



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6g

ACTION ITEM

Date of Meeting July 28, 2020

DATE: June 22, 2020
TO: Stephen P. Metruck, Executive Director
FROM: Diane Campbell, Treasury Manager
Dan Thomas, Chief Financial Officer
SUBJECT: Banking Services Contract

Estimated request amount: *\$750,000*

ACTION REQUESTED

Request authorization for the Executive Director to extend current Banking Services Contract Term for up to 12 months, and approve additional funding of up to \$750,000, if needed.

EXECUTIVE SUMMARY

The request to extend the contract is to accommodate a delayed procurement that was paused due to disruptions to Port businesses and changes in the economy resulting from the COVID-19 pandemic.

DETAILS

The Commission authorized a new banking services procurement in June 2019 in anticipation of the expiration of the current banking services contracts on July 31, 2021. The procurement consists of four separate contracts and requires a cross-department team from Finance, Accounting, Information Technology and key businesses. The requests for proposals (RFPs) were drafted and prepared for release starting in February 2020. In early March, the crisis from the evolving COVID-19 pandemic and the stay home order resulted in considerable volatility and uncertainty, including the Port's banking activities. For example, credit card transactions at the Airport parking garage fell, the Port's emergency treasury procedures were implemented, and Port staff work abruptly shifted from on-site to working remotely. At the same time, banks were overwhelmed with assisting customers adapting to remote transactions processing. Members of the Port's banking services procurement team paused the procurements until more stable conditions returned. This decision was supported in the April 2020 Government Finance Officers Association (GFOA) "Maintaining Treasury Operations During COVID-19" research publication that outlined "strategies that governments should consider regarding their treasury operations during the crisis" - one strategy "now is not the time to change banking relationships." There are multiple reasons, including the disruptions in the banking industry, shifts in people and services resources, and mitigating risks from working and banking in remote environments.

In June 2020, the procurement team regrouped, and taking into consideration that the level of uncertainty for businesses and the economy continued to be high, drafted a revised procurement schedule to resume in the first quarter of 2021. The basis of the RFPs will remain the same, including

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requirements of long-term equitable financial education, literacy and empowerment in the banking services scope of work. The revised schedule has several benefits: the RFPs can include additional questions staff has learned regarding contingency planning, and banks will no longer be in crisis management mode and can better respond to the RFPs. However, the revised schedule pushes the transition period beyond the current banking contract end date, July 31, 2021. The additional time needed depends on the outcomes of the procurements and the state of recovery from the COVID-19 situation. Extending the contract provides flexibility to complete the delayed procurement. The additional funding estimate varies being dependent on the level of banking transactions and fees from June 2020 over the coming months as the Port’s businesses and banking activities recover from the effects of the COVID-19 pandemic, and the time needed to transition to the selected provider(s).

FINANCIAL IMPLICATIONS

Current Contract: Expense Total
Cost Estimate/Authorization Summary

COST ESTIMATE		
Original authorization	\$9.7 million	\$9.7 million
AUTHORIZATION		
Additional authorizations	\$5.0 million	\$5.0 million
Current request for authorization	\$0.75 million	\$0.75 million
Total authorizations, including this request	\$15.45 million	\$15.45 million
Remaining amount to be authorized	\$0	\$0

Annual Budget Status and Source of Funds

Fees are budgeted annually and allocated to operating divisions based on usage.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

Current banking contracts:

August 6, 2013 – Commission authorized the CEO to execute a contract for banking services for five years with the option to extend for two additional one-year periods at an estimated cost in banking fees of \$9,700,000.

February 26, 2019 – Commission authorized the Executive Director to increase the amount of the Port’s existing banking services contract by an additional \$5,000,000 (from \$9,700,000 to \$14,700,000) to accommodate higher transactions volume and fees than were estimated in 2013.

New banking contracts:

June 25, 2019 - Commission authorized the Executive Director to execute new contracts for banking services for estimated contract amount of \$48,200,000 over ten years