



## Legislation Text

**File #:** 19-0746, **Version:** 1

**TO:** Honorable Mayor & Members of the North Port Commission

**FROM:** Peter D. Lear, CPA, CGMA, City Manager

**TITLE:** Utilization of the State of Florida P-Card Program

### Recommended Action

Approve utilization of the State of Florida Purchasing Card Program - Eligible User Agreement between the Bank of America and the City of North Port (State Term Contract No.84121500-15-01).

### Background Information

On March 26, 2012, City Commission approved utilization of the Hillsborough County Procurement Card Program Linking Agreement (hereinafter "Agreement") with Bank of America (hereinafter "BOA"), which allowed the City of North Port to join a consortium with approximately 31 other entities. The current agreement will be expiring on August 16, 2019. For continuity of service, staff is requesting City Commission approve utilization of the above referenced Agreement. BOA has agreed to annualize the Hillsborough Consortium spend from 10/1/2018 through 12/31/2018 and make this Agreement effective retroactively to from January 1, 2019 to receive the benefit of a whole year of spend. The state rebate will be calculated on the calendar year calculation period of January 1<sup>st</sup> - December 31<sup>st</sup> and will be paid annually in February.

The standard rebate multiplier is based on the calculation period cumulative total of all standard transactions volume (see chart below).

**(Transaction Volume for Standard Transaction x Rebate Multiplier) + (Transaction Volume for Large Ticket Interchange Transactions x LTI Rebate Multiplier) - Total Credit Losses.**

OTHER ELIGIBLE USERS (OEU) ANNUAL SPEND (\$)	BASIS POINTS TO OEU
1,000,000 - 3,499,999	110 basis points*
3,500,000 - 9, 999,999	145 basis points*
10,000,000 - 17,999,999	165 basis points*
18,000,000,000 - 24,999,999	168 basis points*
25,000,000 - 39,999,999	170 basis points*
40,000,000	171 basis points
OEU - earns on Large Ticket Items (LTI)	55 basis points

\*Based on a 30/14 cycle and grace.

- For a 30/25 cycle and grace, reduce basis points by 6 points.
- For OEU program spend exceeding \$10 million, faster speeds of pay are available:
  - For 30/7 cycle and grace, add 3 basis points

For a 14/7 cycle and grace, add 5 basis points.

Below is a hypothetical example which in the City will earn 145 basis points on standard ticket items and 55 basis points

on the large ticket items.

					Example using State rebate and 2017/2018 actual spend		
		Total Net Purchase Volume	Total LT Volume	Standard Transaction Vol	State LT Rate	State STD Rate	State Rebate
6613772	CITY OF NORTH PORT FL	\$5,978,650.03	\$754,795.09	\$5,223,854.94	0.0055	0.0145	\$79,897.27
6903914	NORTH PORT FL, CITY OF	\$997,212.03	\$206,994.81	\$790,217.22	0.0055	0.0145	\$12,596.62
		\$6,975,862.06	\$961,789.90	\$6,014,072.16			\$92,493.89

BOA is anticipating an increase in the rebate under this contract.

The Purchasing Card Program provides a convenient means for City employees to make purchases. The streamlined electronic payment function allows cardholders to make under threshold purchases directly from vendors, eliminating the need for purchase orders. This process provides for quicker service, greater flexibility in purchasing, and faster payments to vendors. The Purchasing Card is simply another means of payment for making purchases and thus all purchasing rules of the City of North Port must still be followed. This program is monitored by the Finance Department in accordance with the City's purchasing guidelines.

### **Strategic Plan**

Efficient & Effective Government

### **Financial Impact**

The amount budgeted for this rebate in account 001-0000-369.90-10 is \$80,000 for this fiscal year. The change from fiscal year to calendar year rebate calculation would result in three quarters recorded as revenue for fiscal year 2019 and the remaining quarter recorded in fiscal year 2020.

### **Procurement**

Utilization of State of Florida Contract pursuant to Section 2-403 (a) (4) a of the City Procurement Code -The utilization of other governmental or public entity contracts to procure goods and services.

### **Vendor Information**

Attachments:

1. State of Florida Purchasing Card Program - Eligible User Agreement
2. Competitive Exemptions Form - Bank of America, N.A.
3. State Term Contract No. 84121500-15-01 Bank of America and Department of Management Services
4. State Term Contract No. 84121500-15-01 and Amendment No's. 1-4

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