



**TO:** Mayor Chuck Barney  
Members of the City Council

**FROM:** David Lakefield, Finance Director

**DATE:** March 27, 2018

**SUBJECT: Direct Purchase Program**

**I. RECOMMENDED ACTION**

1. Approve implementation of Direct Purchase Program.

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**II. DEPARTMENT CONTACT PERSONS**

David Lakefield, Finance Director                      701-857-4784

**III. DESCRIPTION**

A. Background

The City currently has a number of credit cards issued to Department Heads or key personnel throughout the city. These cards earn rewards points but come with an annual fee. Currently vendors are paid via check for charges made on account. Numerous employees are able to charge items at these establishments.

B. Proposed Project

Wells Fargo has a P-Card program that is partnered with an A/P Control System that would allow us to pay vendors via a virtual card payment, ACH payment or check. The P-Card system would allow the City to impose controls on each user and make the reconciliation process more efficient.

C. Consultant Selection

Wells Fargo – other potential vendors have been investigated and do not have the same functionality as the A/P Control System. Cass County is in process of implementing this same program and the needed Sunguard modification is available.

**IV. IMPACT:**

A. Strategic Impact:

This program will allow the Finance Department to be more efficient in processing vendor payments as well as reimbursement payments to employees. It will simplify the record keeping and approval process and reduce check costs.

B. Service/Delivery Impact:

The more efficient process should speed up the time required to process payments, reduce postage and check costs.

C. Fiscal Impact:

Increased efficiency and reduced costs will result in budget savings for the City. In addition, the City will share in the interchange fees assessed on the card transactions resulting in revenue to the City.

**V. ALTERNATIVES**

Continue current operations.

**VI. TIME CONSTRAINTS**

We would plan for a potential August 1 implementation.

**VII. LIST OF ATTACHMENTS**

1. Value Proposition
2. Preliminary Pricing