



# City of Emeryville

CALIFORNIA

## MEMORANDUM

**DATE:** February 5, 2019

**TO:** Christine Daniel, City Manager

**FROM:** Pedro Jimenez, Community Services Director

**SUBJECT:** **Resolution Of The City Council Of The City Of Emeryville Authorizing The City Manager To Enter Into A Merchant Processing Three-Year Agreement With First Data Marketplace And Authorize.net In An Amount Not To Exceed \$60,000 Per Fiscal Year 2018-19, 2019-20, And 2020-2021, For Merchant Services For The Community Services Department**

### RECOMMENDATION

Staff recommends that the City Council adopt the attached resolution authorizing the City Manager to enter into a merchant processing agreement for three years with First Data Marketplace in an amount not to exceed \$60,000 per fiscal year 2018-19, 2019-20 and 2020-2021 for merchant services for the Community Services Department.

### BACKGROUND

The Emeryville Community Services Department has had a merchant agreement in place with National Bank Services and iAccess for merchant and gateway service at the Emeryville Child Development Center (ECDC) for credit card payments since 2012. Until August 20, 2018, the Youth and Adult Services Division of Community Services utilized a registration software that integrated card services.

On August 20, 2018 Youth and Adult Services began using new registration software that requires a third-party credit card processor, similar to ECDC. Since the Department already had a business relationship in place with National Bank Services and iAccess, staff simply added Youth and Adult Services onto the existing accounts. Shortly thereafter, staff began a review of the credit card fees the department was being charged and found that the Department was paying about an average of 5% per credit card transaction. Staff approached the current vendor about updating the agreement in an effort to lower the fee. The current vendor estimated that the City could lower fees to 3.5%-4% per transaction if the Department switched to a different plan.

At the same time, the Finance Department was also exploring a possible banking change. One of the vendors being considered, First Data Marketplace, also provides merchant services. First Data Marketplace provided staff with a proposal that would reduce fees to 2%-2.5% per transaction, saving about half of what the City has been paying. The City is able to terminate the current agreement with no penalty. Should the City sign a contract with First Data, the City will also have the option to cancel services with them at any time with no penalty.

Finance will submit a future report to the City Council about a banking change, which could include additional merchant services.

### **FISCAL IMPACT**

The Community Services Department has been paying over \$100,000 in merchant credit card-related fees annually. The approved budget for FY 2018-2019 included \$35,000 from 5000-80380, \$31,500 from 5450-80380 and \$50,470 from 5200-80380 for a total of \$116,970. Based on the new agreement, staff anticipates these fees to decrease to approximately \$50,000-\$60,000 per year. Fees are based on revenue collected; the more revenue collected through credit card transactions, the more credit card fees are paid.

### **STAFF COMMUNICATION WITH THE PUBLIC**

There was no staff communication with the public.

**PREPARED BY:** Pedro Jimenez, Community Services Director

### **APPROVED AND FORWARDED TO THE CITY COUNCIL OF THE CITY OF EMERYVILLE:**



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Christine Daniel, City Manager

### **ATTACHMENTS**

- Draft Resolution
- First Data Marketplace Agreement
- Authorize.Net Gateway Agreement