



AGENDA MEMORANDUM
Action Item for the City Council Meeting January 25, 2022

DATE: January 25, 2022

TO: Peter Zanoni, City Manager

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Amendment No. 5 to the Merchant Account Services Agreement

CAPTION:

Motion authorizing Amendment No. 5 to the merchant application and agreement for credit/debit card processing with Worldpay LLC, for an amount not to exceed \$1,686,800.00 increasing the total agreement to \$7,196,800.00; and ratifying the effective date of the one-year term of the amendment to August 18, 2021, terminating August 17, 2022, with funding available through various funds using department operational budgets.

SUMMARY:

This is an extension of the original agreement with Fidelity Information Services, LLC. Fidelity Information Services is now Worldpay, Inc, due to a merger. This agreement allows the City to receive credit and debit card payments for utility bills, municipal court fees and fines, parks and recreation fees, building permits and services, and other services provided by the City.

BACKGROUND AND FINDINGS:

Currently, the City receives approximately \$125,000,000 in credit and debit card payments annually. The City must establish a Merchant Account with a service provider that acts as an intermediary in the payment process to receive credit card payments from customers. 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.

This service provides credit/debit card payments at thirty-one (31) walk-up payment centers located throughout the City. It also is used by our customers for online payments and Interactive Voice Response (IVR) telephone transactions. The highest volume of transactions and dollars paid through this service is through online and IVR for utility payments.

The City originally entered into a merchant agreement with Fidelity Information Services, LLC (now known as Worldpay, Inc.) in 2015. This agenda item will provide an extension to that original merchant agreement. It was extended administratively from February 2021 to August 2021 as the City was exploring other merchant providers. Another merchant provider was identified during that time. That provider was on the state contract and offered lower fees. However, as the City began discovery with the integration of the City's existing systems and software, staff found that the integration with the City's financial software would be difficult to achieve. This discovery continued past the August 2021 expiration date of the merchant agreement, and so fees have been paid month-to-month to Worldpay, Inc. since then.

Another prospective vendor was identified that could offer a complete payment platform to the City. The timeline for a transition from the current merchant provider to a new merchant provider spans several months. Therefore, the current contract must be amended to allow the City to accept credit/debit card payments while additional discovery is made for a possible transition to another merchant provider.

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 amount not to exceed \$1,686,800 for this extension.

FUNDING DETAIL:

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

RECOMMENDATION:

Staff recommends approval of the motion authorizing Amendment No. 5 as presented.

LIST OF SUPPORTING DOCUMENTS:

Amendment No. 5
Fully Executed Application, Schedule A and SEP
Fully Executed Schedule A.1 to Merchant Regulations-Pricing