



Legislation Details (With Text)

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Title: Recommendation to authorize City Manager to execute a contract with LINK2GOV Corporation (L2G) to provide credit card processing services for City services for the period of one year, with the option of renewing for three additional one-year periods, at the discretion of the City Manager. (Citywide)
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Date	Ver.	Action By	Action	Result
11/22/2005	1	City Council	approve recommendation	Pass

Recommendation to authorize City Manager to execute a contract with LINK2GOV Corporation (L2G) to provide credit card processing services for City services for the period of one year, with the option of renewing for three additional one-year periods, at the discretion of the City Manager. (Citywide)

For several years the City has accepted credit and debit card payments for City services including utility billing, business licenses and marina slip fees. These payments may be made in person, via the Internet, by phone and through the Integrated Voice Response system. The volume of these transactions and associated banking costs has steadily risen and currently approaches \$375,000 annually against the City’s General Fund. Therefore, a fee was proposed in the FY 06 budget to recover the City’s cost for these transactions. However, the time and cost of required programming to implement this fee became prohibitive. Instead, we are proposing an approach to let the banking system bear the cost of these transactions and provide the service.

As part of the City’s Financial Strategic Plan, the Department of Financial Management issued a Request for Proposal (RFP) to credit card processing firms in September 2005. Eight vendors responded to the City’s RFP. An interdepartmental committee was formed to review the proposals and the four most qualified vendors were invited to make presentations. The Committee selected L2G as the vendor of choice. Since 1995, L2G, based in Nashville, Tennessee, has specialized in the area of electronic payment processing. The proposed vendor was selected based on their experience, successful track record, type of system, client base, customer support capabilities and Cardholder Insurance Security Program (CISP) compliance. The vendor also submitted the lowest combined fee structure. The vendor will charge the City’s customers a processing fee for credit card payments made by phone and the Internet and will pay associated bank fees and other expenses. This pricing structure will significantly reduce the City’s cost burden in this area of operation, saving \$375,000 in the General Fund annually.

The fees to be charged by the outside vendor to the City’s customers will be \$3.99 per transaction for all non-walk-in payments processed by Financial Management over the phone or via the internet,

with the exception of a lower \$1 59 per transaction fee for parking citations. The fee structure is based on volume and the types of various transactions. Banking costs for walk-in credit card payments must continue to be absorbed by the City as Visa prohibits charging cardholders that utilize in-person services.

This item was reviewed by Deputy City Attorney Carol Shaw and Budget Management Officer David Wodynski on November 8, 2005.

City Council action on this matter is requested on November 22, 2005 in order to have the contract in place expeditiously.

There is no cost to the City for the requested contract. The fiscal year 2006 Adopted Budget reflects a reduction in Financial Management's budget of \$375,000 for the anticipated savings from this operational change. These savings are reflected in the various Memorandums of Understanding with Financial Management's client departments.

Approve recommendation.

MICHAEL KILLEBREW
DIRECTOR OF FINANCIAL MANAGEMENT