



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 7th Floor • Long Beach, CA 90802 • (562) 570-6200 • Fax (562) 499-1097

December 20, 2016

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt a Resolution authorizing the City Manager, or designee, to execute a master agreement with US Bank National Association (US Bank), of Fargo, ND, for a Commercial Credit Card Program, on the same terms and conditions afforded to the State of Washington, Western States Contracting Alliance-National Association of State Purchasing Officials (WSCA-NASPO) contract, for a period of two years with the option to renew for additional terms in the event the WSCA-NASPO contract is extended. (Citywide)

DISCUSSION

On July 13, 2010, the City Council approved and entered into a consortium contract agreement with US Bank sponsored by the City of Los Angeles, in an effort to increase rebates based on total purchasing card expenditures. In March 2015, the City of Los Angeles moved to the State of California Cal-Card (Cal-Card) program, thereby reducing the rebate potential for the City of Long Beach (City) under the existing agreement.

The proposed recommendation to execute a master agreement for a Commercial Credit Card Program with US Bank to access the WSCA-NASPO contract provides benefits due to economies of scale. Specifically, by participating under the agreement established with the Cal-Card program, the City's quarterly expenditures will be combined with all public agencies within California, thus providing the City with the potential for a higher rebate amount. The Cal-Card program is a no-cost participation agreement.

Participation in a purchasing card program provides the following benefits to the City:

- Reduces administrative costs to the City;
- Eliminates purchasing delays on small dollar transactions;
- Reduces the number of checks issued;
- Improves supplier relations;
- Improves transaction reporting while reducing the amount of paperwork; and,
- Provides rebate incentive for prompt payment.

The Cal-Card program provides a number of layers of control and security that enhance accountability, improve best practices, and increase program oversight. In

addition to these benefits, the following card controls and limits will be established by the City: 1) user/approver training; 2) credit limits (dollar amount per cycle); 3) single amount limit (dollar amount per transaction); 4) permitted/unpermitted Merchant Category Code (MMC) groups; and, 5) regular review sampling of receipts.

City Charter Section 1802 provides an alternative procurement method by permitting the City to purchase or otherwise obtain services, supplies, materials, equipment and labor with other governmental agencies by purchasing under their contracts on a voluntary and selective basis when authorized by a Resolution of the City Council.

This matter was reviewed by Deputy City Attorney Amy R. Webber on November 28, 2016 and by Assistant Finance Director Lea Eriksen on December 1, 2016.

TIMING CONSIDERATIONS

City Council action to adopt a Resolution is requested on December 20, 2016, to ensure that the agreement is in place expeditiously to minimize disruption of service.

FISCAL IMPACT

There are no costs related to this agreement; however, the increased prompt payment rebate potential is expected to generate savings.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

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ATTACHMENT

APPROVED:


PATRICK H. WEST
CITY MANAGER

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 RESOLUTION NO.
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH AUTHORIZING THE CITY
5 MANAGER TO EXECUTE A MASTER AGREEMENT WITH
6 U.S. BANK NATIONAL ASSOCIATION FOR A
7 COMMERCIAL CREDIT CARD PROGRAM ON THE SAME
8 TERMS AND CONDITIONS AFFORDED TO THE STATE OF
9 CALIFORNIA PARTICIPATING ADDENDUM UNDER THE
10 STATE OF WASHINGTON WSCA-NASPO COMMERCIAL
11 CARD SOLUTIONS CONTRACT
12

13 WHEREAS, the Charter of the City of Long Beach ("City"), Section 1802,
14 permits the City to purchase services, supplies, materials, equipment and labor with other
15 government agencies by purchasing under their contracts on a voluntary and selective
16 basis when authorized by resolution; and

17 WHEREAS, the City desires to execute a master agreement with U.S. Bank
18 National Association for a Commercial Credit Card Program; and

19 WHEREAS, the State of California, Department of General Services, has a
20 Local Agency Subscription Agreement, Participating Addendum No. 7-14-99-22, with
21 U.S. Bank National Association, under the State of Washington Western States
22 Contracting Alliance-National Association of State Purchasing Officials (WSCA-NASPO),
23 Contract No. 00612-Category 1 (the "Washington Contract"); and

24 WHEREAS, the State of California has entered into the participating
25 Addendum for the purpose of making available a Purchase Card Program for use by
26 State of California state agencies and local governmental agencies; and

27 WHEREAS, the City's participation in the Washington Contract will facilitate
28 acquisition of the Commercial Credit Card Program as well as provide considerable cost

1 benefits to the City; and

2 WHEREAS, if the City had to go to formal bid rather than participate in the
3 Washington Contract, considerably more funds would be required;

4 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
5 follows:

6 Section 1. The above recitals are true and correct and are incorporated
7 hereby by this reference.

8 Section 2. The City Manager is hereby authorized to enter into an
9 agreement with U.S. Bank National Association for a Commercial Credit Card Program
10 on the same terms and conditions as those under the State of California, Department of
11 General Services, Local Agency Subscription Agreement, Participating Addendum No. 7-
12 14-99-22, with U.S. Bank National Association, under the State of Washington Western
13 States Contracting Alliance-National Association of State Purchasing Officials (WSCA-
14 NASPO), Contract No. 00612-Category 1, for a period of two (2) years with the option to
15 renew for additional terms in the event the WSCA-NASPO contract is extended.

16 Section 3. This resolution shall take effect immediately upon its adoption
17 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 2016 by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk