



Legislation Details (With Text)

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Title: Recommendation to authorize City Manager, or designee, to execute all documents necessary to amend Contract No. 34857 with Kubra America West, Inc., of Gardena, CA, for payment processing for City of Long Beach (City) services, to extend the term of the contract for a period of two years, with the option to renew for three additional one-year periods, if necessary. (Citywide)

Sponsors: Financial Management

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Attachments: 1. 080922-C-5sr.pdf

Date	Ver.	Action By	Action	Result
8/9/2022	1	City Council	approve recommendation	Pass

Recommendation to authorize City Manager, or designee, to execute all documents necessary to amend Contract No. 34857 with Kubra America West, Inc., of Gardena, CA, for payment processing for City of Long Beach (City) services, to extend the term of the contract for a period of two years, with the option to renew for three additional one-year periods, if necessary. (Citywide)

City Council approval is requested to amend Contract No. 34857 with Kubra America West, Inc. (Kubra), for payment processing for City services, to extend the contract term for a period of two years, with the option to renew for three additional one-year periods, if necessary.

On July 11, 2017, the City Council awarded a contract to Kubra to provide payment processing for City services. Kubra processes credit card, debit card and electronic check payments made to the City for various bill types made via the web, phone, in-person, and designated retail locations. The current contract expires on December 3, 2022.

Extending the contract with Kubra will allow the City to continue to provide payment processing services while the City prepares a Request for Proposal (RFP) for a new payment processor. Replacing the current payment processor will require a complex implementation process requiring integrations with many billing systems. The development of a competitive RFP, as well as the implementation of a new complex system would require extensive City staff effort from multiple customer departments and the Technology and Innovation Department.

Kubra has notified the City that due to escalating credit card payment processing fees imposed by financial institutions that issue credit cards and debit cards, a price increase is

necessary. Kubra provided several payment processing fee options for consideration by the City. City staff analyzed the options presented by Kubra to determine the one that best serves the City and its customers. Based on staff analysis, the recommended option includes the following components:

- There will be no change in costs paid by City customers.
- The customer convenience fee will remain at \$1.95 for non-Utility payments (the City will continue to absorb convenience fees for Utilities) for credit card, debit card, and e-check via the web or phone.
- Customers paying in person via credit card or debit card, or by mail via check, will continue to incur no convenience fee.
- The City will incur additional processing fees, estimated to be an additional \$93,000 per year, during the period of this contract extension.

This matter was reviewed by Deputy City Attorney Erin Weesner-McKinley on July 12, 2022, Business Services Bureau Manager Tara Mortensen on June 27, 2022, and by Revenue Management Officer Geraldine Alejo on July 11, 2022.

City Council action to amend Contract No. 34857 is requested on August 9, 2022, to ensure there is no interruption to services.

The requested amendment will extend the contract term for a period of two years, with the option to renew for three additional one-year periods. The annual total not to exceed contract amount will remain at \$984,396 and is budgeted in the General Fund Group in the Financial Management Department. Costs for the additional payment processing fees are recovered from multiple fund groups and departments through the regular Commercial Services Memorandum of Understanding (MOU) monthly billing process. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

KEVIN RIPER
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA
CITY MANAGER