2 ½ % to 3% annually with the exception of FY-05 which we added a new terminal and services related to it and FY-06 we added Bloomberg-Any-Where service for key employees to have portable access to market data.

We expect to continue our relationship with Bloomberg L.P. for the foreseeable future so long as we are managing City's investment portfolios. We like to mention that this fee is absorbed by the management fees we charge to SCERS portfolios.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

Section 1. The City Council finds and determines that the statements in the Background are true

Section 2. The Office of the City Treasurer is hereby authorized to continue it's contract with Bloomberg L.P. in order to provide investment management services

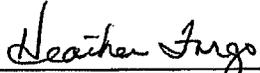
Adopted by the City of Sacramento City Council on August 1, 2006 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Waters, and Mayor Fargo.

Noes: None

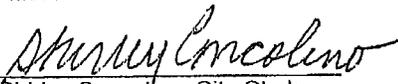
Abstain: None.

Absent: Tretheway.



Mayor, Heather Fargo

Attest:



Shirley Concolino, City Clerk



3.15

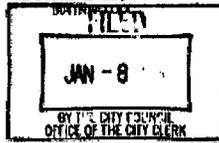
OFFICE OF THE
CITY TREASURER
THOMAS P. FREERY
TREASURER

CITY OF SACRAMENTO
CALIFORNIA

926 J STREET
SUITE 300
SACRAMENTO, CA
95814-2709

PH 916-264-5168
FAX 916-440-3139

December 15, 2003



City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: SELECTION OF BANK OF AMERICA/BANK OF NEW YORK
BANKING SERVICES**

LOCATION & COUNCIL DISTRICT: Citywide

STAFF RECOMMENDATION:

This report is informational only and does not require City Council action.

CONTACT PERSON: Kimberlee Alling, Deputy City Treasurer 264-5168

FOR THE COUNCIL MEETING OF: January 8, 2004

SUMMARY:

This report is to inform the City Council that through the Request for Proposals (RFP) process, the City Treasurer has selected Bank of America/Bank of New York joint proposal to provide banking services to the City of Sacramento (City) beginning November 1, 2003, for a period of five years through October 31, 2008 with the option for two one- year extensions. It is estimated that the City will save approximately \$110,000 annually in banking service costs, as well as a one-time conversion savings of \$60,000.

BACKGROUND INFORMATION:

On August 5, 2003 the City Treasurer informed the City Council that the City was in the process of issuing a RFP for Financial Services. By code and City Charter, the City Treasurer is charged with the responsibility and authority to select the City's Bank (s) to provide banking services. Historically, the City has solicited for banking services in five year terms plus option years, as the City Treasurer has deemed that it is both prudent and in the City's best interest to do so. The optional years are for any unforeseen circumstances that may arise during the transition period. However, the City Treasurer

reserves the right, with 90 days notice, to terminate the contract if for any reason the banking services are not effective. On August 4, 2003 the City Treasurer's Office distributed the City's Request for Proposal for Financial Services (RFP). The schedule was as follows:

Distribution of Proposals	August 4, 2003
Pre-proposal Conference	August 12, 2003
Proposal Submission	September 2, 2003
Proposal Review	September 16, 2003
Notification for Interview	September 17, 2003
Interview	September 24, 2003
Consultation with Mayor	September 27, 2003
Final Selection Notification	October 6, 2003

In preparing the RFP, the Treasurer's Office worked with the Office of Small and Emerging Businesses, maintained a list of interested financial institutions, and performed a thorough search to ensure outreach to qualified local and regional institutions. The RFP was sent to 10 firms, as well as posted on the City's website and bid line.

An optional Pre-proposal Conference was held in which staff provided an overview of the required and desired services, identified new directions the City is heading toward (i.e. E-Commerce) and discussed the RFP submittal requirements, including ESBD outreach. Ultimately, five institutions submitted proposals: California Bank & Trust, Bank of America/Bank of New York, jointly, Union Bank of California, U. S. Bank, and Wells Fargo.

The five proposals were reviewed to determine the most qualified by a committee consisting of representatives from the Treasurer's Office, Revenue Division and Accounting Division. The top three institutions, Bank of America/Bank of New York, Union Bank of California, and Wells Fargo Bank were invited to participate in an oral interview process.

The interview panel was represented by the Treasurer's Office, Finance Department and Sacramento Housing and Redevelopment Agency. Each institution was asked to make a brief presentation of their services prior to answering a standard set of questions posed by the panel. The institutions were evaluated based on:

- Ability
- Related Experience
- Firm Stability
- Assigned Individuals
- Information Systems
- Account analysis
- Conversion Plan
- Deposit Float
- Charges for Services
- Service Enhancements
- Community Reinvestment Act
- Location

After careful review of all material the panel recommended to the City Treasurer that Bank of America/Bank of New York was the most qualified to provide the best of all around services in a cost effective manner.

