

To: Cara Pavlicek
Village Manager

FROM: Craig M. Lesner 
Chief Financial Officer

DATE: February 26, 2014

RE: Procurement/Credit Card Program



Currently, the Village utilizes an American Express credit card for various purchases that provides for 100 BPs rebate. The funds generated by card activity are deposited into the Travel, Training and Wellness (TTW) Fund. Our annual rebate is averaging just under \$50,000.

This rebate amount would imply our spend is just under \$5 million annually. However, the Village actually spent \$7.7 million on the card in FY 2013 alone. The rebate is paid to the Village in the form of "points" that are redeemable for goods and services. By policy, the Village redeems them for travelers checks then deposits then funds into the TTW fund. The exchange of points to cash actually discounts the value of the points.

As the Village procured a letter of credit for the Lake and Forest project recently, the final iteration of the terms allowed for the Village to reduce the interest rate on the Letter by 15 basis points (BPs) if it were to implement a purchasing card program with PNC Bank.

Staff has performed its due diligence issuing a request for proposals for a credit card program. Based on its review (see attached), staff recommends migrating to the PNC purchasing card program.

The PNC program allows for:

- Increased rebate to 135 BPs with no discount for cash instead of points
- Village cards issued to approved (TBD by future policy discussion) employees featuring the Village's logo
- No annual fees
- No transaction fees
- Ability to issue "ghost" cards – one-time use credit card numbers issued to a particular employee for a specific dollar amount and expiration date. This will eliminate the need to "borrow" the credit card kept in the Finance Department safe.
- Ability to restrict usage by store and product type
- Ability to pay vendors through PeopleSoft utilizing the PNC card. Eliminates the Bank from showing as the Village's largest vendor on the AP reports.

- Greater opportunities to utilize the card moving from American Express to a Visa as more vendors accept Visa globally
- Ability to purchase Pre-paid, single load cards in order to re-sell to Village customers unable or unwilling to utilize a credit card for online transactions.
- PNC will proactively work with the Village to identify additional vendors that would accept credit card payments

While the Village will not pay PNC any amounts beyond the cost of already appropriated transactions, it is prudent to present the card agreement to the Village Board for approval.

Village of Oak Park
Procurement/Credit Card Program
List of Responses

	MB Financial	PNC	5/3rd	JP Morgan	US Bank
Rebate on \$7.7 million	\$ 72,449.99	\$ 107,800.00	\$ 79,210.00	\$ 92,400.00	\$ 123,662.00
PLUS LoC savings	\$ -	\$ 14,250.00	0	0	0
TOTAL	\$ 72,449.99	\$ 122,050.00	\$ 79,210.00	\$ 92,400.00	\$ 123,662.00
Term	N/A	Annual	Annual	Annual	Annual
Type of Card	Mastercard	Visa	Mastercard	Either	Visa
Card Distribution	10 card min.	N/A	N/A	N/A	N/A
Pay through ACH ?	No	Yes	Yes	Yes	N/A
"Ghost" cards?	Yes	Yes	???	??	??
Gift Cards?	Yes	Yes	No	No	??
GC cost	\$ 2.00	3.5	N/A	N/A	N/A