STAFF REPORT

MEETING DATE:	**February 20, 2024**
SUBJECT:	**Approve Executive Director to Apply for Purchasing Cards through Five Star Bank Instead of CAL-Cards**
AGENDA ITEM:	**4**
STAFF CONTACT:	**Jessica Carlson, Chief Fiscal Officer**

SUMMARY:

The Fiscal and Policy Committee approved staff to look into participating in California's CAL-Card Program to alleviate administrative burdens on the agency and purchasing delays for staff at the December meeting. Prior to applying for CAL-Cards, staff learned of a purchasing card program available through Five Star Bank, of which SRTA is already a client and holds multiple accounts. The program has multiple benefits different from the CAL-Cards. Staff recommends participating in Five Star's card purchasing program rather than enrolling in California's CAL-Card Program as it provides additional benefits and has no participation fees.

STAFF RECOMMENDATION:

It is recommended that the Fiscal and Policy Committee:

1. Receive an update on efforts to acquire purchasing cards for agency staff;
2. Authorize the executive director to apply for purchasing cards through Five Star Bank rather than participate in the CAL-Card program with U.S. Bank, including executing the necessary forms; and
3. Authorize the executive director to make minor administrative amendments to application forms as requested.

DISCUSSION:

Background – Executive management has been exploring options to reduce the administrative burden of purchasing certain goods and services and for approved staff training expenses. Currently, SRTA has one bank debit card for eligible agency purchases where an invoice process for goods and services is not utilized or possible (e.g., monthly internet services, training conference registration fees, workshop facility rentals). Debit card use is highly restricted, has daily limits, and must remain on, or be returned daily to, SRTA's premises, per policy. Agency employees are reimbursed for approved training and other expenses initially charged to the staff's personal cards.

At the December 1, 2023, Fiscal and Policy Committee meeting, the committee approved staff to apply for potential participation in the state of California's "CAL-Card" procurement card program, which is a flexible payment program made available to state, regional, and local public agencies for the purchasing of goods and services. In late December, staff met with SRTA's new Five Star local branch representative to discuss accounts and available programs. The ability to participate in a card purchasing program was presented to staff and additional information was provided. Benefits of the Five Star program include:

- Dedicated Five Star account manager at the local Redding branch.
- Consolidated billing.

- Ghost Card and Virtual Card capabilities, which can be used for vendor payments (e.g., utilities, phone, internet, etc.).
- Management reporting and controls.
- Individual customized spending limits for employees.
- Multiple payment options – online, in branch, auto pay or mail.
- Employee app with balance information and ability to take pictures of receipts to upload into expense reports.
- Expense reporting included.
- No annual fee.
- Revenue share program – earn 1% cash back on all card transactions.

The CAL-Card program differs from Five Star's in the following ways:

- Restrictions and limitations due to all participating agencies having to adhere to CAL-Card regulations, policies, and procedures with no flexibility.
- Questions are answered via an 800 number or general email inbox.
- No individual expense management for cards per employee to limit liability (e.g., cannot set different thresholds for employees based on when they are approved for eligible training and travel vs when no purchases are anticipated).
- No cash back (percent of purchases) to the agency.

How it works – The Five Star cards are similar to the CAL-Card program. Staff may use the cards for previously approved business expenses, such as workshop supplies, conference registrations, and other training/travel expenses. The cards are issued in the name of the cardholder and invoices are billed to the agency. Agency management has full control of each cardholder's card including monitoring of purchases and enabling/disabling cardholder access. Five Star maintains no cardholder information other than their name, work address, and phone number. Additionally, they do not collect the cardholder's social security number and do not perform a credit check on the cardholder.

Staff anticipates the following benefits by participating in the Five Star program: dedicated local representation, real-time controls for cardholders' transactions and spending limits, reduced paperwork, transparency, increased efficiency by streamlining of the accounts payable process, reduced time involved in procuring low-dollar goods, reduced administrative costs per transaction, improved purchasing procedures for certain transactions like travel reimbursements, and reduced burden on staff.

Implementation – The implementation of the purchasing card program with Five Star would be:

1. The Executive Director provides required information that includes their personal date of birth and social security number. The other staff will not be required to provide any personal information.
2. Upon SRTA's approval, staff will draft internal policies and procedures to establish controls for the cardholder and the agency and present them to the Committee and the board of directors for approval prior to SRTA finalizing and issuing cards to staff.
3. When the account is opened, the Executive Director will be issued the first card on the account. When the necessary policies have been approved, Five Star will work with the CFO to issue cards to the remaining eligible staff and set credit card limits for each cardholder.

4. Training on new and current policies and procedures for use will be provided to all SRTA staff and the new cards will be provided to the eligible cardholders.

ALTERNATIVES:

The Committee may decide not to direct staff to apply for purchasing cards through Five Star Bank and instead direct staff to move forward with participation in the CAL-Card program or defer the recommendation to be presented at a future SRTA Board of Directors meeting for board approval.

FISCAL IMPACT:

There is no net fiscal impact to SRTA by applying for purchasing cards through Five Star. SRTA already has accounts with Five Star and participating in the card purchasing program has no additional fees. Minimal staff time will be spent managing the new system. Additionally, unlike the CAL-Card program, SRTA would be provided with a benefit of receiving back 1% in cash for all purchases made with the cards. Internal policies will be developed to address the use of the cash back and approved by the Committee.

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Sean Tiedgen, AICP, Executive Director