



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 18

Agenda Date: May 5, 2022

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Approving a Contract Extension for Depository Banking and Lockbox Services

SUMMARY:

This Ordinance approves a contract amendment with Frost Bank for depository and lockbox services to extend the term of the contract for an additional nine (9) months, commencing on July 1, 2022, and ending on March 31, 2023, with an option to renew for three (3) additional months under the same terms and conditions.

BACKGROUND INFORMATION:

In December 2021 the City issued a Request for Proposals for depository banking and lockbox services. The contract amendment will ensure the City's ability to continue to have depository banking and lockbox services without interruption while the City evaluates the proposals. This extension of the contract for an additional nine (9) months, commencing on July 1, 2022, and ending on March 31, 2023, with an option to renew for three (3) additional months will also allow for a transition period should a new firm be selected.

On June 15, 2017, City Council 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 July 1, 2017 through June 30, 2020, with an option to renew for one (1) additional two (2) year period.

In May 21, 2020, City Council, 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 two (2) years, commencing on July 1, 2020, through June 30, 2022.

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.

ISSUE:

The proposed renewal is consistent with previous actions to contract such services.

ALTERNATIVES:

If the renewal is not approved, the City's current depository banking and lockbox services could be impacted.

FISCAL IMPACT:

This ordinance approves a contract amendment with Frost Bank for depository and lockbox services to extend the term of the contract for an additional nine (9) months, commencing on July 1, 2022, and ending on March 31, 2023, with an option to renew for three (3) additional months under the same terms and conditions. Fees/costs for the Depository Banking and Lockbox Services are paid through interest earned on a compensating balance held at Frost Bank.

RECOMMENDATION:

Staff recommends approval of this ordinance approving a contract extension with Frost Bank to provide depository banking and lockbox services and related financial services for a period nine (9) months, commencing on July 1, 2022, and ending on March 31, 2023 with an option to renew

for three (3) additional months under the same terms and conditions.