



# Administrative Report

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H.13., File # 26-0624

Meeting Date: 5/19/2026

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**To: MAYOR AND CITY COUNCIL**  
**From: EUGENE SOLOMON, CITY TREASURER**

## **TITLE**

APPROVE THE THIRD AMENDMENT TO THE AGREEMENT FOR PROFESSIONAL SERVICES BETWEEN THE CITY OF REDONDO BEACH AND BANK OF AMERICA, N.A., EXTENDING THE TERM THROUGH MAY 31, 2027 WITH AN OPTION TO RENEW FOR ONE ADDITIONAL YEAR AND AUTHORIZE THE MAYOR TO EXECUTE THE AGREEMENT ON BEHALF OF THE CITY

## **EXECUTIVE SUMMARY**

To ensure the continued provision of high quality, competitively priced, general banking services to the City, staff recommends approval of the third amendment to the Agreement for Professional Services with Bank of America, N.A. (Bank of America).

Performance goals and objectives for the City Treasurer include implementation of banking services technology designed to streamline disbursement processes, automate cash management processes, enhance fraud prevention measures, and enhance collection efforts. The planning and implementation of banking service enhancements and technologies will serve to boost Citywide operational efficiency and productivity with respect to the City's interaction with the public and City Departments, including the Department of Financial Services, Department of Information Technology, Office of the City Treasurer, and the Office of the City Clerk.

Approval of the Agreement will extend the provision of general banking services by Bank of America for a one-year term at a fixed fee, running through May 31, 2027, with options to renew for a single, one-year term. The Bank has agreed to an Earnings Credit Rate (ECR) of 2.15%.

This proposed third amendment sets the rate of interest earned on applicable accounts to 2.35%. Estimated real interest earnings in the coming fiscal year from the Agreement should exceed \$100,000 of new revenue.

By choosing to continue its current business relationship with Bank of America, the City will also realize significant efficiencies in service, technology, operating costs, and banking fees.

## **BACKGROUND**

Bank of America has provided general banking services to the City continuously for several years. During this term, the Bank of America has provided a wide array of services in both a cost-effective and responsive manner. This proposed third amendment extends the Agreement for one year with favorable rates to the City.

Banking service enhancements achieved over the past several years are divided into three major categories including, but not limited to:

- Fraud Prevention: Implementation of electronic payee positive pay, as well as annual audit of all bank accounts to ensure appropriate Automated Clearing House (ACH) blocks and filters are in place
- Receipts Processing: Implementation of online payment and deposit services as well as “lock-box” services which allow bulk processing
- Disbursements: Consideration of check migration to ACH for accounts payable as well as consideration of processing of purchase card (P-card) transactions to enhance P-card rebates

This list is reflective of the many operational and technological gains the City and the Bank have experienced together. By choosing to continue the City’s current dynamic business relationship with Bank of America, the City will realize significant efficiencies by avoiding:

- Energy and focus necessary for a system conversion, and
- Numerous tasks required for the conversion of twelve bank accounts
- As well, the City will enjoy: the continuity of the current system applications and mapping to the Bank interface
- A guaranteed semi-annual review of the City’s earnings credit rate to ensure its competitiveness

At this time, the City Treasurer recommends approval of the proposed third amendment to the Agreement with Bank of America for an additional one-year term.

**COORDINATION**

The City Treasurer’s Department coordinated this report with the Financial Services Department. The Agreement has been approved as to form by the City Attorney.

**FISCAL IMPACT**

The Bank’s proposal provides for a one-year, fixed price bid, with an option to renew for subsequent annual one-year term. While the activity volumes may vary from month to month, the rates charged by the Bank for these services will not exceed the rates proposed in the third amendment.

The Interest-Bearing Checking Accounts (PFIC) will earn a rate of 2.35%, resulting in approximately \$100,000 of additional hard interest earnings for the City. Additionally, the remaining accounts will have an Earnings Credit Rate (ECR) of 2.15% to offset the account analysis fees that are charged by the Bank.

**APPROVED BY:**

*Mike Witzansky, City Manager*

**ATTACHMENTS**

- Agmt - Third Amendment to the Agreement with Bank of America, N.A.
- Agmt - Second Amendment to the Agreement with Bank of America, N.A.

- Agmt - First Amendment to the Agreement with Bank of America, N.A., May 21, 2019
- Agmt - Original Agreement with Bank of America, N.A., May 23, 2017