

Staff Report

Report To: City Council
Report From: Christine Gilbert, Deputy Treasurer
Meeting Date: March 10, 2025
Report Code: CR-25-010
Subject: Banking Services Agreement Extension

Recommendations:

THAT in consideration of Staff Report CR-25-010 respecting Banking Services Agreement Extension, City Council directs staff to bring forward a by-law to authorize the Mayor and Clerk to execute the renewal and execute all other documentation necessary to give effect to the agreement.

Highlights:

- The current banking services agreement expires on March 31, 2025.
- The 5-year agreement extension term would be April 1, 2025, to March 31, 2030.
- City Staff and RBC Representatives meet annually to review banking services and discuss any potential improvements that would reduce administrative costs, improve efficiencies and minimize the risk of potential exposure to fraudulent activities.
- The existing terms of the agreement are not changing.

Strategic Plan Alignment:

[Strategic Plan](#) Priority: This report supports the delivery of Core Service.

Climate and Environmental Implications:

There are no anticipated climate or environmental impacts.

Previous Report/Authority:

1. Amendment to Royal Bank Credit Facilities
 - a. [CR-20-032](#)
 - b. [By-law No. 2020-037](#)

Background:

The City has a longstanding working relationship with the Royal Bank of Canada, which is currently serving the City well. City Staff and RBC Representatives are in contact frequently to manage the City's finances and meet annually for a formal review of current and proposed City banking services.

Analysis:

The proposed extension agreement's terms remain the same as the previous term, executed on March 31, 2020. The agreement allows the City to add or alter banking services to reduce administrative costs, improve efficiencies, and minimize the risk of potential exposure to fraudulent activities.

The agreement details specific information on items such as the deposit interest arrangement, banking service fees (including those that are waived for the City), credit facilities and rates, pre-authorized and EFT payment administration, payroll file uploads, online tax filing, account administration, reporting requirements, etc.

The City has complex financial requirements due to its various processes involving banking, which are intertwined with the current financial arrangement with Royal Bank. It would be extremely cumbersome and difficult for City staff to alter existing terms or financial services providers at this time. The City has longstanding relationships with the Royal Bank account managers and staff that allow the City to receive superior customer service and prompt additional support when required. As the current economic landscape continues to deepen financial stresses, the importance of a clearly defined fraud mitigation plan and frequent involvement with known financial representatives becomes even more paramount.

Financial Implications:

Extending the agreement for another 5-year term has no financial implications. City Staff have compared agreement rates to other market rates, and the City is well-positioned in this agreement.

The City receives prime less 1.75% on deposits and pays RBC prime less 0.75% on debt on the City's revolving credit facility. This credit facility has not been utilized over the past few years but acts as a buffer in the event of cash flow timing requirements.

Communication Strategy:

The amended agreement will be returned to the Royal Bank of Canada.

Consultation:

Director of Corporate Services

Attachments:

None.

Recommended by:

Christine Gilbert, Deputy Treasurer

Submission approved by:

Tim Simmonds, City Manager

For more information on this report, please contact Christine Gilbert, Deputy Treasurer at cgilbert@owensound.ca or 519-376-4440 ext. 1223.