

C-4

August 11, 2020

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary to amend Agreement No. 32497 with Union Bank, N.A., of San Diego, CA, for banking and cash management services, to add three one-year renewal options, at the discretion of the City Manager. (Citywide)

DISCUSSION

City Council authorization is requested to amend Agreement No. 32497 with Union Bank, N.A., to add three one-year renewal options.

On July 12, 2011, the City Council awarded a contract to Union Bank, N.A. (Union Bank), to provide banking services to the City of Long Beach (City) for a three-year fixed period, with seven one-year optional extensions, at the rate not to exceed \$275,000 or charges shown in Exhibit "C" of the contract expiring on August 31, 2021. Union Bank was engaged for integrated citywide banking and cash management depository and disbursement services across all City accounts. The integration enhances the monitoring and controls over all monetary instruments including electronic funds transfer (EFT), checks, coin and currency, as well as onsite ATM operations at three City-designated locations.

Following the City's emergency declaration related to the COVID-19 pandemic on March 4, 2020 and its resurgence, the demand on City resources has been exponential. Considering the impact and continued demands of the ongoing pandemic on the City's limited resources, the intricacies of the City's integrated banking services, and uninterrupted vendor support of the LB COAST implementation, it would be prudent for the City to extend the original contract to ensure continuity of services while continuing to respond to the public emergency.

The addition of three optional one-year extensions will ensure continuity in banking services, and will allow for a stable banking platform supported by an experienced banking vendor to facilitate the implementation of the new payroll system. The additional extensions will maximize the opportunity to initiate a Request for Proposal (RFP) in accordance with the City's procurement policies when resources become available, while ensuring adequate time to convert to a successor bank's platform if selected. Given the

HONORABLE MAYOR AND CITY COUNCIL

August 11, 2020

Page 2

breadth, integration, and customization of banking services required by the City, it is estimated that the banking RFP will require at least 12 months to complete. If a new bank is selected, an additional five months will be needed to complete the conversion to the new institution and citywide training.

This matter was reviewed by Deputy City Attorney Amy R. Webber on July 24, 2020, Deputy Finance Director Sandy Tsang-Palmer on July 17, 2020, and by Budget Management Officer Rhutu Amin Gharib on July 23, 2020.

TIMING CONSIDERATIONS

City Council action to amend Agreement No. 32497 is requested on August 11, 2020, to allow for uninterrupted continuation of services.

FISCAL IMPACT

The requested amendment will extend the current contract with Union Bank for three one-year optional renewal periods to support a stable banking platform for the City. Banking costs are primarily the result of banking transactions and will fluctuate with the volume of banking activity in a given year. Banking fees are partially offset with banking credits earned in a compensating balance account. Sufficient funds are budgeted in the General Fund Group in the Financial Management Department. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



THOMAS B. MODICA
CITY MANAGER