



## Legislation Text

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**File #:** 15-149, **Version:** 1

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### **AUTHORIZATION FOR A CONTRACT AMENDMENT WITH BANK OF AMERICA**

Staff Contact: Tom Duensing, Director, Finance and Technology

#### **Purpose and Recommended Action**

This is a request for City Council to authorize the City Manager to approve Amendment No. 5 of contract #C-6668 with Bank of America for banking services and approve expenditure of funds for the remaining term of the agreement in an amount not to exceed \$250,000 (\$125,000 annually for two years).

#### **Background**

Bank of America provides banking services including depository, cash vault, ACH, disbursements, wire transfers, reconciliation, image, and other miscellaneous services to the city. In December 2005, the city issued Request for Proposals (RFP) 05-53 to solicit proposals for banking services. The contract was placed on the Council agenda for consideration of approval in June of 2006. At that time, the City Attorney's interpretation of the city code was that the agreement for banking services was not a contract, and therefore, the agreement with Bank of America did not need to be approved by the City Council. As a result, the item was removed from the Council agenda and Bank of America was awarded Contract #C-6668 administratively in November 2006. The agreement had an initial two-year term beginning December 1, 2006 through November 30, 2008 with an option to extend the terms of the contract for an additional eight years in two years increments. Amendments No. 1 through No. 4 (also attached) were also approved administratively and extended the terms of the agreement from December 2, 2009 through November 30, 2014. Each of the prior amendments had no changes to the schedule of fees.

In accordance with current policy, and interpretation by the current City Attorney that the agreement to provide banking services does constitute a contract, staff is requesting approval of Amendment No.5 of contract #C-6668. The current amendment maintains the same fees with the exception of a slight reduction in fees for some electronic banking items. Banking services fees fluctuate from month to month based on the volume of the transactions but they are estimated to be less than or equal to \$125,000 on an annual basis.

#### **Analysis**

Banking services are critical to the city's day to day operations. Bank of America services the checking accounts the city uses for daily deposits, payments to vendors, and payroll. In addition, under this amendment the city will incur savings with a reduction in the unit price for check deposits, image deposits, ACH consumer debits and credits, and electronic wires (domestic) in the new schedule of fees. This Council action will extend the agreement retroactively from December 1, 2014 until November 30, 2016 and adopt the new fee schedule. The option to extend the contract will not be available in November 2016 and a procurement for banking services is expected to be conducted beginning in January of 2016.

**Budget and Financial Impacts**

Actual banking service fees are allocated to the funds which have bank accounts. Currently the general fund, water and sewer, and landfill have existing accounts with Bank of America. The general fund has nine accounts while water and sewer and landfill each have one account. The budgeted amounts reflected below are for two years of banking services.

<b>Cost</b>	<b>Fund-Department-Account</b>
<b>\$210,000</b>	<b>1000-11390-520430</b>
<b>\$10,000</b>	<b>2360-17110-520430</b>
<b>\$30,000</b>	<b>2440-17710-520430</b>

Capital Expense? No

Budgeted? Yes

Requesting Budget or Appropriation Transfer? No

If yes, where will the transfer be taken from?