



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

15

2. Council Meeting Date:

May 28, 2009

TO: MAYOR & COUNCIL

THROUGH: CITY MANAGER

3. Date Prepared: May 8, 2009

4. Requesting Department:

Management Services

5. SUBJECT: Approve Amendment 4 to Agreement MS5-946-2124 between the City of Chandler and Bank of America for Procurement Card Services for a one-year period.

6. RECOMMENDATION: Recommend approving Amendment 4 to Agreement MS5-946-2124 between the City of Chandler and Bank of America for Procurement Card Services for a one-year period.

7. HISTORICAL BACKGROUND/DISCUSSION: Procurement cards are presently issued from Bank of America through Agreement No. MS5-946-2124. There are approximately 640 cards throughout the City and the annual volume spent through this program is approximately \$2.5 million. Currently, nine (9) additional public entities utilize our Agreement, including the City of Mesa, City of Scottsdale, City of Surprise, City of Tempe, City of Yuma, and Cochise County. The City of Chandler's rebate for the 2008-year was \$22,984.14, an increase of \$5,621.55 from 2007.

8. EVALUATION PROCESS: In December 2004, City Council approved the use of Procurement Card Services through Bank of America following a Request for Proposal process. The program with Bank of America allows for easier and better reporting, on-line review and approval of transactions, automated interface with the City's General Ledger, additional functionality and enhanced rebate opportunities. This amendment will allow smaller entities with a smaller annual spend, such as the Town of Gilbert, Glendale Elementary School District, Town of Tolleson, and Pinal County, to qualify for a rebate using our program. The term of the final extension of this Agreement is January 1, 2009 through December 31, 2009.

9. FINANCIAL IMPLICATIONS: None

10. PROPOSED MOTION: Move to approve Amendment 4 to Agreement MS5-946-2124 between the City of Chandler and Bank of America for Procurement Card Services for a one-year period.

APPROVALS

11. Requesting Department

Robert Combs, CPPB, Purchasing & Materials Manager

12. Department Head

Dennis Strachota, Management Services Director

13. Procurement Officer

Sharon Brause, CPPB, CPCP

14. City Manager

W. Mark Pentz

**AMENDMENT NUMBER FOUR,
TO AGREEMENT BETWEEN THE CITY OF CHANDLER & BANK OF AMERICA
RFP No. MS5-946-2124**

This Amendment #4 to that certain Corporate Purchasing Card Agreement between the City of Chandler and **BANK OF AMERICA** for Procurement Card Services dated December 27, 2004 between the City of Chandler (CITY) and Bank of America (CONTRACTOR), Agreement No. MS5-846-2124, is entered into this ____ day of _____, 2009.

WHEREAS, CITY awarded a contract to CONTRACTOR for Procurement Card Services in December 2004 for an initial 3-year period with provisions to renewal for up to two (2) additional years;

WHEREAS, the parties have agreed to the following modification;

1. This contract is amended to include revised Schedule B (Electronic Product Fee Schedule) and Schedule C (Schedule of Rebates) attached.
2. All other terms and conditions of the above referenced Agreement and Amendments set forth in Amendment Number One, Amendment Number Two, and Amendment Three to this Agreement shall remain unchanged and in full force and effect. All terms and conditions in the original Agreement not specifically amended herein shall be incorporated by reference in its entirety and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this ____ day of _____, 2009.

CITY OF CHANDLER:

By: _____
MAYOR

CONTRACTOR:

By: David Rodriguez
Title: CARD ACCOUNT MANAGER, AVP

APPROVED AS TO FORM:

City Attorney JKM

ATTEST: (If corporation)

Secretary

ATTEST:

City Clerk

WITNESS: (If individual or Partnership)

[SEAL]

Arizona Public Sector Group

City of Chandler

SCHEDULE B

TO

BANK OF AMERICA CORPORATE PURCHASING CARD

2009

Date: April 10,

ELECTRONIC PRODUCT FEE SCHEDULE

Internet Application Options:	
Works Solution <i>*\$1,000,000 Annual Spend Threshold</i>	Fee Waived
Visa VIM with Workflow	Fee Waived
MasterCard Smart Data Online	Fee Waived
Visa Information Management Solution (VIM) Reporting – (for 1099 reporting if needed)	Fee Waived
MasterCard Enhanced Merchant Reporting (EMR) – (for 1099 reporting if needed)	Fee Waived
Custom Interface: (*With Works Ad Hoc Reporting – Never had client need this)	
Interface warranty period of 1 year	
Development	\$150.00 per hour
Maintenance	\$150.00 per hour
Standard Electronic File Delivery Options:	
EDI 811	Delivery Fee Waived
Statement Billing File	Delivery Fee Waived
File Express (MasterCard Only)	File Express Not Selected

Arizona Public Sector Group

City of Chandler

SCHEDULE C

TO

BANK OF AMERICA CORPORATE PURCHASING CARD

Date: April 10, 2009

SCHEDULE OF REBATES

Rebate Definitions:

"Calculation Period" means, initially, the 12 consecutive month period commencing sixty (60) days after Bank of America receives a fully executed original of the Agreement and thereafter, each subsequent 12-month period.

