



Board Agenda Item 36

DATE: August 5, 2025

TO: Board of Supervisors

SUBMITTED BY: Oscar J. Garcia, CPA, Auditor-Controller/Treasurer-Tax Collector

SUBJECT: Agreement with AFTS California, Inc. to Provide Warrant Lockbox Services

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute an Agreement with AFTS California, Inc. dba Check Processors, Inc., to provide warrant lockbox services, effective October 1, 2025, through September 30, 2030, which includes a three-year base contract and two optional one-year extensions, total compensation based on warrant volume.

Approval of the recommended action would authorize AFTS California, Inc. dba Check Processors, Inc. (CPI) to provide warrant lockbox services to the County including collecting warrants from the California State Controller's office (SCO), performing basic balancing of the warrants, and sending the warrant documents electronically, for a three-year period and provide the option for two one-year extensions upon the written consent of both parties. This item is countywide.

ALTERNATIVE ACTION(S):

No viable alternative available. Failure to approve the agreement would result in the County no longer having a vendor who will collect the warrants from the SCO and take the balancing report and warrants to the California State Treasurer's office for fast availability of funds.

FISCAL IMPACT:

There is no increase in Net County Cost (NCC) associated with the recommended action. Sufficient appropriations for this agreement are included in the FY 2025-26 General Fund Org 0410 Auditor-Controller/Treasurer-Tax Collector Recommended Budget and will be included in future budget requests.

The total cost paid under the recommended agreement will depend upon the number of warrants and advice captured in a given month. Based on current monthly average volume, the total estimated annual cost is \$3,516.00, however the total cost will be absorbed by the County's Earnings Credit Rate (ECR) of 3.25% earned through our banking agreement with BMO Bank N.A.

DISCUSSION:

The County issued Request For Proposal (RFP) #25-050 for Banking, Custody, and Lockbox Services on January 16, 2025. After addressing follow-up questions and releasing an addendum, the RFP closed on February 21, 2025. Four out of eight proposals were received for Lockbox services. A five-member evaluation committee, comprising County staff, which included senior management from the Treasurer-Tax Collector Division of the ACTTC, IT analyst from ISD, and senior accountant from Human Resources

independently reviewed and scored each proposal. The committee then conducted several meetings to discuss the proposals and review their scoring results.

The responding vendors and associated monthly dollar amount of respective bids are included below.

- CPI..... \$293.00; based on monthly average warrant volume
- JPMorgan Chase Bank, N.A... \$75.00; flat fee
- U.S. Bank..... \$300.00; flat fee
- Wells Fargo..... \$300.00; flat fee

While JPMorgan Chase Bank, N.A. submitted the lowest flat fee of \$75.00, it was unclear whether this rate was contingent upon the County selecting them as a primary banking institution. The flat rate fees proposed by U.S. Bank and Wells Fargo were higher at \$300.00 each. CPI's proposed cost of \$293.00 is based on the County's current monthly average warrant volume, which is projected to remain stable, offering a clear and predictable pricing structure. In addition, the anticipated monthly cost associated with CPI's services will be processed through account analysis, which means the County will not be paying hard dollars, as the projected earnings credit will fully absorb these fees.

Following this evaluation process, CPI was selected as the winning vendor for the contract award.

The proposed agreement with CPI will be effective October 1, 2025 through September 30, 2028, with an option to renew for two additional one-year periods. The Treasurer will monitor the performance of the vendor to ensure satisfactory performance prior to implementing the renewal options.

The proposed agreement differs from the County's standard service agreement terms, in that it requires mutual indemnification. Additionally, this agreement deviates from the County's standard contract due to a lower Professional Liability limit for the vendor than our usual insurance requirements. However, Risk Management has reviewed this deviation and concurs with our office that the overall benefits of the agreement outweigh any potential risks. Our office recommends approving it as a prudent business decision.

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with AFTS California, Inc.

CAO ANALYST:

Paige Benavides