



City Council Report

Date: December 12, 2016
To: City Council
Through: Mike Kennington, Chief Financial Officer
From: Edward Quedens, MPA, C.P.M., CPPO, Business Services Director
Matt Bauer, MBA, CPPO, CPPB, CPSM, Procurement Administrator
Subject: Two-Year Renewal of the Term Contract for Procurement Card Program
Services for Citywide Departments as requested by the Business Services
Department **(Citywide)**

Purpose and Recommendation

Council is requested to approve the Renewal of the Term Contract for Procurement Card Program Services as recommended. The renewal agreement and fee schedules were obtained and evaluated by Purchasing.

The Business Services Department and Purchasing recommend authorizing a two-year renewal utilizing the City of Chandler cooperative contract with Bank of America.

Background / Discussion

This program provides procurement cards and related services that provide efficient and cost effective tools for purchases and payments. The program provides spend controls, reporting tools, online review and approval of transactions, automated interface with the City's financial system and rebate opportunities.

On December 15, 2009, Chandler City Council approved Agreement MS0-946-2777 between the City of Chandler and Bank of America for Procurement Card Services for a three-year period with four, two-year renewal options. At that time, nine additional public agencies including the Cities of Mesa, Scottsdale, Surprise, Tempe, and Pinal, Yuma and Cochise Counties were utilizing their agreement.

The Arizona Public Sector Group is an association of public sector clients using Chandler's contract for Bank of America's Purchase Card, Travel Card, Corporate Card and e-Payables. The purpose of this Group is to help state and local government agencies, public schools and municipalities to grow their procurement card programs and earn additional rebate basis points on their individual annual transaction volume.

The City of Mesa has had a Procurement Card Program since 1998. The City of Mesa has been using this cooperative contract for our procurement card program since January 2010. Citywide departments began using procurement cards for their office supply purchases in November 2009, increasing the transaction volume thus increasing the rebate amount.

The average number of procurement cards issued was 395 in FY 2014, 418 in FY 2015 and 435 in FY 2016. Our program rebates were \$47,281 in FY 2014 (\$4,064,846 in expenditures), \$66,053 in FY 2015 (\$4,672,571 in expenditures), and \$82,015 in FY2016 (\$6,130,934 in expenditures).

Chandler recently renewed their contract this month for two years (1/1/2017 through 12/31/2018) with one, two-year renewal option remaining. This renewal (Contract No. 2010001) will be valid through the same expiration of 12/31/2018.

Alternatives

Council may choose not to authorize renewal utilizing the Chandler cooperative contract.

Fiscal Impact

There is no financial cost to the City using Bank of America's procurement card program services.

Depending on the City's annual spend amount, the City will receive a rebate based on its annual spend per the Agreement's Schedule III – Schedule of Rebates.

Coordinated With

Business Services Department - Purchasing

PURCHASING INFORMATION

Action: Renewal

Contracting Agency: City of Chandler

Contracting Agency Contract Number: Amendment #3, MS0-946-2777

Mesa Contract Number: 2010001

Initial Contract Term: Two years

Renewal Term: Two Years (1/1/2017 through 12/31/2018)

Renewal Terms Remaining: Two-year renewals subject to future City of Chandler renewals and Mesa City Council consideration