



## AGENDA MEMORANDUM

First Reading for the City Council Meeting of December 8, 2015  
Second Reading for the City Council Meeting of December 15, 2015

**DATE:** December 8, 2015

**TO:** Ronald L. Olson, City Manager

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### Depository Banking Services Agreement

**CAPTION:**

Ordinance to accept staff recommendation to designate Frost Bank as the depository for municipal funds in accordance with section 105.016 of the Texas Local Government Code and authorizing the City Manager or designee to execute a depository services contract for a period of 3 years to commence on January 1, 2016 and end on December 31, 2018 with an option to renew for two additional one-year periods.

**PURPOSE:**

To establish a full-service commercial depository to provide depository services for the City's funds.

**BACKGROUND AND FINDINGS:**

The City has a continuous need for a full-service commercial depository to provide depository services for the City's funds. The City is currently under agreement for depository services with Frost Bank (Frost). The initial four-year term of that agreement commenced on January 1, 2010 and continued through December 31, 2014. The sole optional one-year extension period was exercised which extended the agreement through December 31, 2015, at which time the current agreement expires.

In October 2015, a Request for Applications (RFA) for depository services was issued by the City of Corpus Christi. The City Treasurer notified six (6) local banks of the RFA. Additionally, issuance of the RFA was advertised in the Corpus Christi Caller-Times on October 24<sup>th</sup> and October 31<sup>st</sup> as required by the Texas Local Government Code and was posted to the City's website. Sealed applications were due on November 16, 2015, and two were received: one from Frost Bank and one from Wells Fargo Bank, N.A.

The applications were evaluated to ascertain the most advantageous and best value to the City by an evaluation team consisting of the City Treasurer, Director of Financial Services, Assistant Director of Financial Services, and the Buyer from Purchasing. The criteria used in the evaluation were as follows:

- Technical Solution - 20%
- Applicant's Profile and Qualifications – 15%
- Local Presence – 10%
- Fee Schedule – 50%
- Exceptions – 5%

Important factors also considered during the evaluation process included lockbox services; functionality of the system; service level; cost of services; and references. Based on the evaluation, Frost Bank is the evaluation team's recommendation due to their high level of technological services, lockbox processing efficiencies, and their excellent service provided to the City of Corpus Christi for the past 18 years.

**ALTERNATIVES:**

N/A

**OTHER CONSIDERATIONS:**

N/A

**CONFORMITY TO CITY POLICY:**

This depository services agreement conforms to the City's purchasing policies and procedures and State statutes regulating procurement. Chapter 105 of the Texas Local Government Code requires the governing body of a municipality to authorize a depository services agreement.

**EMERGENCY / NON-EMERGENCY:**

Non-emergency

**DEPARTMENTAL CLEARANCES:**

Finance Department  
City Attorney's Office

**FINANCIAL IMPACT:**

Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2015-2016</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget				
Encumbered / Expended Amount		\$0.00	\$0.00	\$0.00
This item		\$143,199.00	\$429,597.00	\$572,796.00
		(\$143,199.00)*	(\$429,597.00)*	(\$572,796.00)*
<b>BALANCE</b>		\$0.00	\$0.00	\$0.00

Fund(s): General Fund

**Comments:**

The estimated monthly fees under the recommended three-year agreement are \$15,911.00. The agreement will commence on January 1, 2016. Thus, for the remainder of FY 2015-2016, Frost will assess fees for only nine months (January thru September of 2016). Therefore, estimated fees by fiscal year are as follows:

FY2015-2016 (9 mos.)	\$143,199.00
FY2016-2017 (12 mos.)	190,932.00
FY2017-2018 (12 mos.)	190,932.00
FY2018-2019 (3 mos.)	<u>47,733.00</u>
Total	\$572,796.00

(\*)The City maintains a balance with the Bank and receives an earnings allowance. This earnings allowance is used to offset the monthly bank service fees. Therefore, no payment is due if the monthly bank service fees are less than the earnings allowance.

**RECOMMENDATION:**

Staff recommends approval of the Ordinance as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance

Scoring Matrix

Attachment A - Depository Service Agreement and attachments