



Executive Director's
Report to the
Board of Harbor Commissioners

DATE: DECEMBER 12, 2019

FROM: ACCOUNTING

SUBJECT: RESOLUTION NO. _____ - FIRST AMENDMENT TO AGREEMENT NO. 16-3418 WITH CITIBANK, NATIONAL ASSOCIATION FOR CITY OF LOS ANGELES HARBOR DEPARTMENT TRAVEL PAYMENT SYSTEM SERVICES

SUMMARY:

Staff requests the Board of Harbor Commissioners' (Board) approval of the First Amendment (Transmittal 1) to Harbor Department Agreement No. 16-3418 (Agreement No. 16-3418) with Citibank, National Association (Citibank) which provides Travel Payment System (TPS) services to the City of Los Angeles Harbor Department (Harbor Department).

The Harbor Department's Agreement No. 16-3418 piggybacks off of the State of California's (State) Agreement No. 5159906. Agreement No. 16-3418 is a three-year agreement effective through October 31, 2019, approved by the Board at its September 15, 2016 meeting. The State's Standard Agreement Amendment for its Agreement No. 5159906 (Transmittal 2) exercises its option to extend its Agreement No. 5159906 two additional years with one two-year extension option. The proposed First Amendment will extend the term of Harbor Department Agreement No. 16-3418 with Citibank from November 1, 2019 through October 31, 2021 with one two-year extension option. This First Amendment will continue to cover the Harbor Department's program for charge cards utilized by staff towards business and travel services in accordance with existing City of Los Angeles travel policies and procedures. The Harbor Department will continue to be financially responsible for expenses incurred under the proposed First Amendment.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is administratively 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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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 First Amendment (Transmittal 1) to Harbor Department Agreement No. 16-3418 between the Harbor Department and Citibank, National Association;
4. Authorize the Executive Director to execute and the Board Secretary to attest to the proposed First Amendment; and
5. Adopt Resolution No. _____.

DISCUSSION:

Background/Context – Since 2008, the Harbor Department has participated in the State of California’s Department of General Services Statewide Travel Program (DGS/STP). As part of this program, the Harbor Department has implemented the State’s 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 Harbor Department currently issues a total of 37 Citibank charge cards known as Government Cards (GCs) in accordance with Harbor Department policy, which outlines who is authorized to be issued a GC, for what purposes and how the card may be used, as well as 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 in line with policy to justify the business purpose of the request.

The State’s Agreement No. 5159906 with Citibank was for a term of three years through October 31, 2019 with two two-year options to extend. The Harbor Department approved its Agreement No. 16-3418 with Citibank in 2016 without the renewal options, and therefore the Harbor Department’s agreement with Citibank expired on October 31, 2019. Because the State has exercised its first of two options to extend the Agreement for two additional years under its Standard Agreement Amendment (Transmittal 2), the Harbor Department is permitted to piggyback under the State’s Amended Agreement No. 5159906 through the proposed First Amendment (Transmittal 1).

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There are no initial upfront costs related under the proposed action. The Harbor Department will pay Citibank only when reservations are made to the State's CalTravelStore, or cardholders charge transactions to their card. If approved, the First Amendment (Transmittal 1) will be effective retroactively from November 1, 2019 for a period of two years, allowing the Department to continue to participate in the DGS/STP.

By utilizing the State's Citibank agreement, the Harbor Department has been able to take advantage of price discounts and program benefits. If the First Amendment is approved, authorized Citibank TPS program cardholders will continue to be able to pay for travel and business-related expenses, and the Harbor Department will continue using the Citibank BTA program. The Harbor Department will also continue to benefit from Citibank BTS program services, 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, program benefits which include an annual prompt payment incentive, and competitive Foreign Transaction Fees (2.5%). Additionally, the Citibank TPS program uses the MasterCard service logo which is accepted worldwide. Another advantage to 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 the 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.

Certain other terms of the State's Amended Agreement No. 5159906 have changed; however, changes do not apply to the Harbor Department, for the following reasons:

1. Under the State's Amended Agreement No. 5159906, Individual Liability Cards are considered delinquent at 60 days past due; however, this provision does not apply to the Harbor Department since cards issued to staff are Corporate Bill Cards and not Individual Liability Cards; and
2. Under the State's Amended Agreement No. 5159906, Early Payment Incentive, Threshold: Citibank is responsible for issuing an Early Payment Incentive to the State if the total calculated amount of the participating entity's combined direct bill account is under \$25.00. This provision is not expected to apply to the Harbor Department since the Harbor Department has historically exceeded this threshold with on-time payments.

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

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Amendment is not approved the Harbor Department would on its own undergo a competitive process to secure a new travel agency service and new charge card service for staff. However, the Harbor Department's bargaining position is not as strong as the State's due to the relatively larger volume of State travel/charge card transactions such that the Harbor Department would not likely realize the same level of cost-benefits as it would under the proposed First Amendment. In the intervening period as the Harbor Department undergoes the proposed First Amendment approval process Citibank is accommodating the Harbor Department so as to ensure business continuity.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the First Amendment to the Agreement with Citibank to provide TPS services, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

This proposed Board action extends the Harbor Department's DGS/STP Citibank MasterCard agreement by an additional two years by piggybacking on the State's agreement and utilizing the State's vendor – CalTravelStore, for continued travel payment and management services. In the proposed First Amendment, as under the previous TPS, there are no upfront fees charged unless travel-related services are used by the Harbor Department for official business purposes. Each Harbor Department division will continue to budget for travel-related expenses as part of the annual budget adoption process, subject to Board approval, in each division's respective travel accounts.

CITY ATTORNEY:

The Office of the City Attorney has reviewed and approved the proposed First Amendment as to form and legality.

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TRANSMITTALS:

1. Standard Agreement STD 213A (Amendment 1 - Agreement between the Harbor Department and Citibank)
2. Standard Agreement Amendment STD 213A (Agreement between State of California and Citibank)

FIS Approval: *MB*
CA Approval: *MB*



FRANK LIU
Director, Accounting Division



MARLA BLEAVINS
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APPROVED:

 FOR

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