



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 39

Agenda Date: December 15, 2022

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Authorizing the Execution of Contracts for Depository, and Lockbox Services

SUMMARY:

This ordinance authorizes the City Manager or his designee to execute a contract with Frost Bank to provide Depository Banking and Lockbox Services and related financial services to the City of San Antonio for a period of three years, commencing on April 1, 2023, and ending on March 31, 2026, with an option to renew for one additional two-year period; and authorizes other matters incident and related thereto.

BACKGROUND INFORMATION:

State statute and the City Charter govern the City's banking policies. The City's Chief Financial Officer is responsible for implementing these policies under the direction of the City Manager. Accordingly, City funds must be maintained in accounts at qualified financial institutions approved by the City Council.

On December 6, 2021, a Request for Proposal ("RFP") was released soliciting proposals from qualified firms to provide Depository Banking and Lockbox Services to the City.

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.

Lockbox services include collecting, processing, and depositing the City’s receivables directly through a 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.

A total of four (4) firms responded to the RFP and are listed below:

Firm	Services Proposed
Frost Bank	Depository Banking and Lockbox Services
JPMorgan Chase Bank, N.A	Depository Banking and Lockbox Services
Wells Fargo Bank	Depository Banking Only
PNC Bank	Depository Banking Only

However, JP Morgan Chase Bank’s proposal for Depository Banking and Lockbox Services was deemed non-responsive for failure to comply with Senate Bill 19. The remaining three proposals were deemed responsive and moved forward for full proposal evaluation by the Selection Committee.

The Selection Committee was comprised of the following, Chief Financial Officer, Deputy Chief Financial Officer, Assistant Finance Director, Financial Management Administrator, Deputy Director Information Technology Services Department, San Antonio Water System representative, and advisory members that included City staff members.

The Evaluation Criteria included, experience, background, and qualifications; proposed plan; pricing; Local Preference Program; and Veteran Owned Small Business Preference Program.

The City’s goal setting committee recommended that no Affirmative Procurement Initiative (“API”) be applied due to the limited availability of Small Business Economic Development Advocacy (“SBEDA”) firms registered for banking services, and therefore determined that SBEDA points would not be applicable to the evaluation criteria or considered in the evaluation process.

The Selection Committee met to interview, discuss, and score respondents on October 11, 2022. Scoring was based on the evaluation criteria and consideration was given to the oral interviews as well as the written proposals.

The Selection Committee recommends Frost Bank to provide Depository Banking services for a period of three years, commencing on April 1, 2023, through March 31, 2026, with an option to renew for one additional two-year period. Such renewal will be subject to review and evaluation of Frost Bank’s performance and contingent upon City Council approval to exercise the renewal option. While no transition is required, the City will request Frost Bank to assign a team to work with designated City team members to review all existing bank accounts, security measures, and

related banking services as if the City were changing depository banks. This exercise will benefit the City by allowing for a comprehensive review of all banking services and new technology.

The Selection Committee recommends Frost Bank to provide Lockbox Services for a period of three years, commencing on April 1, 2023, through March 31, 2026, with an option to renew for one additional two-year period. Such renewal will be subject to review and evaluation of Frost Bank's performance and contingent upon City Council approval to exercise the renewal option.

This item was presented to the Audit and Accountability Committee as a post solicitation briefing on December 6, 2022.

ISSUE:

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

The Small Business Economic Development Advocacy (SBEDA) Program was waived; there were a lack of SBE firms able to perform the work required. In accordance with Local Preference Program, the recommended respondent received 10 points for being headquartered within the incorporated San Antonio city limits. There were no proposals submitted from veteran-owned small business respondents for this contract; therefore, no Veteran-Owned Small Business Preference Program points were applied.

ALTERNATIVES:

The existing Depository/Lockbox contract is set to expire March 31, 2023, with an option for an extension for three months. If the renewal is not approved, the City would be required to close all depository accounts which could impact the City's Depository Banking and Lockbox Services.

FISCAL IMPACT:

The proposal submitted by Frost Bank to provide the required depository banking services is estimated to have an average annual cost of \$275,769.00. Frost Bank's proposal included incentives such as three months of waived fees as well as a discounted rate for certain fees for the term of the contract. Actual annual costs are dependent upon actual transaction volume which is to be paid through interest earned on a compensating balance held at Frost Bank.

The proposal submitted by Frost Bank to provide the required Lockbox Services is estimated to have an annual cost of \$29,125.00. Frost Bank's proposal included incentives such as three months of waived fees as well as a discounted rate for certain fees for the term of the contract. Actual annual costs are dependent upon actual transaction volume which is to be paid through interest earned on a compensating balance held at Frost Bank.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing the execution of a contract renewal with Frost Bank to provide Depository Banking and Lockbox Services and related financial services for a period of three years, commencing on April 1, 2023, and ending on March 31, 2026, with an option to renew for one additional two-year period under the same terms and conditions.

This contract is procured by means of Request for Proposal and a Contracts Disclosure Form is required.