

# AGENDA ITEM SUMMARY

## FORT COLLINS CITY COUNCIL

**ITEM NUMBER:** 20

**DATE:** January 19, 1999

**STAFF:** Jim O'Neill

### SUBJECT:

Resolution 99-8 Authorizing the Purchasing Agent to Enter into a Visa Purchasing Card Agreement.

### RECOMMENDATION:

The Finance Committee and staff recommend adoption of the Resolution.

### FINANCIAL IMPACT:

There are no fees associated with the Purchasing Card program. In addition, the vendor will rebate a small percentage of the total volume of purchases made using the cards. This rebate will help offset the administrative costs of the program. As the cards replace mini-orders for small purchases, the City will experience further savings in administration.

### EXECUTIVE SUMMARY:

Purchasing cards are highly restricted credit cards issued to responsible City employees for the purpose of making the types of small purchases currently being done using mini-orders and blanket orders. Once purchasing cards are fully in place, administrative costs should be reduced substantially. Other government entities using such cards report overall savings of 30% or more in the processing of small purchases.

Purchasing has completed a competitive process to select LaSalle National Bank as the City's purchasing card vendor. Contract negotiations are complete and the card program should be ready to implement during the first quarter of 1999.

An electronic reporting system, known as ProCard, will be used to collect and transmit charges to the City. Purchasing will be able to set maximum purchasing levels for each card and certain categories of merchants can be excluded from the system.

The Finance Committee was advised of the background and processes involved in the purchasing card program (memo is attached) and recommends approval.

RESOLUTION 99-8  
OF THE COUNCIL OF THE CITY OF FORT COLLINS  
AUTHORIZING THE PURCHASING AGENT TO ENTER INTO A VISA  
PURCHASING CARD AGREEMENT

WHEREAS, the City is authorized by law to purchase and acquire goods and services for the benefit of the City and its inhabitants and to enter into contracts with respect thereto; and

WHEREAS, the City desires to purchase and acquire goods and services that are necessary for the City to perform its governmental or proprietary functions; and

WHEREAS, in order to increase the City's ability to acquire such goods and services in an administratively efficient and cost-effective manner, City staff has proposed that the City enter into that certain Visa Purchasing Card Agreement with LaSalle National Bank (the "Bank"), for the provision of purchasing cards for use by City staff in purchasing goods and services, a draft of which is on file in the Office of the City Clerk (the "Agreement"); and

WHEREAS, the Council has determined that the use of the purchasing card arrangement as provided in the Agreement will be to the City's benefit, and will advance the efficient and effective administration of the City's purchases of goods and services.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the Director of Purchasing and Risk Management ( the "Purchasing Agent") is hereby authorized to execute the Agreement in substantially the form on file in the Office of the City Clerk for the provision of purchasing card services to the City by the Bank and any related exhibits attached thereto, and to deliver the Agreement to the Bank. The final form of the Agreement shall include the following terms, together with such additional or different terms and conditions determined by the Purchasing Agent, in consultation with the City Attorney, to be appropriate and necessary to protect the interests of the City:

- (A) The Bank shall issue Visa purchasing cards in accordance with the direction of an authorized Purchasing Card Administrator designated by the Purchasing Agent.
- (B) No fee will be charged for the issuance of the purchasing cards, the receipt of the standard ten reports, regular statements, card logo digitization, or personal computer-based reporting.
- (C) The City may direct the Bank to cancel any card or account at any time for any reason whatsoever.

- (D) The Bank may cancel or suspend the right to use any card or account at any time if fraud or misuse is suspected, and will notify the City of any such cancellation or suspension.
- (E) The Bank will prepare and provide for each billing cycle an individual statement for each card account, and will provide a consolidated statement of purchases and balance due.
- (F) Any payment obligation of the City shall be payable solely from funds appropriated for such purpose.
- (G) The term of the Agreement shall be one (1) year, with four (4) successive renewal terms.

Section 2. That the Purchasing Agent is hereby authorized to execute and deliver amendments and modifications to the Agreement consistent with this Resolution from time to time, and such amendments and modifications shall not require the Council's approval of the same.

Section 3. That the Purchasing Agent and each Purchasing Card Administrator designated by the Purchasing Agent are hereby authorized to take such other actions as may be appropriate or necessary to carry out or complete the transactions contemplated in the Agreement and any amendments thereto.

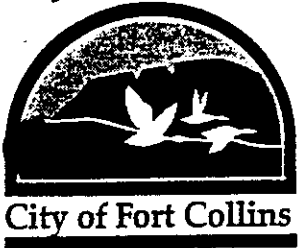
Section 4. That nothing contained in this Resolution, the Agreement or any other instrument shall be construed to cause the incurrence of a pecuniary liability or charge upon the general credit of the City or against its taxing power, nor shall the breach of any provision of this Resolution, the Agreement or any other instrument or document executed in connection therewith impose any pecuniary liability upon the City or any charge upon its general credit or against its taxing power.

Passed and adopted at a regular meeting of the City Council held this 19th day of January, A.D. 1999.

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Mayor

ATTEST:

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City Clerk



**Administrative Services**  
**Purchasing Division**

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**Memorandum**

Date: December 2, 1998

To: Finance Committee

From: Jim O'Neill II, CPPO *Jim O'Neill*  
Director of Purchasing & Risk/Mgt.

Thru: Alan Krcmarik  
Finance Director

Thru: John Fischbach *John Fischbach*  
City Manager

Re: Purchasing Cards

**Action Requested: Information Only**

A resolution authorizing the Purchasing Card program is scheduled for Council action on January 19, 1998.

Purchasing cards are highly restricted credit cards issued to responsible City employees for the purpose of making the types of small purchases currently being procured using mini-orders and blanket orders. The use of such cards serves to expedite the purchase of repair parts, hardware, printing needs, memberships, and some travel expenses. Vendors receive payment within 48 hours without the need for invoicing. The City will pay card balances once a month, eliminating much check writing. Once the purchasing cards are fully in place, the need for mini-orders should be virtually eliminated and the processing time for small purchases should be cut by at least 50%. Most government entities using purchasing cards report savings of 30% or more in the processing of small dollar purchases.

Over the last year Purchasing has completed a competitive process to select a vendor for purchasing card services. LaSalle National Bank was chosen and contract negotiations are nearly completed.

The negotiation and implementation process has been slowed by the ongoing work required for the new finance system startup, but the card program should be ready to go by the first quarter of 1999. Card users will receive a Purchasing Card Manual and user training before being issued their card. LaSalle has offered to provide such training during the initial startup and on an annual basis thereafter.

The agreement with LaSalle includes an electronic reporting system known as ProCard, which will collect and report charges to the City in an electronic format. The system allows for access by authorized personnel to allocate expenses to specific charge accounts and for the Purchasing Card Administrator to oversee and maintain the purchasing card system. Cards will be embossed with the City logo, the words "Purchasing Card", and the card users name, along with the City's tax exemption number, so merchants will know it is a government card. Program Administrators will be able to set maximum purchasing levels for each card on a per transaction, per week, or per month basis. In addition, certain categories of merchants can be excluded by SIC code.

I'll be glad to answer any questions you may have regarding the Purchasing Card program.