



Legislation Text

File #: 18-0720, **Version:** 1

Consider and take action on a resolution authorizing an expenditure of an amount not to exceed \$375,000 through December 4, 2019 with Bank of America Merchant Services for credit card merchant services (Director of Finance)

Approval of this item will authorize an expenditure of an amount not to exceed \$375,000 with Bank of America under an existing agreement for credit card merchant services. On November 24, 2015, the City Council approved an agreement with Bank of America that had an initial term of three years, after which the agreement continues to renew. This item will authorize expenditures through December 4, 2019. From FY 2017 to FY 2018, the total fees paid to Bank of America for merchant services increased 10% from \$305,009 to \$336,548. This increase in cost is due to an increase in the total sales and number of transactions. The fee increases are primarily found in assessments and interchange fees. Interchange fees are paid to banks that issue credit cards. Interchange rates are set and published by the card associations (Visa and Mastercard). In most cases, interchange rates include a fixed dollar amount per transaction as well as a percentage. Assessments are paid directly to the card associations (Visa or Mastercard). Interchange fees are not negotiable with the Merchant Services Provider. The cost of credit card processing has steadily increased, and staff is in the process of investigating solutions to reduce the budgetary impact of rising banking fees. Staff requests approval for an additional year of funding under the existing agreement to allow time to review alternatives and provide options for moving forward.

Funds in the amount of \$347,500 between Utility Billing (\$252,000) and Accounting (\$95,500) were budgeted in FY2019. If approved, the expenditure will be authorized for the \$347,500 budgeted and expenses will be monitored monthly. If the additional \$27,500 authorized on this contract is needed, funds will be identified from savings within the department to increase the authorized expenditure.

Attachments:

1. Data Sheet
2. Proposed Resolution
3. Merchant Services Program Agreement

FUNDING

{x} Funds in the amount of \$347,500 are available from Utility Billing Banking Fees account 10207100-53120 (\$252,000) and Accounting Banking Fees account 1400000-53120 (\$95,500). If approved, the contract will be entered for the \$347,500 budgeted and expenses will be monitored monthly. If the additional \$27,500 authorized on this contract is needed, funds will be identified from savings within the department to increase the contract.

STRATEGIC PLANNING

{x} Addresses Strategic Planning Critical Success Factor -Financially Sustainable and Initiative #3