

June 11, 2024

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to authorize the City Manager, or designee, to execute all documents necessary to amend Contract No. 32497 with U.S. Bank N.A. (formerly Union Bank N.A.), of Minneapolis, MN, for banking and cash management services, to extend the term of the contract for two additional one-year periods, for a term ending August 31, 2026, at the discretion of the City Manager. (Citywide)

DISCUSSION

City Council approval is requested to amend Contract No. 32497 with U.S. Bank N.A. to continue providing banking and management services for two years for a term ending August 31, 2026. The additional two one-year extensions will allow the City of Long Beach (City) to initiate a Request for Proposal (RFP) in accordance with the City's procurement policies and ensure adequate time to convert to a successor bank's platform if selected. Given the breadth, integration, and customization of banking services required by the City, it is estimated that the banking RFP will require at least 12 months to complete. If a new bank is selected, an additional 6 to 12 months will be needed to properly complete and implement the conversion to the new bank and adequately train City staff.

On July 12, 2011, the City Council awarded a contract to Union Bank N.A. to provide banking services for a three-year fixed period, with seven one-year extension options, at a rate not to exceed \$275,000 annually, with an expiry date of August 31, 2021. Union Bank was selected for integrated citywide banking, cash management depository, and disbursement services across all City accounts. The service integration enhances the monitoring and control over all monetary instruments and services including electronic funds transfer (EFT), checks, coin, and currency, as well as on-site ATM operations at three City-designated locations.

On August 11, 2020, the City Council approved a three one-year renewal option that extended the contract from September 1, 2021, to August 31, 2024, to ensure continuity in banking services during the COVID-19 pandemic and to allow staff to facilitate a Request for Proposal (RFP) for a new bank contract.

During this renewal period, U.S. Bank announced the acquisition of Union Bank, the City's primary bank. The City was subsequently forced to migrate to U.S. Bank's platform, which required the City to dedicate significant time and resources to complete the migration in lieu of initiating a Request for Proposal (RFP). The migration was completed in May 2023. Given the intricacies of the City's integrated banking services and demands on the City's limited resources,

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staff decided it would be prudent to continue with the U.S. Bank's platform for a short period of time before initiating a Request for Proposal (RFP).

This matter was reviewed by Principal Deputy City Attorney Richard Anthony on May 20, 2024, Purchasing Agent Michelle Wilson on May 17, 2024, and by Revenue Management Officer Geraldine Alejo on May 23, 2024.

TIMING CONSIDERATIONS

City Council action to amend Contract No. 32497 is requested on June 11, 2024, to allow for uninterrupted and timely execution of the City's banking operations.

FISCAL IMPACT

The requested amendment will extend the contract term for two additional one-year periods, with a contract end date of August 31, 2026, for citywide banking and cash management services. Under the proposed contract amendment, there will be no change to the contracted bank fees charged to the City in an annual amount not to exceed \$275,000. Sufficient funds are budgeted in the General Fund Group in the Financial Management Department. Banking fees are primarily based on the volume of banking transactions, which fluctuate during a given year. Although there is no change in the contracted rates, transaction volumes have grown over the years. Banking fees are partially offset with banking credits earned in a compensating balance account. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Kevin Riper
Director
Financial Management

APPROVED:



THOMAS B. MODICA
CITY MANAGER