



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED:

REPORT NO:

ATTENTION: Council President and City Council Members

SUBJECT: Extension of Banking Services Contracts (Bank of America, San Diego Metropolitan Credit Union and Bank of New York Mellon)

REFERENCE:

REQUESTED ACTION:

Approve the recommendation to extend the banking services contracts with Bank of America, San Diego Metropolitan Credit Union and Bank of New York Mellon, to expire on December 1, 2013.

STAFF RECOMMENDATION:

Approve extensions of the existing contracts with Bank of America, San Diego Metropolitan Credit Union and Bank of New York Mellon for one (1) year, with month-to-month termination options, to expire on December 1, 2013.

SUMMARY:

The City of San Diego issued a Banking Services Request for Proposal (RFP) dated July 2, 2007 which ultimately resulted in Master Agreements with Bank of America, San Diego Metropolitan Credit Union and Bank of New York Mellon commencing December 1, 2007.

Bank of America was selected to provide Depository and Disbursement Services. The contract is a variable charge contract based on service levels used and has averaged approximately \$91,500 per month in Fiscal Year 2012. The annual cost of this contract in Fiscal Year 2012 is estimated to be just under \$1.1 million.

San Diego Metropolitan Credit Union was selected to provide Payroll Services for a total of \$25 per payroll period. The annual cost of this contract in Fiscal Year 2012 was \$650.

Bank of New York Mellon was selected to provide Securities Clearance and Safekeeping Services for a total of \$4,166.67 per month in Fiscal Year 2012. The annual cost incurred has not exceeded \$50,000 in any given year.

Due to severe staffing shortages in the Purchasing and Contracting Department, the issuance of the Banking Services RFP was significantly delayed. Although the Banking Services RFP was targeted for issuance in late 2011, it was not issued until June 7, 2012.

Extension of the existing contracts is recommended in order to ensure that a thorough and timely RFP process is conducted. Under normal circumstances, the City's banking services are re-bid every five (5) years and a complete analysis of each department's banking needs are quantified and represented, along with the City's various information systems and service requirements. Once a vendor is selected, system conversions, parallel testing, and implementation can take up to six (6) months with fully dedicated staffing from the Office of the City Treasurer, the Enterprise Resource Planning group, Office of the Comptroller and other vested City departments. As a result of the delay, it will be nearly impossible to complete the RFP process, legal review, seek Council approval of contract(s) and implement new services before the City's existing banking services contracts expire on December 1, 2012.

City Charter §99 provides that no contract, agreement or obligation extending for a period of more than five (5) years may be authorized except by ordinance adopted by a two-thirds' majority vote of the members elected to the Council after holding a duly noticed public hearing.

FISCAL CONSIDERATIONS:

Not applicable

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

Approval of current Bank of America contract by City Council on November 20, 2007.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Not applicable

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

Bank of America, San Diego Metropolitan Credit Union and Bank of New York Mellon.

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Gail R. Granewich  
City Treasurer

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Jay M. Goldstone  
Chief Operating Officer

Attachments(s): 1. Title/Description of Attachments