

DATE: SEPTEMBER 7, 2021

FROM: ACCOUNTING

SUBJECT: RESOLUTION NO. _____ - SECOND 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 Second Amendment (Transmittal 1) to Agreement No. 16-3418 (Agreement) 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 on the State of California's (State) Agreement No. 5159906 with Citibank. The proposed Second Amendment will extend the term of the Harbor Department's Agreement with Citibank from November 1, 2021 through October 31, 2023. This Second 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 Second 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;
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;

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3. Approve the proposed Second 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 Second 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 (BTA Program), as the charge card and travel reservation program for the Harbor Department.

The Harbor Department currently issues approximately 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 with Citibank was for an initial term of three years through October 31, 2019 with two two-year options to extend (Transmittal 2). The State exercised its first option and extended the agreement through October 31, 2021. The State is currently exercising the second option to extend the agreement through October 31, 2023.

The Harbor Department approved its Agreement No. 16-3418 with Citibank in 2016 to participate in the program through October 31, 2019 (Transmittal 2). On December 19, 2019, the Board approved the First Amendment to the Agreement extending the term of the Agreement to October 31, 2021 (Transmittal 3). Since the State is currently exercising its second option to extend its agreement with Citibank for two additional years, staff proposes continuing the Harbor Department’s participation in the program by extending the Agreement through October 31, 2023 through the proposed Second Amendment.

There are no initial upfront costs related to the proposed action. The Harbor Department will pay Citibank only when reservations are made with the State’s CalTravelStore, or

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when cardholders charge transactions to their card. If approved, the Second Amendment (Transmittal 1) will be effective November 1, 2021 for a period of two years, allowing the Harbor 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 Second 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 BTA 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 that 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 with 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. The transaction fees range from \$5.00 to \$16.00 for booking any combination of air, car, and hotel with CalTravelStore.

Due to the program's features and advantages stated herein, staff recommends continued participation in the State's DGS/STP and approval of the proposed Second Amendment with Citibank for the travel and charge card management program. If the proposed Second 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 benefits and cost-related savings as it would under the proposed Second Amendment.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the Second 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.

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FINANCIAL IMPACT:

This proposed Board action extends the Harbor Department's DGS/STP Citibank MasterCard agreement by an additional two years for continued travel payment and management services. In the proposed Second Amendment 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 Second Amendment as to form and legality.

TRANSMITTALS:


1. Proposed Second Amendment to Agreement No. 16-3418
2. Standard Agreement (No. 5159906) between State of California and Citibank and Participation Agreement No. 16-3418
3. First Amendment to Agreement No. 16-3418

FIS Approval: MB
CA Approval: SO



Digitally signed by Frank
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FRANK LIU
Director of Accounting



Marla Bleavins
2021.09.08
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MARLA BLEAVINS
Deputy Executive Director and Chief
Financial Officer

APPROVED:

Marla Bleavins For

EUGENE D. SEROKA
Executive Director

MB/FL
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