



# CITY OF LONG BEACH

# R-21

DEPARTMENT OF FINANCIAL MANAGEMENT

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May 3, 2011

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute all necessary documents with FIS to provide credit card processing services for City services for a period of three years with the option to renew for two additional one-year periods, at the discretion of the City Manager. (Citywide)

## DISCUSSION

In December 2010, the City Council approved the City Manager to execute a contract with FIS, also known as Metavante Corporation and Link2Gov, to provide credit card processing services for City services that included a tiered convenience fee structure based on the amount of the transaction. Before executing the contract, it was discovered that FIS is unable to offer a tiered convenience fee structure because it is against card association rules. Instead, they are proposing a new flat fee by transaction type similar to the existing contract.

The vendor will continue to charge customers a convenience fee for credit card payments made by phone and the Internet and will pay associated bank fees and other expenses. The new flat fee structure is based on the type of bill the customer is paying. This minimizes the previous flat fee of \$3.99 to \$3.75 for utility bills regardless of the transaction amount. Of all phone and online payments, 60 percent are utility payments and 37 percent are parking citation payments. The convenience fee for garage sale permits and parking citations will remain at \$1.59; the convenience fee for business licenses and ambulance transports will be \$5.00 per transaction. These bill types attribute to 3 percent of all phone and online transactions.

In addition, the vendor will provide an alternative to credit card payments and offer the ability to pay utility bills with an electronic check (eCheck) via the Internet. The fee for an eCheck is much lower at \$0.95 per transaction. Customers can already pay for many other types of transactions by eCheck.

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Please note that if credit card payments are made in person, the convenience fee is not charged. Customers may also avoid the convenience fee by making payments at City Hall, via U.S. Mail or via Easy Pay from a checking account.

This matter was reviewed by Deputy City Attorney Amy R. Burton and Budget Management Officer Victoria Bell on April 13, 2011.

TIMING CONSIDERATIONS

City Council action on this item is requested on May 3, 2011 to expedite the implementation of the new flat fee pricing.

FISCAL IMPACT

There is no cost to the City for the requested contract. However, there will be potential savings for customers given the improved flat fee pricing and the new eCheck payment option. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DAVID NAKAMOTO  
ACTING DIRECTOR OF FINANCIAL MANAGEMENT

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APPROVED:



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PATRICK H. WEST  
CITY MANAGER