



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 8, 2021**

FROM: FINANCE DEPARTMENT **WARDS: ALL**

SUBJECT: APPROVE THE EXTENSION OF THE UMBRELLA AGREEMENT WITH BANK OF AMERICA N.A. FOR GOVERNMENT BANKING SERVICES FOR A TWELVE (12) MONTH PERIOD.

ISSUE:

Approve the extension of the Umbrella Agreement for Government Banking Services with Bank of America N.A. for a twelve (12) month period, commencing on May 1, 2021, to allow time for the issuance, review and selection of a Banking Services Provider through an Request for Proposals (RFP) for Banking and Merchant Card Services.

RECOMMENDATIONS:

That the City Council approve the extension of the Umbrella Agreement for Government Banking Services with Bank of America N.A. for a twelve (12) month period, commencing on May 1, 2021, to allow time for the issuance, review and selection of a Banking Services Provider through an RFP for Banking and Merchant Card Services.

BACKGROUND:

The City has relationships with multiple financial institutions to provide banking services, investments, lines of credit and loans, and merchant services. The City has a fiduciary responsibility to handle the public's money in accordance with state and federal laws and local policies. The City is responsible for over \$800 million across various accounts and may move several million dollars on any given day.

In November 2012, an RFP was distributed to all interested banking institutions, to solicit proposals for City of Riverside Banking and Merchant Services. The RFP outlined a series of required services as well as a list of optional services, some of which the City now utilizes, and others which the City may wish to utilize in the future. The RFP asked for a description of the bank's approach to providing these services and their fees and methods of compensation for doing so. Information regarding each bank's financial condition, related experience and commitment to the local community was also requested. The City received a total of seven (7) proposals from the following institutions: Bank of America, US Bank, Union Bank, Wells Fargo Bank, Bank of the West, Chase Bank, and BBVA Compass Bank. After a thorough review of the proposals, with an emphasis on ability to provide basic banking services, fee structures for

banking services, related experience in providing like services to public sector agencies within California and the region, as well as the ability to access short term credit with favorable terms, staff recommended that the City enter into a corporate account agreement with Bank of America for the provision of banking services.

On April 23, 2013, the City Council approved a Banking and Merchant Services Agreement (Agreement) with Bank of America for a five-year term of service with the option to extend the agreement in one year increments up to an additional three years.

DISCUSSION:

The Finance Department is responsible for managing the City's banking relationship. Periodically, the contract for this banking and merchant card services is put out to bid through a Request for Proposal (RFP) process to be certain that the City is receiving the most favorable pricing available and to determine if there are any processing efficiencies available through another vendor.

On March 3, 2021 the Finance Department issued RFP 2068 for Banking and Merchant Card Services which was originally scheduled to be released in the Spring/Summer of 2020. Due to limited staff resources brought on by the challenges of COVID-19 we were unable to issue this RFP in a timely manner. Additionally, the magnitude of the City services involved required a thorough analysis of the City's current internal structure, process documentation and IT input before the RFP could be released. It was critical that staff took a measured approach to the RFP and allowed potential proposers sufficient time to respond to the services outlined in the RFP.

The prior agreement with Bank of America N.A. reached the end of its term on April 30, 2021, and an extension is required to continue services until a new contract is awarded through the RFP process, and if necessary, a conversion to a new service provider. Staff is requesting an extension in accordance with Purchasing Resolution section 702 (g) which states Competitive Procurement through the Informal Procurement and Formal Procurement process shall not be required "When Services can be Procured from a Contractor who offers the same or better price, terms and conditions as the Contractor previously offered as the Lowest Responsive Bidder under Competitive Procurement or negotiations conducted by the City or another public agency, provided that, in the opinion of the Manager, it is in the best interests of the City to do so." Should a conversion to a new provider be deemed necessary City Staff would require at least six months before making the transition. Bank of America has graciously agreed to extend the terms and conditions of our previous agreement for an additional 12 months. This will provide the City sufficient time to complete the RFP process and issue a new Agreement which will be presented to City Council upon recommendation by the department.

The Purchasing Manager concurs with the extension of the Umbrella Agreement for Government Banking Services in compliance with Purchasing Resolution No. 23256 Section 702(g)

FISCAL IMPACT:

The fiscal impact associated with this Agreement include both banking fees and merchant services fees, which remain consistent and unchanged from the original Banking and Merchant Services Agreement. The amount ultimately paid under the terms of the Agreement is based on the volume of transactions and services received. Additionally, the Agreement enables staff to generate earnings credit based on the amount of funds held at Bank of America such that monthly fees are virtually eliminated altogether. Merchant services fees average \$1.5 million annually and are allocated to the benefitting City departments and budgeted in their respective operating

budgets each year; approximately 85% of these fees are allocated to Riverside Public Utilities.

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Approved as to form: Kristi J. Smith, Interim City Attorney