

## A G E N D A



## Recommendation for Council Action (Purchasing)

Austin City Council		Item ID:	68862	Agenda Number	18.
Meeting Date:		March 23, 2017			
Department:		Purchasing			
Subject					
Authorize negotiation and execution of a 36-month contract with JP MORGAN CHASE BANK, N.A., or one of the other qualified offerors to Request for Proposals SMB0302, to provide bank depository services, in an estimated amount of \$953,392, with two 12-month extension options in an estimated amount of \$394,159 for the first extension option and \$413,867 for the second extension option, for a total contract amount not to exceed \$1,761,418.					
Amount and Source of Funding					
Funding in the amount of \$105,932 is available in the Fiscal Year 2016-2017 Operating Budget of the Financial Services Department. Funding for the remaining 32 months of the original contract period and extension options are contingent upon available funding in future budgets.					
Fiscal Note					
A fiscal note is not required.					
Purchasing Language:	The Purchasing Office issued a Request for Proposals (RFP) SMB0302 for these services on August 8, 2016, and it closed on September 29, 2016, with four offers received. The recommended offer is the best evaluated offer submitted by a responsible offeror. Additional information on the solicitation is included below the line. The recommended offeror is the current provider for these services.				
Prior Council Action:					
For More Information:	Sandy Brandt, Senior Buyer Specialist, 512-974-1783				
Boards and Commission Action:					
Related Items:					
MBE / WBE:	This solicitation was reviewed for subcontracting opportunities in accordance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement				

Program. For the services required for this solicitation, there were insufficient subcontracting opportunities; therefore, no subcontracting goals were established.

#### Additional Backup Information

The contract will provide a qualified financial institution for depository services, which includes maintenance of required bank accounts, deposit services, check disbursement services, electronic funds transfers for outgoing and incoming transactions, balance/transaction reporting, safekeeping services, and maintaining collateral requirements in accordance with Chapter 2257 of the Texas Government Code (Collateral for Public Funds) and the City Code.

Highlights of the requirements for the depository services outlined in the contract include:

- The City currently has 33 separate bank accounts. The City uses an investment pool strategy that consolidates funds that can be legally merged under one investment umbrella;
- All City funds are required to be collateralized by the depository in accordance with State Law. Permanent depository collateral to be pledged at all times is set at \$10 million;
- Daylight overdraft protection for all City bank accounts;
- Deposit services that can accept an X9.37 Cash Letter or X9.100 formatted Cash Letter, receive/process National Automated Clearing House Association (NACHA) formatted ACH files, and provide sequentially encoded deposit slips for each departmental location;
- Electronic Funds Transfer (EFT) services that allows for online ACH and wire initiation and the ability to submit NACHA formatted ACH direct file transmissions for both ACH debit/credit transactions;
- Disbursement services including a controlled disbursement account as well as specialized fraud prevention services such as ACH debit blocks, ACH debit filter, Positive Pay with Full Reconciliation, and Post No Checks;
- Zero Balance Account (ZBA) account structure to minimize idle bank account funds;
- Securities Clearance transfer agent for the buying and selling of the City's long-term investments;
- Safekeeping services for all of the City's securities.

An evaluation team with expertise in this area evaluated the offers and scored JP Morgan Chase Bank, N.A. as the best to provide these services based on cost, comparable past experience, bank services, and implementation plan.

This request allows for the development of a contract with a qualified offeror that Council selects. If the City is unsuccessful in negotiating a satisfactory contract with the selected offeror, negotiations will cease with that provider. Staff will return to Council so Council may select another qualified offeror and authorize contract negotiations with this provider.

The contract is critical to maintaining the City's day to day financial operations.

The current contract will expire May 31, 2017, and the total authorization amount for the five year contract is \$1,163,648. This authorization request is based on the new contract pricing and anticipated increases in both volume and services over the course of the contract.

A complete solicitation package, including a response list, is on file in the City's Purchasing Office and is available on the City's Financial Services Austin Finance Online website. Link: [Solicitation Documents](#)

JP MORGAN CHASE BANK, N.A.				
	# months	Contract Amount	Contract Amendment	Revised Amount
Original Term	36	\$ 953,392	n/a	n/a

Extension Option 1	12	\$ 394,159	n/a	n/a
Extension Option 2	12	\$ 413,867	n/a	n/a
<b>TOTAL</b>	<b>60</b>	<b>\$ 1,761,418</b>	<b>\$ -</b>	<b>\$ -</b>