



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: SEPTEMBER 8, 2016

FROM: ACCOUNTING

SUBJECT: RESOLUTION NO. _____ - AGREEMENT WITH CITIBANK, NORTH AMERICA FOR CITY OF LOS ANGELES HARBOR DEPARTMENT TRAVEL PAYMENT SYSTEM SERVICES

SUMMARY:

Staff requests the Board of Harbor Commissioners' approval to enter into an agreement with Citibank, North America (Citibank) to provide Travel Payment System (TPS) services to the City of Los Angeles Harbor Department (Harbor Department). This agreement will replace the Harbor Department's current American Express Corporate/Government Charge Card (American Express) program for charge cards utilized by staff towards business and travel services in accordance with existing Harbor Department travel policies and procedures.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f), of the Los Angeles City CEQA Guidelines as determined by the Director of Environmental Management;
2. Find that in accordance with the Los Angeles City Charter Section 1022, the services required can be performed more feasibly by an outside contractor than by City employees;
3. Approve the proposed agreement between the Harbor Department and Citibank, North America;
4. Award the three-year agreement to Citibank, North America;
5. Authorize the Executive Director to execute and the Board Secretary to attest to the agreement; and
6. Adopt Resolution No. _____.

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DISCUSSION:

Background/Context – From 1982 to 2008, the Harbor Department employed a credit card program through Union Bank. Authorized cardholders used the cards to pay for travel and travel-related expenses including but not limited to airfare, travel agency transactions, car rentals, rail tickets, ground transportation, parking, lodging, meeting and conference rentals, meals, incidentals, and other business-related expenses. The Union Bank program provided an efficient mechanism to pay for authorized and necessary expenses incurred during the normal course of City-related business and travel, while reducing the need for travel cash advance requests and use of staff's personal funds and credit cards. This decreased the administrative support that would have been necessary to process cash advances and reimbursement requests. However, though the Union Bank program provided several efficiencies, the program had limited reporting capabilities and non-competitive fees (i.e. finance, late and over limit) which required a substantial amount of staff time to reconcile and pay for services. These issues caused the program to become inefficient and necessitated frequent adjustments to the process and procedures.

Since 2008, the Harbor Department has participated in the State of California's (State's) Department of General Services Statewide Travel Program (DGS/STP) and has implemented the State's American Express Corporate/Government Card and Meeting Planners' Accounts, also known as Business Travel Accounts (BTAs), as the charge card and travel reservation program for the Harbor Department. The American Express program was able to improve operational efficiencies by providing the assigned Program Administrator the tools, control, and resources to manage and reconcile accounts and transactions online. The agreement with American Express also waived some fees previously incurred under the Union Bank program (i.e. late and over limit).

The Harbor Department currently issues a total of 35 American Express charge cards known as Government Cards (GCs) according to Harbor Department policy which outlines who is authorized to be issued a GC, for what and how the card may be used, and the responsibilities of the cardholder. Currently, GCs are issued by request to Board of Harbor Commissioners, the Executive Director, Deputy Executive Directors and other Harbor Department staff on a case-by-case basis with the approval of employees' immediate supervisor and the Executive Director. Consistent with the Harbor Department's travel policy, all card issuance requests must provide a reasonable explanation to justify the purpose of the request.

The State's current agreement with American Express expires on October 31, 2016. Subsequent to a recent competitive Request for Proposal (RFP) process, Citibank was selected to replace American Express as the State's new TPS services provider. The agreement term is for three years and there are no upfront costs related to this

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agreement. Should the Harbor Department again piggyback off the State's agreement, the Harbor Department only pays Citibank when reservations are made to the State's CalTravelStore, or cardholders charge transactions to the charge cards. If approved, the transition will be effective November 1, 2016, and the Harbor Department will be required to sign a State's standard agreement - STD 213 (Transmittal 1) as a Participating Entity to the State's agreement with Citibank (Transmittal 2) in order to continue to participate in the DGS/STP.

By piggybacking off the State's American Express agreement, the Harbor Department has been able to take advantage of price discounts and program benefits negotiated as a result of the State's superior bargaining power. If the new agreement is approved, authorized Citibank TPS program cardholders will continue to be able to pay for travel and business-related expenses as before, and the Harbor Department will continue to enjoy many of the same advantages provided under the American Express BTA program, such as online account management and card controls by the Program Administrator, Automated Clearing House payment capability, no Return Payment fee, and waived annual/late/over-limit fees, with the addition of new program benefits which include an annual prompt payment incentive, and lower Foreign Transaction Fees (2.5% as opposed to 2.9%). Additionally, since the Citibank TPS program uses the Mastercard product, the charge cards are accepted at more locations worldwide, which makes them less restrictive than American Express. Another advantage to piggybacking on the State's DGS/STP is the ability to purchase discounted air travel tickets through the State's vendor - CalTravelStore. CalTravelStore is the only authorized Travel Management Service Provider for all State of California Government Travel and provides the most economical rates available through the use of contracted travel-related services for airfare. Without use of CalTravelStore, the Harbor Department could pay more for airfare while also spending significant staff time to research and compare tickets in order to secure airfare at the lowest available price.

Due to the program features and advantages stated herein, staff recommends continued participation in the State's DGS/STP and approval of the proposed agreement with Citibank for a travel and charge card management program.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of an agreement between the Harbor Department and Citibank, North America for a travel and charge card management program. As an administrative action, the Director of Environmental Management has determined that the proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA guidelines.

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FINANCIAL IMPACT:

This proposed Board action replaces the Harbor Department's DGS/STP from American Express to Citibank MasterCard by piggybacking on the State's agreement and utilizing the State's vendor – CalTravelStore, and allows a seamless transition of travel payment and management services. In this proposed agreement, as under the previous TPS, there will not be any upfront fees charged unless travel-related services are used by the Harbor Department for official business purposes. Harbor Department divisions will continue to budget for travel-related expenses as part of the annual budget process, subject to Board approval, in each division's respective accounts.

CITY ATTORNEY:

The Office of the City Attorney has reviewed this agreement and approved it as to form and legality.

TRANSMITTALS:

1. State of California Standard Agreement STD 213
2. Standard Agreement Between Citibank, North America and State of California – Department of General Services
3. Statewide Travel Program Travel Payment System

FIS Approval :  (initials)
CA Approval :  (initials)


FRANK LIU
Director, Accounting Division


MARLA BLEAVINS
Deputy Executive Director and Chief
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APPROVED:


EUGENE D. SEROKA
Executive Director