



# City of Culver City

## Staff Report

File #: 19-206, Version: 1

Item #: C-12.

**CC:PA - (1) Approval of a Blanket Purchase Order with First Data Merchant Services, LLC for Electronic Payment Processing Services; (2) Authorization for Payment of Remaining Fiscal Year 2017-18 Invoices; and (3) Approval of a Related Budget Amendment (FOUR-FIFTHS VOTE REQUIREMENT).**

**Meeting Date:** August 27, 2018

**Contact Person/Dept:** Jeff Muir/Finance Department

**Phone Number:** (310) 253-5865

**Fiscal Impact:** Yes  No  **General Fund:** Yes  No

**Public Hearing:**  **Action Item:**  **Attachments:** Yes  No

**Commission Action Required:** Yes  No

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (08/21/18)

**Department Approval:** Jeff Muir, Chief Financial Officer (08/15/18)

### **RECOMMENDATION**

Staff recommends the City Council and Culver City Parking Authority Board (1) approve a blanket purchase order with First Data Merchant Services, LLC for electronic payment processing services; (2) authorize payment of remaining Fiscal Year ("FY") 2017-18 invoices; and (3) approve a related budget amendment.

**(Budget amendments require a 4/5ths vote)**

### **BACKGROUND/DISCUSSION**

Both as a convenience to customers, and to process payments in the most cost-efficient manner through a reduction in paper check handling, the City offers the ability to accept payments electronically. The City accepts electronic payments at various locations throughout the City via point-of-sale terminals, self-service kiosks and web-based applications with payments processed by third party organizations.

Beginning in January 2018, the City started a long process with First Data for transition of payment processing services previously provided for customers at CCPD credit card terminals and street

parking meters. First Data was pursued because their transaction costs through their State contract are lower than the current provider. After implementation and testing, staff has determined First Data to be capable and cost-effective, with an estimated savings in credit card processing fees of over 40% during this period. It is the desire of the Finance Department to continue monitoring the services, customer support and savings with this company over the duration of Fiscal Year 2018/19 before transitioning other services to First Data Merchant Services, LLC on a permanent basis.

This procurement is exempted from formal bidding procedures per Culver City Municipal Code Section 3.07.055.G, which exempts bidding requirements where competitive bid procedures have already been utilized by the City, public agency or joint power agency and the goods or supplies are supplied to the City at the same or better price. Because merchant services as supplied by First Data Merchant Services LLC have previously undergone competitive solicitation procedures with the State of California Department of General Services as a State Leveraged Procurement Agreement (LPA) and First Data Merchant Services LLC will supply the same goods or supplies at the same or better rate, this procurement meets this requirement.

Staff recommends the City Council and Parking Authority Board approve a blanket purchase order with First Data Merchant Services, LLC for electronic payment processing services.

### **FISCAL ANALYSIS**

The amount charged by First Data Merchant Services, LLC is on a per transaction fee basis and is based on the amount and volume of credit card transactions at the various locations. Use of credit cards, particularly at parking meters, has steadily increased over the years. There was \$175,000 budgeted in the Parking Authority for FY 2017-18 for credit card fees. Due to higher than anticipated utilization, a budget amendment in the amount of \$32,562 is required to pay the remaining FY 2017-18 invoices incurred. For FY 2018-19, there is \$150,000 budgeted for credit card fees in the Parking Fund, and \$230,000 in the General Fund. It is anticipated that a full year of using First Data will result in some savings to the Parking Fund. Costs for credit card processing fees will not exceed these amounts without City Council approval.

Staff requests approval to amend the FY 2017-18 budget in account 47516100.520200 (Parking Authority Fund) for \$32,562. Service costs for additional years will be incorporated into future budgets.

### **ATTACHMENTS**

None.

### **MOTIONS**

That the City Council and Parking Authority Board:

1. Approve a blanket purchase order with First Data Merchant Services, LLC for electronic payment processing services;

2. Authorize the Purchasing Officer to issue such purchase order;
3. Authorize payment of remaining Fiscal Year 2017-18 invoices; and
4. Approve the related Budget Amendment as Proposed for FY 2017-18 (budget amendment requires a 4/5<sup>ths</sup> vote).