

AGENDA



Thursday, September 25, 2008

**Purchasing Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 63**

Subject: Authorize award, negotiation, and execution of a 39-month Interlocal Agreement with the Fort Worth Independent School District, Fort Worth, TX, for participation in the Texas Consortium Card Program with Bank of America for an estimated revenue of \$455,000, with four 12-month extension options for an estimated revenue of \$140,000 per extension option, for a total estimated revenue of \$1,015,000.

Amount and Source of Funding: No funding is required for this agreement as there are no fees assessed for using the program. As a result of the City's participation in this contract, revenue will be collected for every dollar purchased via ProCard and will offset the Support Services Fund expense budget. Funding from various departmental budgets is required to reimburse Bank of America for charges made on City of Austin ProCards to multiple vendors. There is no way to precisely quantify this amount in advance; currently the City averages approximately \$1,000,000 per month in credit card spending, half of which are against contracts that have been solicited competitively.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Mike Benson, Financial Manager/974-2032

MBE/WBE: This contract will be awarded in compliance with Chapter 2-9C of the City Code (Minority Owned and Women Owned Business Enterprise Procurement Program). This contract is a Cooperative Purchase; therefore, it is exempted under Chapter 791 of the Texas Local Government Code and no goals were established for this solicitation.

The Purchasing Card (ProCard) program was established in an effort to streamline the purchasing and payment process for small transactions of \$500 or less. The program was conceived as a highly efficient and cost effective alternative to the use of petty cash and departmental purchase orders. The program was originally established in 1998 with Bank of America, in a contract executed under the Cooperative Purchasing Program of the State of Texas.

With the advancement of ProCard technology the City now also pays, through the use of ProCards, for items ordered through various contracts that have been awarded as a result of a competitive bidding process. The ProCards offer a more efficient payment mechanism. The disciplined use of the ProCard results in substantial savings to the City in staff time and paperwork expended when making small dollar purchases. Additionally, the purchasing card is more widely accepted as a method of payment than are Purchase Orders.

Currently, the City of Austin has an existing contract with Bank of America that includes a tiered rebate structure with a maximum rebate potential of 1.06% at \$20,000,000 in ProCard spend. Based on the City's current spend rate, the City is earning a rebate of 1.02%.

Through the use of this interlocal, the City would be joining the City of Fort Worth Independent School District to utilize credit card services from Bank of America. By joining the Texas Consortium Card Program, the City would pool its spending with other members (including Round Rock ISD, City of Plano, City of Amarillo, and others) against a tiered rebate structure with a maximum rebate potential of 1.15% at

\$100,000,000 in combined ProCard Spend. The rebate the City would earn would be based on the combined spend for every entity in the Texas Consortium. This could yield an estimated additional \$16,000 in rebate per year above the current credit card contract at the City's current spend rate.