



# San Bernardino County

## Legislation Text

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**File #: 1959, Agenda Item #: 37**

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### **REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO AND RECORD OF ACTION**

**April 7, 2020**

#### **FROM**

**LAURIE ROZKO, Director, Purchasing Department**

#### **SUBJECT**

Countywide Agreement for Prepaid Gasoline and Retail Cards

#### **RECOMMENDATION(S)**

1. Approve Agreement with SVM, LP (SVM) for the provision of prepaid gasoline and retail cards at fixed rates as detailed in Attachment A, to be issued to eligible County clients by various departments for the period of April 7, 2020 through April 7, 2025.
2. Approve annual distribution of prepaid cards exceeding \$2,500 per fiscal year during the contract term for County departments and a total contract amount up to \$42,594,100, as detailed in attachment B
3. Authorize an increase of \$2,007,500 for fiscal year 2019-20, for the annual distribution of prepaid cards by Human Services and District Attorney, as detailed in Attachment B.

(Presenter: Laurie Rozko, Director, 387-2074)

#### **COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Improve County Government Operations.**

**Operate in a Fiscally-Responsible and Business-Like Manner.**

**Provide for the Safety, Health and Social Service Needs of County Residents.**

#### **FINANCIAL IMPACT**

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost) as sufficient appropriation and revenue are included in departmental 2019-20 budgets and will be included in future recommended budgets. The majority of funding for pre-paid cards is provided by Federal and State sources including Public Safety Realignment, 1991 Realignment, Mental Health Services Act, Victim Witness Assistance Program grant funding, the Independent Living Skills Program and Assembly Bill 2766 (AB 2766).

The County of San Bernardino (County) Internal Controls and Cash Manual requires Board of Supervisors (Board) approval for the distribution of prepaid cards exceeding \$2,500 per department per fiscal year. The recommended increase for 2019-20 is primarily due to a projected increase in caseload for Human Services as a result of rapidly changing economic conditions. Staff anticipates that the proposed contract and annual distribution of prepaid cards will be sufficient to meet departmental needs through June 30, 2020 and subsequent years.

The County's annual expenditures for the purchase of prepaid cards is approximately \$3,575,000. In the event a department returns prepaid cards, SVM will charge a 5% restocking fee based on the face value or purchase

value, whichever is lower.

### **BACKGROUND INFORMATION**

Departments order prepaid cards primarily for issuance to clients as supportive service to assist with program requirements or to assist victims of crime, if needed. State law mandates that counties provide transportation assistance to eligible clients to participate in mandated activities or when requested by clients. Approximately 94% of the total distribution as of 2018-19 has been authorized for Human Services to comply with federal and state requirements and the majority of prepaid cards are for gasoline used by clients to attend meetings, medical appointments, or job interviews. Prepaid cards are also disbursed as an incentive for participation in County programs such as the County Ride Share Program.

On January 6, 2015 (Item No. 32), the Board approved Agreement No. 15-02 with National Gift Card Corporation for prepaid cards at fixed rates, for a total amount up to \$17,500,000, through January 6, 2018, plus two one-year options to extend the term. On December 15, 2015 (Item No. 40), the Board approved Amendment No. 1 increasing the total contract amount to \$31,625,000. On January 9, 2018 (Item No. 28), the Board approved Amendment No. 2 increasing the total contract amount to \$38,197,200 and extending the term 18 months, from January 7, 2018 to June 30, 2019. On June 25, 2019 (Item No. 40), the Board approved Amendment Nos. 3 and 4 to Agreement No. 15-02 with National Gift Card Corporation to recognize a corporate name change and to assign the contract to NGC US LLC (NGC), to add Amazon gift cards, to extend the contract from July 1, 2019 through March 31, 2020, and to increase the amount by \$3,823,000 from \$38,197,200 to \$42,020,200.

A one week delay between termination of the NGC contract to the effective date of the contract with SVM will not cause a disruption to service as departments currently possess the gift cards needed for that one week time frame.

The contract governing this purchase includes SVM's proposed changes to the County's standard indemnification clause and insurance requirements.

1. The contract limits SVM's indemnification obligations to third-party claims arising from any act or omission of SVM, its subcontractors, and agents.
  - Potential Impact: For example, SVM will not indemnify the County for damages that result from a cause other than SVM's action, such as an issue with a retailer.

Staff recommends approval of the contract because the benefits and convenience of serving the County's clientele with prepaid cards outweighs the potential risk. The County has been using prepaid cards for many years and has never had this type of claim.

### **PROCUREMENT**

The Purchasing Department worked with multiple departments to issue Request for Proposal (RFP) No. PURC-3676 for prepaid cards on December 26, 2019. Two vendors responded to the RFP, SVM and NGC. Following an evaluation of the two proposals based on cost, method of delivery, card attributes, reporting capabilities, financial stability and reference, SVM is recommended for award.

A significant factor in the evaluation was the discount rate offered on gas cards, due to departments reporting that the majority of prepaid cards are issued for gasoline. For example, 97% of the annual spend by Human Services are for gas cards. SVM offered the County a lower price for each gas card denomination. ARCO for \$10, \$15, and \$25 denominations are used in the following example, as the majority of gas cards issued are ARCO cards, given the number of locations in the County.

Vendor	Denomination	NGC	SVM
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ARCO	\$10	\$10.50	\$10.25
ARCO	\$15	\$15.50	\$15.25
ARCO	\$25	\$24.88	\$24.75

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Kristina Robb, Deputy County Counsel, 387-5455) on March 19, 2020; the Auditor-Controller/Treasurer/Tax Collector (Denise Mejico, Chief Deputy Auditor, 382-3107) on March 17, 2020; Aging and Adult Service (Cesar Bernal, Administrative Supervisor II, 798-8527) on March 17, 2020; Behavioral Health (Ruben Gasco, Administrative Supervisor I, 388-0824) on March 17, 2020; Workforce Development (Chen Wu, Administrative Manager, 387-9823) on March 17, 2020; Probation (Thomas Kamara, Administrative Manager, 387-9631) on March 18, 2020; District Attorney (Claudia Walker, Chief of Administration, 382-7689) on March 17, 2020; Human Services (John Hallen, Administrative Analyst III, 388-0208) on March 18, 2020; Human Resources (Amy Coughlin, Interim Benefits Chief, 387-9676) on March 17, 2020; Finance [Joon Cho (387-5402), John Hallen (388-0208), Jessica Trillo (387-4222), Kathleen Gonzalez (387-5412), Carl Lofton (387-5404), Christopher Lange (386-8393) and Carolina Mendoza (387-0294), Finance Analysts on March 23, 2020; and County Finance and Administration (Kelly Welty, Deputy Executive Officer, 387-4376) on March 23, 2020.