Agenda Report

August 17, 2026

TO: Honorable Mayor and City Council

FROM: Department of Finance

SUBJECT: **AUTHORIZE THE CITY MANAGER TO RETROACTIVELY EXTEND CONTRACT NO. 31228 WITH BANK OF AMERICA, N.A. FOR TWELVE MONTHS**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines and, as such no environmental document pursuant to CEQA is required for the project;

2. Authorize the City Manager to retroactively extend contract no. 31228 with Bank of America, N.A. for twelve months for a contract period of May 17, 2019 through May 16, 2027, for banking services within the current not to exceed contract amount of $659,260;

3. Authorize the City Manager or Director of Finance to execute all associated bank documents and necessary agreements; and

4. Grant the proposed contract extension an exemption from the Competitive Selection Process pursuant to the Pasadena Municipal Code Section 4.08.049(B), contracts for which the City's best interests are served.

BACKGROUND:

The City of Pasadena has maintained a banking relationship with Bank of America since the 1990's. Bank of America continues to provide full banking service to the City including general account services, online reporting, full account reconcilement, depository services, paper disbursement services, payee positive pay, online wires, and Automated Clearing House (ACH services), a purchasing card program, electronic payment services, and liquidity facilities. An estimated $2.5 billion flows through the City's bank account annually. This amount includes all revenues, cash inflows, and outflows into the City's bank accounts through various transactions and payments the City makes in the form of wires, checks, and electronic payments. The current contract with Bank of America, included a term of five years at a cost of $470,900 and two additional one-year extension periods, each at a cost of $94,180, expired on May 16, 2026. A new solicitation experienced delays due to the specialized nature of the services involved. The banking services Request for Proposal (RFP) and its associated scope of work are inherently complex. The services cover a wide range of operational, security, and compliance requirements that impact multiple areas across the organization. Because of this, the RFP required reviews from risk management, information technology (including cyber security), and various finance functions to ensure that all requirements are accurate, thorough, and aligned with internal policies and regulatory expectations.

These cross-departmental reviews confirmed the proposed scope of work will meet the organization's needs, comply with risk and security standards, integrate properly with existing systems, include new and innovative approaches, and support long-term financial operations. This collaborative process is essential to ensure that the RFP is complete, competitive, and positioned to attract the most suitable banking partners.

On June 22, 2026, an (RFP) seeking services of qualified financial institutions for banking service for general, payroll, and other associated City accounts was posted on the City's procurement system OpenGov website. The Treasury Division received over 50 inquiries from various financial institutions about the banking services RFP. The deadline for submitting proposals ended on July 30, 2026. The Finance Department requests a one-year extension of the current Banking Services contract with Bank of America. This extension will provide the necessary time to thoroughly evaluate submitted proposals, complete the City Council award process, and finalize contract execution. If the evaluation results in selecting a new financial institution, the additional year will also ensure a smooth and orderly transition of services. Additionally, the extension maintains continuity of essential banking operations, preserves stability for departments that rely on daily banking functions, and maintains payment processing for the public counters preventing disruptions in daily operations.

Finance has negotiated with the bank an earnings credit rate on all balances in the City's accounts. Treasury staff have been able to maintain consolidated daily average compensating bank balances to earn enough interest or earnings credit allowances to offset total bank fees. As of today, zero dollars have been expended against the banking contract.

COUNCIL POLICY CONSIDERATION:

This action for proposed contract extension with Bank of America, N.A., supports the City's fiscal responsibility and stability by securing banking services to support city operations.

ENVIRONMENTAL ANALYSIS:

The proposed actions are governmental fiscal activities that would not cause a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA guidelines. Since the action is not a project subject to CEA, no environmental document is required.

FISCAL IMPACT:

This is a no cost extension, there are sufficient funds for this proposed contract extension within the current contract amount of $659,260 based on annual transaction volume. Because the City operates a pooled cash management program, banking services fees are normally allocated to the funds utilizing those services. Departments have already included these costs in their respective Fiscal Year 2027 operating budget.

Respectfully submitted,

Vic Erganian
City Treasurer/Deputy Finance Director

Approved by:

MATTHEW E. HAWKESWORTH
Interim City Manager