"Cycle Days" means the number of days from the start of the billing period to the statement date.

"Grace Days" means the number of days from the statement date that payment is due.

"Large-Ticket Interchange Transactions" means certain transactions which, based upon the type of merchant and/or transaction dollar amount, are subject to a Visa or MasterCard large ticket interchange program, as determined by and amended by Visa and MasterCard from time to time.

"Rebate Multiplier" means the multiplier corresponding to the Transaction Volume and Cycle and Grace Days as set forth in the Standard Rebate Multiplier Table and the multiplier corresponding to the Average Large Ticket Transaction Size and Cycle and Grace Days set forth in the Large Ticket Interchange Transactions Table below.

"Standard Transactions" means the Transaction Volume not meeting the criteria for Large-Ticket Interchange Transactions.

"Average Large Ticket Transaction Size" means the arithmetic mean of all Large Ticket Interchange Transactions billed during a Calculation Period.

"Total Credit Losses" means, for any Calculation Period, the sum of (i) Bank of America's credit losses on the Card Accounts for the Calculation Period and (ii) Bank of America's credit losses on the Card Accounts for any previous Calculation Period which have not been applied against any rebate payable pursuant to this Rebate Schedule.

"Transaction Volume" means, for any Calculation Period, the total dollar amount of purchase transactions made with the Cards during the Calculation Period, less the total dollar amount of: returned purchases, credit adjustments, Transactions resulting from Unauthorized Use, and disputed charges. Cash advances and Convenience Checks are not included in Transaction Volume.

Arizona Public Sector Group

City of Chandler

SCHEDULE C - continued

TO BANK OF AMERICA CORPORATE PURCHASING CARD

Date: April 10, 2009

Rebate Conditions:

The program must meet the following conditions in order to qualify for a rebate:

- (i) During the Calculation Period, Client and participating affiliates pay Bank of America the total amount of the new balance shown as due on each billing statement on or before the payment due date;
- (ii) Neither Client nor participating affiliates has breached any obligation, covenant, representation or warranty contained in the Agreement;
- (iii) For the Calculation Period, and Transaction Volume is at least **\$350,000**.

Rebate Calculation and Payment:

In the event that all of the above Rebate Conditions are met with respect to the Calculation Period, Bank of America shall pay a rebate to Company. The Rebate Multiplier basis points used to calculate the rebate earned on 12 consecutive months of transaction volume Company generate will be based on the aggregate transaction volume of all group members at the end of the Calculation Period. The rebate calculation period for any 12 month period starts on the first day of January and ends the last day of December the same year. The basis points aligned to the total aggregate Transaction Volume will be used to calculate a rebate for each **Arizona Public Sector Group** member based on their individual program Transaction Volume and Grace Days. The Rebate Multiplier basis points aligned to the aggregate Transaction Volume for Purchase Cards, Travel Cards and/or ePayables Dollar Volume Tier will be used to calculate rebates for individual group members, in accordance with the respective Multiplier Tables for Standard and Large Ticket Interchange Transactions and using the following equation:

$$\text{(Transaction Volume for Standard Transactions x Rebate Multiplier)} + \text{(Transaction Volume for Large Ticket Interchange Transactions x Rebate Multiplier)} - \text{Total Credit Losses}$$

Payment of any rebate will be made by ACH credit or other means determined by Bank of America, within ninety (90) days following the end of the Calculation Period. No rebate will be paid to any participating affiliates.

Should one or more of the above rebate conditions not be met, Bank of America will be under no obligation to pay any rebate, although Bank of America may, in its sole discretion, determine to pay a rebate in an amount determined by Bank of America. Bank of America's payment of a rebate in such circumstance will in no way obligate Bank of America to pay a rebate with respect to any subsequent Calculation Period if the rebate conditions have not been met.

Arizona Public Sector Group

City of Chandler

SCHEDULE C - continued

TO
BANK OF AMERICA CORPORATE PURCHASING CARD

Date: April 10, 2009

STANDARD MULTIPLIER TABLE

And

LARGE TICKET MULTIPLIER TABLE

Purchase Card			Cycle	7/14/30	14/30	30	30	30
Qualified Standard Ticket Transactions (Excludes Large Ticket)			Grace	3	7	14	20	25
	Annual Volume Tiers			Rebate Basis Points				
\$1,000,000	to	\$1,999,999		91	85	75	67	60
\$2,000,000	to	\$2,999,999		110	105	95	87	80
\$3,000,000	to	\$4,999,999		116	110	100	92	85
\$5,000,000	to	\$9,999,999		118	112	102	94	87
\$10,000,000	to	\$14,999,999		119	113	103	95	88
\$15,000,000	to	\$19,999,999		120	114	104	96	89
\$20,000,000	to	\$49,999,999		121	115	105	97	90
\$50,000,000	+			125	120	110	102	95
Qualified Large Ticket Transactions			Cycle	7/14/30	14/30	30	30	30
			Grace	3	7	14	20	25
	Annual Volume Tiers			Rebate Basis Points				
\$0	+			50	45	35	32	25

- (1 BPS = .01% or 60 BPS = .60% or .006)

