



Executive Summary

To: Jim Scholl, City Manager

From: Mark Z. Finigan, Finance Director

Date: June 7, 2016

RE: One Year Extension of Banking Services Contract with First State Bank

Action:

This is a request to exercise the second of two one-year extension options between the City of Key West and First State Bank of the Florida Keys for the purpose of providing banking services to the City of Key West.

Background:

The City of Key West entered into a contract for banking services with First State Bank of the Florida Keys on August 1, 2012 for a term of three years. The contract also included an additional option to renew with two one-year extensions upon the same terms and conditions as contained in the initial contract. Resolution 15-222 provided approval by the City Commission to exercise the first of two one year options.

Advantages/Disadvantages:

Advantages:

1. First State Bank is already knowledgeable of the City and its banking activities.
2. First State Bank has agreed to extend to the City of Key West for the second option year the same terms and conditions which were agreed upon in the original contract. Specifically, a fee schedule which is still competitive and a very favorable floor of .81% earned interest on excess balances, making the exercising of the second option year in the best interest of the City.
3. Exercising the option will result in no loss of staff time or cost of going out to bid.

Disadvantages:

1. No competitive bid process.

Options:

1. The Commission can approve the extension of the contract as recommended by Staff.
2. The Commission can disapprove the extension of the contract and direct staff to go out to bid for banking services.

Financial Impact:

Current contract remains in place no change in the financial impact.

Recommendation:

Staff supports exercising the second one year contract extension for banking services with First State Bank of the Florida Keys. First State Bank has consistently provided outstanding customer service to the City of Key West. Additionally, approval of this resolution will assure the City receives one more year of favorable financial terms for banking services.

Attachments:

Resolution 12-194

Contract

Resolution 15-222