

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE **DATE:** 2021 December 01

FROM: DEPUTY CHIEF ADMINISTRATIVE
OFFICER & CHIEF FINANCIAL OFFICER **FILE:** 7750-00

SUBJECT: BANKING AGREEMENT RENEWAL

PURPOSE: To obtain Council approval to renew the City's banking agreement with the Royal Bank of Canada for a five year period.

RECOMMENDATION:

1. **THAT** the Financial Management Committee recommend Council approve the renewal of the City of Burnaby banking agreement with the Royal Bank of Canada for a five year period from 2022 January 01 to 2026 December 31.

REPORT**1.0 INTRODUCTION**

The City of Burnaby's five year banking contract with the Royal Bank of Canada (RBC) expires on 2021 December 31. The proposed agreement from RBC is for another five year period from 2022 January 01 to 2026 December 31.

The City maintains highly integrated connectivity to the bank which means file formatting and quick easy uploads to our City financial systems; thus creating efficiency and reducing operating costs for the City.

2.0 POLICY SECTION**Goal**

- A Connected Community
 - Partnership –
Work collaboratively with businesses, educational institutions, associations, other communities and governments
- A Thriving Organization
 - Financial viability –
Maintain a financially sustainable City for the provision, renewal and enhancement of City services, facilities and assets
 - Communication –
Practice open and transparent communication among staff, Council and the community
 - Reliable services, technology and information –
Protect the integrity and security of City information, services and assets

To: Financial Management Committee
From: Deputy Chief Administrative Officer & Chief Financial Officer
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3.0 BACKGROUND

The RBC agreement is for the RBC core banking services such as cheque clearing, electronic payments and reporting, clearing, statements, stop payments, and a very robust online application called RBC Express which allows the City to provide electronic payments, pre-authorized debits and online banking services for citizens. For fiscal year 2020, the City's total banking fees paid to RBC was \$88,967. For 2021 the total fees to date are \$78,694. This represents a relatively low cost for the volume of banking services the City receives which is nearly 290,000 total transactions per annum.

The City has negotiated a contract in which the account monthly balance receives tiered interest. This is important option for the City when it comes to investment and cash flow management especially during peak cash periods when there are large deposits and balances in the account prior to investing. In 2020, the City earned \$89,430 in bank overnight interest and to date in 2021, the City has earned \$41,294. This overnight interest earned offsets the banking fees.

The City strives to improve the way we conduct our banking such as using electronic funds transfer and e-services while reducing more expensive transactions such as cheques and paper reporting; all while monthly volume continues to increase.

The new contract with the RBC is based on the last 12 months of volume with fees based on the type of services utilized. Because the City has embraced more efficient and less expensive electronic services, we maintain a relatively inexpensive banking set-up as we leverage e-payments for payables and receivables while consistently reducing our reliance on cheques for payment and physical deposits.

For this contract renewal, the City's electronic banking rates are not changing from the same pricing in 2017. There are other fees that have been reduced such as monthly account and reporting fees, which will save the City approximately \$6,900 per year based on same year over year volumes.

4.0 RECOMMENDATION

It is recommended the City of Burnaby renew our banking services with the Royal Bank of Canada for the proposed five year term.



Noreen Kassam, CPA, CGA
DEPUTY CHIEF ADMINISTRATIVE OFFICER
& CHIEF FINANCIAL OFFICER

NK:ds/md

Copied to: Chief Administrative Officer