



AGENDA MEMORANDUM

Action Item for the City Council Meeting June 28, 2022

DATE: June 28, 2022

TO: Peter Zanoni, City Manager

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Merchant Processing and Master Subscription Agreement
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CAPTION:

Resolution authorizing a three-year merchant processing and master subscription agreement, with annual renewals, with Govolution, L.L.C., of Arlington, Virginia, First American Payment Systems, L.P., and First Third Bank, N.A., for an estimated amount of \$750,000.00 for merchant services and \$6,000,000.00 for interchange fees for the processing of credit and debit card payments, with FY 2022 funding of \$330,000 from various funds using department operations budgets.

SUMMARY:

This agreement with Govolution LLC allows the City to receive payments, including credit and debit card payments, for utility bills, parks and recreation fees, building permits and services, and other services provided by the City.

BACKGROUND AND FINDINGS:

Currently, the City receives approximately \$134,000,000 in credit and debit card payments annually. The City must establish merchant accounts with a merchant service provider to process these transactions. The merchant services provider acts as an intermediary between the City and the financial institutions/national credit card companies to receive credit card payments from

customers and process them for payment by the financial institutions/national credit card companies. This service is a highly technological process that performs many functions of the payment transaction including, but not limited to, authenticity of the credit card utilized, validation of available funds or credit in the customer's account, removal of funds or charges to the customer's account, security oversight of all account information, deposit of funds into the City's account and monthly reporting of all transactions that occur on the Merchant Account. The City pays a fee to the merchant services provider based on the type of card used, amount of the transaction, type payment made and other transaction attributes. In addition to merchant services fees for processing the payment, the national credit card companies charge interchange fees for the use of Visa, Mastercard, Discover and American Express branded cards for payment. These fees are collected by the merchant services provider on behalf of the national credit card companies and they are then passed on to the national companies. These fees are set by the national credit card companies and the city is not able to negotiate the fees.

In January of this year, an extension for the current agreement with Worldpay, Inc was approved providing the City time to identify a vendor that could offer a payment platform which integrates with all city software systems such as Infor, Easynet (Vital Statistics), RecPro (Parks and Rec), etc.

Govolution is a payment platform solution that provides not only for merchant services but also for enhanced services and integration including:

- Ready integration with the City's Infor IPS Billing and CDR systems. The integration provides for real-time payment activity with Infor.
- Streamlined payment servicing as Govolution will act as the merchant services provider, third party web portal, and host the payment portal. This will create great efficiencies when trouble shooting payment issues.
- Enhanced customer service by being able to offer more on-line payment options including recurring credit card payments and online set-up for recurring bank draft
- Significant reduction in the Payment Card Industry (PCI) Compliance requirements from the City of Corpus Christi and places them on Govolution. Govolution is currently at a Level 1 of compliance, which is the highest security standard in the industry.
- Advanced Internal Voice Recognition (IVR) functionality to look up billing information through an automated voice attendant which is integrated in real-time to Infor. This service allows for a customer to call in through a toll-free number, inputs their account number and are provided a real-time balance, and the ability to make a payment. Provides the new functionality for customers to schedule or create a recurring payment online by entering their debit or credit card information.
- Payment modules are ala carte (Web, Mobile, IVR, POS, Kiosk). Each department can pick and choose which payment solution(s) works best for their operations and customers. All payment solutions will be administered through a payment portal on the City Website.

PROCUREMENT DETAIL:

This procurement is a general exemption 252.022 (a) (2). A procurement necessary to preserve or protect the public health and safety of the municipality's residents.

IT and Finance performed cost analysis which included existing fees and contracts. The analysis produced an estimated savings of \$145,000.

Implementation of the Govolution payment platform solution has been waived, saving an additional \$57,729.

ALTERNATIVES:

The alternative is that the City could not accept payment by debit or credit card resulting in customers' payment methods to be cash, money orders, or checks.

FISCAL IMPACT:

The City will pay an estimated amount of \$750,000.00 for merchant services and \$6,000,000.00 for interchange, with FY 2022 funding of \$330,000 from various funds using department operations budgets.

FUNDING DETAIL:

Fund: Various operational funds, mainly Utilities funds
Organization/Activity:
Mission Element:
Project # **(CIP Only)**:
Account:

RECOMMENDATION:

Staff recommends approval of the resolution authorizing an agreement with Govolution LLC as presented.

LIST OF SUPPORTING DOCUMENTS:

Master Subscription Agreement
Merchant Application
Addendum to Merchant Application and Agreement and Merchant Processing Terms & Conditions