



Legislation Details (With Text)

File #: 20-771 **Version:** 1

Type: Procurement Award **Status:** Agenda Ready

File created: 7/6/2020 **In control:** City Manager Procurement Awards

On agenda: 8/1/2020 **Final action:**

Title: Approve the award of third two-year extension to Contract 13-025B, Procurement Card Services Provider, US Bank for a revenue contract estimated at \$90,000

Sponsors:

Indexes:

Code sections:

Attachments: 1. PRIOR AWARD

Date	Ver.	Action By	Action	Result
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CITY MANAGER AUTHORITY PROCUREMENT AWARDS

ACTION REQUESTED:

Approve the award of third two-year extension to Contract 13-025B, Procurement Card Services Provider, US Bank for a revenue contract estimated at \$90,000

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director

BACKGROUND:

The City uses three forms of payment to vendors - electronic funds transfer (EFT), checks and procurement card. The procurement card program was initiated by the City in 1966 to increase vendor acceptance and operation efficiency for the purchase of goods and services per the guidelines of the Procurement Code. On Aug. 20, 2013, City Council approved the award of Contract 13-025B to US Bank to administer procurement card services for the City. The first extension awarding the two-year term was approved by the CMO on Oct. 11, 2016. The second extension was approved by the CMO on Dec. 18, 2018, for the term beginning Jan. 1, 2019 through Dec. 21, 2020.

The procurement card program has several controls to help ensure compliance with the city's procurement policy. The controls ensure the card can be used only for specific purposes and within specific dollar limits. Individual department directors request issuance of procurement cards to persons within their department; each card has set maximum dollar limits for each single purchase, as well as a monthly purchase limits and, in some cases, limitations on categories of purchases (i.e. travel related expenses, technology related expenses, etc.).

DISCUSSION:

US Bank performed well as the City's procurement card service provider during the second contract extension. Below is a summary of the program for 2020 (January 1 - June 30):

- Annual to-date spend is slightly more than \$1.26 million. Slightly less than 2019 (\$1.6M), suggesting COVID caused spending to reduce in the first month
- Average number of transactions per month was 692, down from an average of 1,060 in 2019
- Average spend per transaction amount was \$243.30. An increase of \$21.81 from last period, a 9.85% change
- Ninety-seven percent of transactions were under \$1,000
- All transactions are reviewed for full compliance with the city's current purchasing policy

The contract provides for an annual rebate based upon the city's spend. It is anticipated approximately \$90,000 in rebates will be generated during the second extension (2019-2020). As part of the extension discussion, US Bank agreed to maintain the same terms.

The term of this final extension is January 1, 2021 through December 31, 2022.

FISCAL IMPACT:

CIP #: N/A

Credit card rebates are received in the rebate program account listed below. A total of \$45,000 is projected in 2021. An additional \$45,000 will be projected in 2022 for the second half of this agreement.

Account Number	Fund Description	Total Budget Amount
15001100-480103	General Fund	\$80,000