



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Maria Öberg

SUBJECT: See Below

DATE: April 20, 2026

Approved

Date:

4/28/26

COUNCIL DISTRICT: Citywide

SUBJECT: Amendments to Agreements with Wells Fargo Bank, N. A. for Banking Services

RECOMMENDATION

Adopt a resolution authorizing the City Manager or her designee to negotiate and execute amendments to extend the terms of the current agreements with Wells Fargo Bank, N. A., for general banking and merchant card services from July 1, 2026, to December 31, 2026, subject to the appropriation of funds.

SUMMARY AND OUTCOME

Amending the agreements will allow staff to complete the transition of general banking and merchant card services from Wells Fargo Bank, N. A. (Wells Fargo) to JPMorgan Chase Bank, N. A. (JPMorgan Chase) without interrupting critical banking and financial services.

BACKGROUND

On June 1, 2009, the City of San José (City) executed agreements with Wells Fargo to provide banking and financial services, including general banking, lockbox, merchant card processing, and security custodial services for an initial term starting on July 1, 2009 through June 30, 2012, with three two-year options extending the agreements through June 30, 2018.

On May 14, 2018, staff released a request for proposals (RFP) to procure a new contract for the banking and financial services. On June 19, 2018,¹ the City Council authorized the Director of Finance to negotiate and execute the Fourth Amendment to the agreements to add an additional year to the term through June 30, 2019, in order to ensure a continuance of vital banking and financial services while staff completed the competitive solicitation process to procure a new contract.

On March 19, 2019,² the City Council authorized the City Manager to: (i) reject all proposals received in response to the RFP; (ii) negotiate and execute the Fifth Amendment to the agreements to add an additional year to the term through June 30, 2020; and (iii) explore the feasibility of an alternative delivery model for banking services and to report back to the City Council prior to issuing another RFP for the services.

On June 16, 2020,³ the City Council authorized the City Manager to negotiate and execute the Sixth Amendment to the agreements to add an additional two years to the term through June 30, 2022, and to release a new RFP for the provision of banking and financial services.

On June 21, 2022,⁴ City Council authorized the Director of Finance to negotiate and execute the Seventh Amendment to the agreements to add an additional two years to the term through June 30, 2024.

On September 22, 2023, the City issued a RFP for General Banking, Lockbox, Merchant Card, and Investment Custodial Services (PUR-RFP 2023.09.10117) consisting of two packages: Package A, general banking, lockbox, and merchant card services and Package B, investment custodial services. Staff evaluated proposals for Package A in accordance with the evaluation criteria set forth in the RFP and issued a Notice of Intended Award to JPMorgan Chase on July 31, 2024. Package B was eventually cancelled due to lack of competitive proposals.

¹ Amendment to the General Banking Services Agreement with Wells Fargo, June 19, 2018, item 3.10 <https://sanjose.legistar.com/View.ashx?M=F&ID=6298474&GUID=ADD203EE-E664-4947-A832-C384D6294D84>

² Report on Request for Proposal for Financial Services (Banking Services) RFP 17-18-05, March 19, 2019, item 3.7 <https://sanjose.legistar.com/View.ashx?M=F&ID=7082012&GUID=FBDC2E1A-3F92-4EE0-87DC-FB5E0F5D5630>

³ Extension of Banking Services Agreements with Wells Fargo, June 16, 2020, item 3.6 <https://sanjose.legistar.com/View.ashx?M=F&ID=8594924&GUID=516C7557-8E3D-413E-8EF1-D3A32C3054B1>

⁴ Amendment to the Agreements with Wells Fargo Memorandum, June 21, 2022 <https://sanjose.legistar.com/View.ashx?M=F&ID=10978162&GUID=C0681D3B-B4A5-49B8-BD4B-C1AB63A52578>

On May 21, 2024,⁵ while negotiating the contract with JPMorgan Chase, City Council authorized the Director of Finance to negotiate and execute the Eighth Amendment to add two years to the existing agreements through June 30, 2026, to ensure uninterrupted banking and financial services while negotiating, executing, and transitioning services to JPMorgan Chase.

On September 16, 2025,⁶ City Council authorized the City Manager to negotiate and execute agreements with JPMorgan Chase for general banking and merchant card processing services with an initial term beginning on the date of the agreements through June 30, 2032, and two two-year options to extend the agreements through June 30, 2036, subject to the appropriations of funds. Staff is actively working with the JPMorgan Chase team to transition services from Wells Fargo.

ANALYSIS

Maintaining general banking and merchant card services is critical to ensure the City can meet its daily financial obligations. Services such as payroll, vendor payments, and daily bank account reporting are necessary for the City to run smoothly and the services supporting them must be uninterrupted. Lack of access to banking services can cost the City penalties and interest charged if timely obligations are not met. The City would be unable to receive revenues without deposit, wire, and Automated Clearing House services. City programs and services could be impacted if funds are inaccessible. A lapse of merchant services would prevent the City from taking credit card payments at all its locations and web platforms.

The transition of banking and merchant services to JPMorgan Chase is anticipated to be completed by the end of the 2026 calendar year. The extension of the agreements with Wells Fargo to December 31, 2026 will allow staff to complete the transition of services to the new bank and enable critical banking and financial services to continue uninterrupted.

EVALUATION AND FOLLOW-UP

No additional follow-up action with the City Council is expected at this time.

⁵ Amendments to Agreements with Wells Fargo Bank, May 21, 2024, 2.14

<https://sanjoseca.primegov.com/viewer/preview?id=0&type=8&uid=d91f701a-a04e-4226-8c65-4bf7895ed46c>

⁶ Report on Request for Proposal for General Banking, Lockbox, and Merchant Services, September 9, 2025, item 3.4 (25-48)

<https://sanjose.legistar.com/gateway.aspx?M=F&ID=72dab66c-aa57-422e-848c-f9c965691f69.pdf>

FISCAL IMPACTS

The recommended amendment to the agreement will be funded by the General Fund and the General Purpose Parking Fund for 2026-2027, subject to the appropriation of funds. The agreement is managed by the Finance Department and any additional costs from other departments will be subject to the appropriation of funds.

BUDGET REFERENCE

The table below identifies the funds and appropriations to fund the agreement recommended as part of this memorandum.

Fund #	Appn. #	Appropriation Name	Total Appropriation	Amount for Contract	2025-2026 Adopted Operating Budget Page	Last Budget Action (Date, Ord. No.)
001	2987	Banking Services	\$635,000	\$311,601	906	6/17/2025 31230
533	0512	DOT Non-Personal / Equipment	\$7,701,653	\$250,000	987	2/10/2026 31308

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, City Manager's Budget Office, and the Transportation Department.

PUBLIC OUTREACH

This memorandum will be posted on the City Council Agenda website for the May 12, 2026 City Council meeting.

BOARD, COMMISSION, COMMITTEE RECOMMENDATION AND INPUT

No board, commission, or committee recommendation or input is associated with this action.

HONORABLE MAYOR AND CITY COUNCIL

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CEQA

Not a Project, File No. PP17-003, Agreements/Contracts (New or Amended) resulting in no physical changes to the environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.


MARIA ÖBERG
Director of Finance

For questions, please contact Qianyu Sun, Deputy Director of Debt and Treasury, Finance Department, at qianyu.sun@sanjoseca.gov.