The City Treasurer, after review of the panel's work and recommendation, selected the Bank of America/Bank of New York as the best qualified to provide the banking services in the most cost efficient manner possible.

FINANCIAL CONSIDERATIONS:

By periodically soliciting for banking services, the City ensures it is getting the best all around services at a competitive price. Banking services cost the City approximately \$587,000 annually. As a result of this RFP process, an over-all annual reduction of approximately \$90,000 in the cost of the City banking services will be achieved.

Since Bank of America/Bank of New York are currently providing banking services to the City, as part of their RFP submittal process the joint partnership pledged to do an overall banking services review and update, as well as give the City a one time service fee reduction of \$3,000 from Bank of America, along with a \$10,000 credit from Bank of New York. An initial review of revising services is reflecting an annual savings of approximately \$20,000 in addition to the \$90,000 cost reduction. Additional savings may be realized as the review process continues.

In addition, since Bank of America/Bank of New York currently provide City banking services, the City will avoid conversion costs comprised of labor hours. These labor costs would be absorbed by the General Fund and are estimated to be between \$60,000 and \$100,000.

POLICY CONSIDERATIONS:

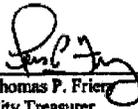
Under City Charter Section 73, the City Treasurer shall be responsible for the deposit and investment of all funds of the City Treasury not made subject to the control of others and keep Council fully advised which includes the selection, overview and management of the City's banking services. The City Treasurer has stated that it is both prudent and in the City's best interests to issue an RFP for City Banking services periodically. The net annual reduction of approximately, \$90,000 in the City's cost of banking services, as well as the review of services allowing for the most current banking services gives emphasis to the benefit of this practice.

SBE/EBE EFFORTS:

The RFP process required the completion of the ESBD questionnaire, as well as requiring each submitting institution to identify opportunities for possible participation by SBE/EBE firms. None of the submitting institutions is certified as SBE/EBE. However, the RFP evaluation process included

careful examination of SBE/EBE utilization, Affirmative Action, Community Redevelopment programs and the equal opportunity commitment of each proposing bank.

Respectfully Submitted,



Thomas P. Frier
City Treasurer

APPROVED FOR COUNCIL INFORMATION:



Robert P. Thomas
City Manager

RESOLUTION NO. 2007-_____

Adopted by the Sacramento City Council

August 21, 2007

AUTHORIZING THE CITY TREASURER TO ISSUE PURCHASE ORDERS FOR THE PURCHASE OF ON-GOING INVESTMENT AND BANKING SERVICES, CONSULTING SERVICES, AND LICENSE, MAINTENANCE, AND/OR TECHNICAL SUPPORT SERVICES FOR SOFTWARE, DURING THE FISCAL YEAR 2007/08, AND FOR CONTINUOUS ANNUAL SERVICES, FOR AN AMOUNT NOT TO EXCEED \$400,000.

BACKGROUND:

- A. One objective of the City Treasurer's Office is to optimize investment returns for funds under its management. In order to achieve this objective, the City Treasurer utilizes numerous investment vehicles, each of which operates in a different manner.
- B. In order to optimize investment performance, the City Treasurer utilizes a variety of products, tools and services on an annual basis. In the professional opinion of the City Treasurer, the products, tools and services provided by each of the vendors, listed in this resolution are necessary and valuable to the achievement of the overall investment performance.
- C. On a cumulative basis, the cost for such products, tools and services exceeds \$100,000. It is the policy of the City Treasurer's Office to keep the City Council fully informed of the City's Investment and Operation services that will exceed, cumulatively, \$100,000, over consecutive years.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1: The City Council finds and determines that the statements in the Background are true

Section 2: The City Treasurer is hereby authorized to issue purchase orders to cover ongoing agreements for annual investment and banking services, consulting services, and license maintenance, and/or technical support services for software, from the following vendors for FY 2007/08 and continuous annual contracts:

Vendor Name	FY2007/08 Projected Annual mount	Type of Service
Advent Software Inc	\$47,300	Software Licensing, Annual Maintenance, Consulting Services
American Stock Exchange	\$1,812	Subscription Fees
Bank of New York	\$85,000	Custodial Banking Fees - SCERS
Bank of New York	\$45,000	Custodial Banking Fees – City of Sacramento
Bloomberg LP	\$93,640	Administration, Connectivity & Equipment Rental Fees
Interactive Data	\$5,000	Data feed Services
Matrix USA, LLC	\$18,000	Investment Consulting Services
New York Stock Exchange	\$2,865	Data Services
RogersCasey, Inc	\$55,000	Consulting Services - SCERS
Total FY 2007/08	\$353,117	

Adopted by the City of Sacramento City Council on August 21, 2007 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Mayor, Heather Fargo

Attest:

Shirley Concolino, City Clerk

