



# City of Richmond

## Report to Committee

**To:** Finance Committee  
**From:** Andrew Nazareth  
 General Manager, Business & Financial Services  
**Re:** **Banking Services Renewal**

**Date:** April 15, 2010  
**File:** 03-0900-01/2009-Vol 01

### Staff Recommendation

1. That the 5 year renewal of the City's banking services agreement with Scotiabank be approved; and
2. That the Chief Administrative Officer and the General Manager, Business & Financial Services be authorized to execute the banking services agreement between the City and Scotiabank.

Andrew Nazareth  
 General Manager, Business & Financial Services  
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|-------------------------------------|---|-----------------------------|---|
| <b>ROUTED TO:</b>                   | <b>CONCURRENCE</b>                      |                             | <b>CONCURRENCE OF GENERAL MANAGER</b>                               |
| Purchasing.....                     | Y <input checked="" type="checkbox"/>   | N <input type="checkbox"/>  |   |
| <b>REVIEWED BY TAG</b>              | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | <b>REVIEWED BY CAO</b>  |
|                                     |   |                             | YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> |

## Staff Report

### Origin

The City has been using Scotiabank as its primary banking services provider since year 2000. Scotiabank provides a comprehensive banking package that allows the City to manage its daily banking activities. Some of these services include cheque processing, deposit handling, online banking, funds positioning, electronic fund transfers, payroll direct deposits, electronic government taxes remittances, automated teller machines, lockbox processing, consolidated billing, etc. The banking services agreement ("BSA") between the City and Scotiabank was last renewed in 2006 for a term of three years.

### Analysis

Staff recently negotiated with Scotiabank to renew all terms and fee structures of the BSA at the same rates as the City's 2006 banking services agreement. In an operating environment where increase in banking services fees are expected, this is an opportunity available for the City to lock its existing banking services costs for a period of five years.

In addition to having the security of fixing the City's banking costs for five years, the following factors also support staff's recommendation on the renewal of the BSA with Scotiabank:

- The City has maintained a good and longstanding business relationship with Scotiabank over the years;
- Management and staff at Scotiabank are familiar with the City's needs and operations;
- A number of City's services, such as electronic payroll transfer to all employees, government tax accounts, customer tax/utilities payments, business license, parking tickets and point-of-sale terminals at the community centres etc. are currently linked to Scotiabank. A change in the City's primary banking partner would require authorized change in account profiles in all the above areas. Moreover, areas that deploy IT applications would require extensive testing of integration before the change can be implemented. Any such change will also require significant time and resources from various stakeholders, including the tax department, payroll department, IT department, and all community associations, etc. Therefore, continuing our existing banking arrangement would result in the least amount of disruption to the City's daily activities and ongoing operations, especially when property tax collections will begin shortly; and
- The Finance Division was involved in the evaluation of the Banking Services Request for Proposal that was undertaken by the Richmond Oval Corporation in 2008, whom also selected Scotiabank as its banking services provider. It was evident from the proposals received that Scotiabank's fees and range of product and service offerings were the most competitive.

**Financial Impact**

There would be no financial impact as a result of this recommended 5 year renewal of the BSA as the renewal would not result in any changes to the existing fee arrangements and would thus not change the amount currently budgeted for annual banking services.

**Conclusion**

Based on the above quality and range of services, it is recommended that the City should maintain its banking relationship with Scotiabank and renew the banking services agreement for another 5 years.



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