



Milwaukee County

Legislation Text

File #: 11-2, **Version:** 1

From the County Treasurer, requesting authorization to enter into a State Contract Participation Agreement to enable Milwaukee County to piggyback onto the State banking services contract for a period ending June 30, 2014.

In order to effectuate significant savings and cost avoidance, the Office of the Treasurer recommends that Milwaukee County piggyback onto the Wisconsin State Treasury Services (banking) contract by entering into a State Contract Participation Agreement.

I. Background:

On July 1, 2008, following an RFP process, the State of Wisconsin approved banking services contracts with US Bank through June 30, 2014. The State's banking contract leveraged a processing volume that exceeds 28 million payments per year in order to achieve the lowest possible fees. As part of this contract agreement, the State included a contract clause that gave local governments the opportunity to participate under the various State Banking Contracts and take advantage of the discounted pricing they receive from US Bank.

We are proposing herein to participate in the State contract for Treasury Management (banking) services in order to achieve an estimated \$24,000/year savings over our current contract by taking advantage of the reduced banking service charges.

Albeit an incomplete listing at this time, we have identified various local governments that are already participating in the State banking contract for the very same reasons.

Dane County

Milwaukee Metropolitan Sewerage District

City of Madison

Glendale River Hills School District

City of Franklin

Maple Dale Indian Hill School District

City of Muskego

II. Window of opportunity.

This is an opportune time to take action on this matter, since the County contract with US Bank is up for review in April 2011. This window of opportunity will allow us to make a change at this time to take advantage of the State Contract terms.

Milwaukee County already participates under the State's US Bank Merchant Services contract through action taken by the County Board last year (for an estimated savings of approximately \$10,000 in credit card processing fees). No other banking firm was able to match the cost savings accrued from this Merchant Services contract.

III. Savings Accruals

- A. Cost Savings: Taking part in the State Banking RFP and contract process will result in significant actual cost savings. The State of Wisconsin, through its RFP process that was open to all interested banking firms, was able to obtain optimal pricing by leveraging its banking services volume to obtain lower costs. Milwaukee County, with its lower volume of banking services, would not be able to attract as many bidders, nor be able to attract similar low-cost banking services generated by the State's high-volume banking transactions.
- B. Reduced administrative costs: By including this participation clause in the State-wide RFP process, Milwaukee County - as well as other local governments around the state - will save on the administrative costs of duplicating the State RFP process in every locality - a process that would undoubtedly result in higher contract terms for stand-alone, lower-volume banking services contracts.
- C. Reduced personnel costs: The award of the Wisconsin Banking Contract to US Bank (rather than another banking institution) was fortunate for Milwaukee County. Because of our existing contract with US Bank, participating in the State US Bank contract will provide continuity of service and avoid the disruptions that would otherwise be caused by a change in banks and the resulting requirement for retraining of fiscal staff in every county department to learn new on-line banking programs, equipment, processes, policies and procedures. At a time of county budget belt-tightening, increasing furlough days, and reduced staffing, piggybacking on to this cost-saving State contract will afford a seamless, no-cost contract transition for every county department already using US Banking services. The elimination of retraining in new software programs, combined with requirements to maintain uniform reporting and reconciliation of banking records, will benefit the county, which is constantly attempting to do more with less.

- D. Continuity affords a reduction in costs of supplies and services: Continuing with the same banking services provider will also produce additional savings. The county pays for checks, deposit slips, and has imprinted the US Bank name/ address on much of the county's printed payment correspondence and computerized payment programs, on payment envelopes and lock boxes, on check books, and deposit bags used by all county departments. Any change in banking providers would result in the discarding of all materials and equipment that are proprietary to US Bank, as well as the purchasing of new supplies and equipment that meet the requirements of any new service provider.
- E. Banking relationship: Currently, US Bank has a good working relationship with County departments. These contacts and relationships are beneficial to the resolution of problems, if and when they arise. A change in banking providers and personnel contacts would prove time consuming if and when unforeseen difficulties occur.

Given these significant savings in money, time and resources, it is recommended that approval be given for Milwaukee County to execute a State Contract Participation Agreement through 2014, along with a 5-year renewal option, contingent upon the recommendation of the County Treasurer and approval of the County Board.

Such action would afford Milwaukee County the opportunity to realize substantial savings, significant cost avoidance, and continuity of banking services for county departments.