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County Member

Allen Long
County Member Alternate

Susie Baugh
City Member

Mike Littau
City Member

Pam Morgan
City Member Alternate



Fred Ryness
Special District Member

Ronnean Lund
Special District Member

Rosemary Smith
Special District Alternate

Larry Russell
Public Member

Michael Spencer
Public Member Alternate

AGENDA ITEM 9.B.

Date: June 5, 2025

From: Krystle Brogna, Executive Officer

Subject: **Banking Service Options**

The Commission will consider changing the provider for LAFCO banking services.

BACKGROUND

Shasta LAFCO banks independently from the County and other agencies. The Commission's operations and savings accounts are currently held at US Bank and serviced through their Commercial Services division.

DISCUSSION

During the last year, the Commission's operation account has seen multiple charges that were not authorized by the Executive Officer or other signers on the account. These charges added up to a total of \$1,967.03 from July 2024 to February 2025. The total amount has been refunded to LAFCO's operational account but has also incurred substantial service charges from US Bank of over \$700.

Upon request of the Executive Committee, the Executive Officer researched the potential expense and time commitments of three alternatives for review and consideration of the Committee, including continuing to bank with US Bank, banking with the County, or banking with Wells Fargo. After discussion at the May 14, 2025, Executive Committee meeting, the Committee opted to further pursue two options, either banking with Wells Fargo or Tri Counties bank, and bring forward additional information to the Commission for review and action. These options are detailed below:

Banking with Wells Fargo

Wells Fargo offers special governmental banking services similar to US Bank. Upon consultation, a banker provided the EO with the next steps for establishing an account with the bank. Required documents include a resolution of approval (Attachment A), tax identification (EIN number), and an authorized signer agreement. Monthly service charges would be \$10 per month but this can be waived if there is a minimum daily balance of \$500 or the average ledger balance is \$1,000. Authorized signers could deposit funds and speak with a banker about services at any local branch. However, more complex transactions such as transfers need to be handled by the bank's commercial services department via email/phone. Wells Fargo does not offer savings accounts for government entities, but they do offer Certificate of Deposit (CD) accounts. As of May 27, 2025, CD accounts are being offered at 2% Annual Percentage Yield (APY).

There are local Wells Fargo branches throughout the state including Redding, Arcata, and South Lake Tahoe which would allow the EO and Clerk easy access to in-person services when needed. Generally, this occurs when LAFCO receives member contributions or application fees that need to be deposited into the operations account.

Banking with Tri Counties

Tri Counties Bank also offers local government banking services. Upon consultation, a banker provided the Commission Clerk with information on how to set up and manage an account. Required documents include a resolution of approval (Attachment A), tax identification (EIN number), and an authorized signer agreement. Monthly service charges would be \$10 or \$10.95 per month for a Public Funds Checking or Public Funds Interest Checking account, respectively, but this can be waived if there is a minimum daily balance of \$2,500. Authorized signers could deposit funds and speak with a banker about services at any local branch. However, more complex transactions such as transfers need to be handled by the bank's commercial services department via email/phone.

Tri Counties Bank does offer a savings account for public and governmental entities. Monthly service charges would be \$5, but this can be waived if there is a minimum daily balance of \$300. A \$100 minimum opening deposit is required. They also offer Certificate of Deposit (CD) accounts. As of May 28, 2025, CD accounts are being offered at 3.75% Annual Percentage Yield (APY) for a 3-Month CD or 3.40% APY for a 10-Month CD.

There are local Tri Counties branches throughout the state. There are three branches in Redding, one in McKinleyville, one in Arcata, and one in Folsom. There is no local branch in the South Lake Tahoe area, however, mobile deposit is available and the daily limit could be increased to account for larger member contribution deposits. The Commission Clerk would be able to access a local branch on a regular basis, but the EO would not.

RECOMMENDATION

Staff recommends the Commission review and discuss options for banking services and take action on establishing new banking services.

Potential Actions:

- Move to adopt Resolution 2025-04 approving the establishment of new banking accounts with the desired bank (recommended), or;
- Direct staff to conduct additional research and provide the Commission with an update at the next regularly schedule Commission meeting, or;
- Direct staff to continue banking with US Bank.

Attachments:

Attachment A – Draft Resolution 2025-04