



Legislation Text

File #: 21-0044, Version: 1

MOTION TO APPROVE THE AGREEMENT WITH OPEN EDGE PAYMENT, LLC (A DIVISION OF GLOBAL PAYMENT) AND THE CITY OF PEMBROKE PINES TO PROVIDE MERCHANT PROCESSING SERVICES FOR INITIAL TERM OF ONE YEAR WITH AUTOMATIC RENEWALS OF ADDITIONAL ONE YEAR PERIODS UNLESS CITY GIVES 30-DAYS ADVANCE WRITTEN NOTICE OF TERMINATION PRIOR TO THE END OF THE THEN-CURRENT TERM, PURSUANT TO SECTION 35.18(C)(8) OF THE CITY'S CODE OF ORDINANCES.

PROCUREMENT PROCESS TAKEN:

- *Chapter 35 of the City's Code of Ordinances is titled "PROCUREMENT PROCEDURES, PUBLIC FUNDS."*
- *Section 35.18 of the City's Code of Ordinances is titled "COMPETITIVE BIDDING OR COMPETITIVE PROPOSALS REQUIRED; EXCEPTIONS."*
- *Section 35.18(C) states that "Only the following situations are exempt from the competitive bid and competitive proposal requirements of this section:"*
- *Section 35.18(C)(8) states that "Purchases of and contracts for commodities or services are exempt from this section when the City Commission declares by a simple majority affirmative vote that the process of competitive bidding and competitive proposals is not in the best interest of the City. The City Commission shall make specific factual findings that support its determination, and such contracts may be placed on the City Commission consent agenda."*
- *Section 35.21 of the City's Code of Ordinances is titled "AWARD OF CONTRACT."*
- *Section 35.21(A) of the City's Code of Ordinances is titled "City Commission approval."*
- *Section 35.21(A)(1) states, "An initial purchase of, or contract for, commodities or services, in excess of \$25,000, shall require the approval of the City Commission, regardless of whether the competitive bidding or competitive proposal procedures were followed."*

SUMMARY EXPLANATION AND BACKGROUND:

1. On April 17, 2019, the City Commission approved an agreement with Tyler-Munis (Tyler) for the implementation of a City-wide Enterprise Resource Planning (ERP) software for a total cost of approximately \$7.3 million. The implementation of this project will be phased in over several years with an estimated completion of all phases in the second half of 2022.
2. The City is currently in the process of going live with Phase 1 - Financials which includes

General Ledger, Budget, Accounts Payable, Capital Assets, Cash Management, and Purchasing to name a few.

3. Implementation of Phase 2 has also begun and includes Utilities, General billing, and Cashiering, with an estimated go-live in June 2021.
4. As part of the Phase 2 implementation, representatives from Tyler communicated to City Administration that their software is not compatible or integrated with the City's current credit card merchant processing service provider, FIS Global.
5. Finance staff coordinated various meetings with Tyler representatives and our current provider FIS Global to determine if anything could be done to utilize our current vendor, but it was determined by both parties that this was not possible.
6. To facilitate a seamless integration with Tyler's cashiering, accounts receivable and citizen self-service modules for credit and debit card processing; Tyler has recommended two preferred Merchant Service Providers - Open Edge and BridgePay.
7. The City staff evaluated both Tyler's preferred vendors based on the fee structure, security, feedback from other municipalities, and connectivity. Based on the best interest of the City, the Finance Department has concluded that Open Edge is the most beneficial option for the City.
8. Below are the factual findings:
 - Open Edge is one of the two preferred vendors recommended by Tyler.
 - Open Edge is the merchant provider that is integrated with CivicRec, which is the software program being utilized by the Recreation and Cultural Arts Department.
 - Open Edge is a division of Global Payments Inc. which is one of the largest credit card processors. It is the only "one-stop shop" that can provide fully integrated services including the gateway, credit card merchant processing services, hardware and software, and 24/7/365 support on all service components.
 - Finance has reviewed some other preferred vendors that are compatible with Tyler but many on the list only provide gateway services, this will require the City to engage another vendor for the credit card merchant processing services.
9. In order for CivicRec to be fully functional, and to have the ability to accept credit card payments through this software, the City will also be utilizing Open Edge. Residents will be able to book and pay for various recreational services seamlessly using their debit and credit cards.
10. **SERVICE FEES:** - Open Edge has agreed to match the City's current contract rates with FIS Global of 2.6% for debit and credit cards. The standard convenience fee rate that Open Edge charges is 3.0%. Open Edge has also agreed to match the current E-check transaction fee of \$1.49, being charged.

11. Historically, the City has incurred no cost for merchant processing services as convenience fees were paid by the individuals and businesses using the service. However, when the Pandemic caused the closure of various City buildings to the public; to assist in alleviating some of the economic burdens on the residents and the business community, and to encourage customers to pay online as a “safer at home” preventive response to COVID-19, the City temporarily waived the convenience fees. The City currently absorbs approximately \$40,000 a month in credit card fees related to the waived conveniences fees. For the Fiscal year-do-date January 2021; the City has absorbed \$159,394 in credit card and e-check fees.
12. The City will continue to absorb these fees as long as City buildings remain closed to the public and will evaluate the re-instatement of the fees once we return to a state of “normalcy”.
13. **EQUIPMENT PURCHASE:** As part of transitioning to this new vendor the City will also be required to purchase new credit card machines. The approximate cost of each machine will be \$650.00, the City anticipates it will need approximately 20 machines for the various locations throughout the City for an amount of \$13,000.
14. The City Attorney’s office has reviewed and the applications and the General terms and conditions of the agreements.
15. In order to facilitate a smooth transition of Phase 2 and other phases involving debit and credit cards processing - Administration recommends the City Commission to approve the agreement with Open Edge Payment, LLC (a division of Global Payment) and the City of Pembroke Pines to provide merchant processing services for initial term of one year with automatic renewals of additional one year periods unless City gives 30-days advance written notice of termination prior to the end of the then-current term. The goal will be to issue an more formal request for proposal once these modules have been implemented, pursuant to Section 35.18(C)(8) of the City's Code of Ordinances.

FINANCIAL IMPACT DETAIL:

a) Initial Cost:

Service Fees: There will be no cost the city, if the City charges the customers for the Credit Card Fees. However, if the fees are paid by the City the estimated cost for the remainder of the year is \$320,000.

Equipment Purchase: The estimated cost of the equipment \$13,000.

b) Amount budgeted for this item in Account No:

These fees were not budgeted in fiscal year 2021 as the City has not waived credit card fees in the past. The City will need to utilize reserves in the General Fund and the Utility Fund to cover these initial fees. Fees will be budgeted for the next fiscal year 2022.

c) Source of funding for difference, if not fully budgeted: Fund Balance Reserves

d) 5 year projection of the operational cost of the project

<u>Fund</u>	<u>A/F</u>	<u>Div</u>	<u>Obj</u>	<u>YTD Jan</u>	<u>Annualized</u>	
			<u>Proj</u>	<u>Code</u>	<u>Amount</u>	
1	519	City Clerk 1001		49400	\$2,827.94	\$9,000.00
1	513	Finance 2001		49400	\$1,841.39	\$6,000.00
1	529	Fire/Rescue 4003		49400	\$590.02	\$2,000.00
1	554	Housing Division 8002	603	49400	\$1,585.40	\$5,000.00
471	536	Utilities Admin Services		49400	\$152,549.11	\$458,000.00
		TOTAL			\$159,393.86	\$480,000.00

e) Detail of additional staff requirements: Not Applicable