



Legislation Details (With Text)

**File #:** 19-1051      **Version:** 1

**Type:** BID, RFP, RFQ, COOP, SOLE SOURCE, OPTION YEAR      **Status:** Passed

**File created:** 10/22/2019      **In control:** City Council

**On agenda:** 1/21/2020      **Final action:** 1/21/2020

**Title:** Approve the award of the second two-year extension to Contract 13-025A, Depository Banking Services, to BMO Harris for an amount not to exceed \$367,000

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Original Award

Date	Ver.	Action By	Action	Result
1/21/2020	1	City Council	approved	Pass

**CITY COUNCIL AGENDA ITEM**

**ACTION REQUESTED:**

Approve the award of the second two-year extension to Contract 13-025A, Depository Banking Services, to BMO Harris for an amount not to exceed \$367,000

**DEPARTMENT:** Finance Department

**SUBMITTED BY:** Rachel Mayer, Director

**BOARD/COMMISSION REVIEW:**

N/A

**BACKGROUND:**

In February 2013, City Council approved the award of Contract 13-025 to BMO Harris Bank for a five-year term from August 1, 2013 through July 31, 2018 with consideration for two, two-year extensions. As part of this contract, BMO Harris is responsible for the following banking services:

- Domestic custody
- Monthly and annual financial statements
- Cost basis maintenance
- 24/7 Internet access via Portfolio Vision for client and managers
- Daily sweep assuming a BMO Fund managed by BMO Global Asset Management is used as the sweep vehicle
- Distributions
- Wire transfers
- All client meetings

In August 2018, City Council approved the first extension to the contract from August 1, 2018 to December 31, 2019. The City and BMO Harris agreed to a 16-month extension rather than a 2-year extension to align the contract with the City's fiscal year.

**DISCUSSION:**

During the first extension to the contract, staff was able to negotiate with BMO Harris to convert the City's account to a hybrid structure, meaning it offers an earnings credit rate, as well as an interest rate on the account balances the City maintains. Once the bank's monthly fees are offset by the earning credit rate, any remaining balances automatically earn interest. As a result of this new hybrid structure, the City received an additional \$323,578 in interest revenues during the first extension period.

Based upon the vendor's performance, the Finance Department would like to extend the contract for the second and final two-year extension. BMO Harris requested a 3% increase to the overall monthly fees for the first year of the two-year extension and the option to implement a price increase of no greater than 3% for the second year of the extension. This equates to an additional \$318 per month for the first year and up to an additional \$450.17 per month if the full increase were leveraged for the second year of this extension.

Staff evaluated the request and recommends the City accept the 3% increase for the first year and up to a 3% increase for the second year of the two-year extension. As stated above, this contract began in August 2013. When the City awarded the first extension, BMO Harris agreed to maintain the prices from the original contract term, meaning the unit prices for the various fees have not increased in the last 6.5 years.

The term of the second extension is two years from January 1, 2020 to December 31, 2021, with no extensions remaining.

**FISCAL IMPACT:**

CIP#: N/A

Depository banking, lockbox and safekeeping services are expensed to the administrative service fees accounts listed below. A total of \$1,171,800 is budgeted for banking and credit card fees in 2020. The requested award is within budget.

<b>Account Number</b>	<b>Fund Description</b>	<b>Total Budget Amount</b>
15101100-532316	General Fund	\$189,154
15101300-532316	Electric	\$623,178
15101300-532316	Water & Wastewater	\$356,468
50102900-532316	Library Fund	\$3,000