Agenda Item #13.2
For Council Meeting of: November 19, 2024

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: ALAN ALTON, CHIEF FINANCIAL OFFICER, FINANCE DEPARTMENT
SUBJECT: SECOND AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT F001828 WITH JPMORGAN CHASE BANK, N.A.

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Council, by resolution, approve the second amendment to Professional Services Agreement Number F001828 with JPMorgan Chase Bank, N.A., for general banking services with the City of Santa Rosa, extending the term of the contract for an additional four years, through September 4, 2028, and increase the total not-to-exceed amount up to $600,000.

EXECUTIVE SUMMARY

The City of Santa Rosa requires a firm to provide daily banking services in order to facilitate the high volume of complex daily banking transactions that result from the diverse range of City operations. On any given day, the City's bank accounts receipt revenue across various operations and locations and receive funds from hundreds of external sources. In addition, payments are made daily for goods, services, debt service and payroll. Since 2018, JPMorgan Chase Bank, N.A. (JPMC) has provided general banking services to the City, including managing all bank accounts, deposit and disbursement services, electronic transfer of funds, reporting, lockbox processing services, etc. This second amendment will extend these services and compensation for an additional four years.

BACKGROUND

The City contracts for several services relative to banking and other financial services, including merchant card services, institutional custody, and procurement cards. JPMC has provided general banking services to the City since 2018. Originally a 5-year contract, the agreement was amended in September 2023 to be extended for an additional year through September 2024. This second amendment will extend the term of the contract an additional 4 years, through September 2028, and increase the compensation accordingly.

PRIOR CITY COUNCIL REVIEW

On November September 4, 2018, the City Council, by resolution No. RES-2018-158 approved the 5-year General Banking Services contract with JPMC with the option to renew for an additional 5 years.

ANALYSIS

The City selected JPMC as one of five proposals for General Banking services that responded to a Request for Proposal (RFP) in 2018. At the time, JPMC scored the highest in both the qualitative and quantitative evaluation, demonstrated a robust online platform with innovative new solutions, and proposed the lowest fees of all vendors.

Under the original five-year term of this agreement, the annual banking fees were approximately $49,700, with the initial five-year total for approximately $250,000. The agreement was amended once through September 2024. At this time, the total not-to-exceed amount was increased to $360,000. The second amendment will extend this agreement for an additional 4 years, through September 2028. In the next term, banking fees are expected to be approximately $50,000-$60,000 per year, a slight increase from what was stated in the original agreement. As such, extending the term of the agreement will result in total banking fees not-to-exceed $600,000 over the course of ten years, including the original term and first amendment.

Since engaging JPMC for assistance with the City's general banking services, the Finance Department has been supported with cutting edge technology and robust communication to facilitate the City's dynamic banking needs. In addition, JPMC continually assists the City in potential areas to innovate, such as increased Fraud Detection, remote check deposit, and competitive interest rates.

Securing a new general banking services provider with an alternative firm would require an RFP, a process that would take twelve to eighteen months and involve multiple departments. The interruption in services and staff time across all departments that intake revenue would be substantial. In addition, the fees being paid to JPMC are competitive and there is no guarantee the City would realize any cost savings. This four-year extension would allow continuity of service and enough time to plan and move through the RFP process prior to the expiration of the contract extension, and ultimately best serve the City's operations and banking needs.

FISCAL IMPACT

Fees associated with the general banking contract have been appropriated as part of the FY 2024-25 annual budget. Approval of this action does not have a fiscal impact on the General Fund for the current year. Future years of this contract would need to be incorporated into the General Fund's budget if no additional outside funding source can

be secured. The City is actively working to secure outside funding.

ENVIRONMENTAL IMPACT

This action is exempt from the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Resolution/Exhibit A Second Amendment to Agreement

PRESENTER

Alan Alton, Chief Financial Officer