

PROCUREMENT SUMMARY

CUSTODIAL BANKING SERVICES/PS124467000

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| 1. | Contract Number: PS124467000 | |
| 2. | Recommended Vendor: U.S. Bank National Association | |
| 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: July 3, 2024 | |
| | B. Advertised/Publicized: July 3, 2024 | |
| | C. Pre-Proposal Conference: July 15, 2024 | |
| | D. Proposals Due: August 14, 2024 | |
| | E. Pre-Qualification Completed: September 12, 2024 | |
| | F. Ethics Declaration Forms submitted to Ethics: August 15, 2024 | |
| | G. Protest Period End Date: November 27, 2024 | |
| 5. | Solicitations Picked up/Downloaded: 11 | Bids/Proposals Received: 1 |
| 6. | Contract Administrator: Manchi Yi | Telephone Number: (213) 418-3332 |
| 7. | Project Manager: Robert Suh | Telephone Number: (213) 922-4102 |

A. Procurement Background

This Board Action is to approve Contract No. PS124467000 to provide full custodial banking services, compliance monitoring, and performance measurement. Board approval of contract award is subject to the resolution of any properly submitted protest(s), if any.

On July 3, 2024, Request for Proposal (RFP) No. PS124467 was issued as a competitive procurement in accordance with Metro’s Acquisition Policy and the contract type is a firm fixed unit rate. The Diversity and Economic Opportunity Department (DEOD) did not recommend a Small Business Enterprise/Disabled Veteran Business Enterprise (SBE/DVBE) participation goal for this procurement.

No amendments were issued during the solicitation phase of this RFP.

The solicitation was available for download from Metro’s website. Advertisements were placed with the Los Angeles Daily News, Asian Journal, La Opinion, and Los Angeles Sentinel to notify potential proposers of this solicitation. Further, Metro notified potential prime contractors identified by the Project Office and other potential proposers from Metro’s vendor database based on applicable North American Industry Classification System (NAICS) codes. A virtual pre-proposal conference was held on July 15, 2024, and was attended by three participants representing three firms.

A total of eleven individuals downloaded the RFP and were included on the planholders list. There were twelve questions received and responses were issued prior to the proposal due date.

One proposal was received from U.S. Bank National Association (U.S. Bank N.A.) by the proposal due date of August 14, 2024.

Since only one proposal was received, staff conducted a market survey of the planholders to determine why no other proposals were received. Responses were received from four firms, and they included:

- lack of capability to fulfill the technical requirements of the RFP
- inability to meet the RFP minimum qualification requirements

The market survey revealed that the decisions not to propose were based on individual business considerations. Therefore, the solicitation can be awarded as a competitive award.

B. Evaluation of Proposal

A Proposal Evaluation Team (PET) consisting of staff from the Treasury and Accounting departments was convened and conducted a comprehensive technical evaluation of the proposal received.

The proposal was evaluated based on the following evaluation criteria:

Phase 1 Evaluation - Minimum Qualifications (Pass/Fail): To be responsive to the RFP minimum qualification requirements, proposers must meet all of the following:

- The proposer must have current custody of more than one trillion dollars (\$1,000,000,000,000) of domestic fixed-income assets.
- The proposer must have a minimum of eight years of experience in providing custody and/or performance measurement services.
- The proposal must include proof that an independent certified auditor or third party vendor has attested to the accuracy of performance returns according to Global Investment Performance Standards (GIPS).

Phase 2 Evaluation - Weighted Technical Evaluation: The proposer met the Minimum Qualifications (Pass/Fail) Criteria and was further evaluated based on the following evaluation criteria and weights:

- Qualifications, Experience and Capability of the Firm and Key Personnel 25%
- Custody, Compliance Reporting and Performance Measurement Services 25%

- Technology, Transition and Conversion 25%
- Price Proposal 25%

The evaluation criteria are appropriate and consistent with criteria developed for similar procurements. Several factors were considered in developing the evaluation criteria and each were equally weighted.

From August 19, 2024 through September 5, 2024, the PET independently evaluated and scored the technical proposal. At the conclusion of the evaluation, the PET determined that U.S. Bank N.A. met all RFP requirements and was technically qualified to perform the work.

The following is a summary of the PET scores:

| 1 | Firm | Average Score | Factor Weight | Weighted Average Score | Rank |
|---|---|---------------|---------------|------------------------|----------|
| 2 | U.S. Bank National Association | | | | |
| 3 | Qualifications, Experience and Capability of the Firm and Key Personnel | 92.00 | 25.00% | 23.00 | |
| 4 | Custody, Compliance Reporting and Performance Measurement Services | 94.16 | 25.00% | 23.54 | |
| 5 | Technology, Transition and Conversion | 93.32 | 25.00% | 23.33 | |
| 6 | Price Proposal | 100.00 | 25.00% | 25.00 | |
| 7 | Total | | | 94.87 | 1 |

C. Price Analysis

The recommended amount has been determined to be fair and reasonable based on price analysis, Independent Cost Estimate (ICE), and technical analysis.

| | Proposer Name | Proposal Amount | Metro ICE | Recommended Amount |
|----|--------------------------------|-----------------|-------------|--------------------|
| 1. | U.S. Bank National Association | \$1,989,250 | \$1,921,106 | \$1,989,250 |

The variance between the recommended amount and the ICE is due to the use of a lower projected market value of Metro’s operating fund investment portfolios in calculating the ICE. Further, fees proposed by US Bank N.A. are lower than the fee structure under the current custodial banking services contract.

D. Background on Recommended Contractor

U.S. Bank National Association (U.S. Bank N.A.), headquartered in Minneapolis, Minnesota, was established in 1863. It offers a wide range of financial services and has over 125 years of experience providing trust and custody services for institutional clients. It manages 5,303 custody accounts with more than \$2.6 trillion in assets, including 635 public and government clients with over \$417.3 billion in assets. Existing public sector clients include the Orange County Transportation Authority, Santa Clara Valley Transportation Authority, County of Fresno, City of San Diego and the California State University, Long Beach.

U.S. Bank, the incumbent contractor, has been providing custodial banking services to Metro and performance has been satisfactory.