



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 28

Agenda Date: June 12, 2025

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Approving the first contract amendment for Depository Banking and Lockbox Services with Frost Bank.

SUMMARY:

This Ordinance approves a contract amendment to the Depository Banking and Lockbox Services contract with Frost Bank to add Smart Safe Cash Management Services and authorizes the execution of an agreement with Loomis Armored US, LLC to provide the Smart Safe Cash Management services as provided through the contract with Frost Bank as amended for an estimated amount of \$387,913 with an effective date of July 1, 2025 and terminating March 31, 2028.

BACKGROUND INFORMATION:

On December 15, 2022, Ordinance No. 2022-12-15-0979, approved the execution of the contract between the City and Frost Bank for depository banking and lockbox services and related financial services for a period of three (3) years, commencing on April 1, 2023, through March 31, 2026, with an option to renew for one (1) additional two (2) year period.

Depository banking services include collecting and disbursing the City's funds, providing timely

and reader-friendly reports, implementing security measures to protect and assist the City with its fiduciary responsibilities with respect to financial assets, providing online cash management techniques, as well as other financial services including, but not limited to, custodial, safekeeping, trust, escrow, and commercial services. Lockbox services include collecting, processing, and depositing the City's receivables directly through a designated post office box. All items collected during the business day are deposited on a same-day basis, with same-day reporting available through electronic transmission.

The City currently utilizes armored car services for the collection of cash and checks at various City locations. The City has requested proposals under two separate solicitation processes in FY 2023 and FY 2024. Unfortunately, neither process resulted in a new contract for armored car services due to limited interest based on the number of locations and the frequency of pickups that the City was requiring. As the armored car industry is moving away from traditional cash in transit armored car services, the City is looking for alternative ways to manage cash and check collection. Since the City was not able to contract for armored car services through a normal solicitation process, the City looked to add alternative armored car services to the City's contract with Frost Bank. Frost Bank has two third-party approved vendors available to provide Smart Safe Management services under the current contract with the City. The City evaluated the two companies based on pricing, service and contract terms and selected Loomis Armored US, LLC ("Loomis") to contract with to provide the services.

The purpose of this contract amendment is to add Smart Safe Cash Management services to the Frost Bank contract which will assist the City in the collection of deposits by various City locations/departments. As part of this transition, all locations/departments currently receiving armored car services in the City were evaluated to see if they would require Smart Safe Cash Management services or if other collection alternatives could be utilized to meet the needs of the departments. As a result, the number of City locations utilizing the services was reduced from fifty-two to seventeen. The contract with the current service provider for cash in transit armored car services will terminate on June 30, 2025. The term of the contract with Loomis will be effective starting July 1, 2025, which will allow Loomis to provide traditional cash in transit armored car services for approximately two months while transition to and implementation of the Smart Safe Cash Management Services. The contract will be in effect for a period of thirty-three months through March 31, 2028 which is the remaining contract term of the Depository Agreement, assuming the option for renewal of one (1) additional two (2) year period with Frost Bank is effectuated. Smart Safe Cash Management Services including installing Smart Safes at selected City locations which will streamline the cash-handling process, secure deposits and provide faster funds availability. Other services will be coordinated with City departments and implemented in coordination with the contract with Loomis.

ISSUE:

The proposed amendment is consistent with State law; the City's banking policies and previous actions to contract such services.

ALTERNATIVES:

If the additional services are not added to the existing contract, the City would be required to seek alternative ways to manage cash and check collection at City locations which could impact the City's cash-handling process, secure deposits, and funds availability.

FISCAL IMPACT:

The contract amendment with Frost Bank which allows the City to utilize Loomis for Smart Safe Cash Management services is estimated to cost the City a total of \$387,913 for a remaining Depository contract term of thirty- three months. This includes a monthly fee to Frost Bank per location which will total \$126,225 for a thirty-three-month period starting on July 1, 2025, and will be paid from interest earnings on the City's deposits whose availability will be expedited with this process change. The remaining cost is the fee payable to Loomis which is estimated to at \$261,688 for a thirty-three-month period starting on July 1, 2025, and will be paid by each City department based on the service level provided by Loomis.

RECOMMENDATION:

Staff recommends approval of this ordinance approving the first contract amendment with Frost Bank to add Smart Safe Cash Management services.