

## **EWEB Board Consent Calendar Request**

*For Contract Awards, Renewals, and Increases*

The Board is being asked to approve a new contract with **Elavon, Inc.** for Merchant Card Services.

Board Meeting Date: 2/4/2020

Project Name/Contract #: Merchant Card Services/026-2019

Primary Contact: Deborah Hart Ext.7695

### **Contract Amount:**

Original Contract Amount: \$4.4 million over 5 years

Additional \$ Previously Approved: \$n/a

Invoices over last approval: \$n/a

Percentage over last approval: n/a%

Amount this Request: \$4.4 million over 5 years

**Resulting Cumulative Total:** \$4.4 million over 5 years

### **Contracting Method:**

Method of Solicitation: Formal Request for Proposals

If applicable, basis for exemption: n/a

Term of Agreement: 2 years with the option to renew up to 5 years

Option to Renew? No

Approval for purchases "as needed" for the life of the Contract Yes  No

Proposals/Bids Received (Range): 9/(0.03% per transaction + \$0.03 per transaction) to (0.10% per transaction + \$0.10 per transaction)

Selection Basis: Highest Ranked Proposer

### **Narrative:**

#### Operational Requirement and Alignment with Strategic Plan

EWEB accepts customer credit and debit card payments in a variety of ways - from standard point of sale equipment (lobby), IVR automated phone payments, and internet-based applications. These methods of payment are easy and convenient for many of EWEB's customers, both on a one-time, and on a recurring basis. EWEB's volume of credit and debit card transactions is significant, and continues to increase year to year. EWEB received approximately \$101 million in credit and debit card payments in 2019, up from approximately \$95 million received in 2018. To simplify and facilitate payments, it is in EWEB's best interest to accept credit and debit cards and an outside contractor is required to process those transactions.

#### Contracted Goods or Services

In order to accept credit and debit card payments, the credit card organizations (Visa and MasterCard) require merchants to enter into service agreements with merchant service providers (typically banking institutions) to process these payments and transfer the funds into merchant's bank accounts. The credit card organizations impose fixed fees for acceptance of their cards known as interchange fees, and the merchant service providers impose additional fees for providing their services. EWEB requested an "interchange plus" fee model, where all interchange fees are passed through by the merchant provider to EWEB.

The requested contract amount reflects the estimated five year total for both the interchange fees, and the selected merchant service provider's fees. The Bid range reflects the merchant service providers' fees only.

#### Prior Contract Activities

Elavon, Inc. is a subsidiary of US Bank, who has been EWEB's current banking provider since 2017.

#### Purchasing Process

In April 2019, EWEB issued a formal Request for Proposal (RFP 026-2019) for merchant card services. This solicitation was publicly advertised on ORPIN. Criteria scored included company background; references; implementation plan; transaction processing; fees; customer service and training; and reporting. Nine proposals were evaluated and scored, three were shortlisted and selected for interviews, and Elavon, Inc. was selected as the highest ranked, responsive and responsible proposer.

Bidder/Proposer Information

Banc of America Merchant Services, LLC  
Columbia Bank Merchant Services/Worldpay, Inc.  
**Elavon, Inc.**  
Fidelity Information Services, LLC (FIS)  
Grown in the South/Heartland  
KeyBank NA  
Paymentus Corp  
First Interstate Bank/First Data  
Forte Payment Systems

Bidder/Proposer Location

Charlotte, NC  
Symmes Township, OH  
**Atlanta, GA**  
Franklin, TN  
Walnut Creek, CA  
Seattle, WA  
Charlotte, NC  
Eugene, OR/Atlanta, CA  
Allen, TX

Competitive Fair Price (If less than 3 responses received)

n/a

**ACTION REQUESTED:**

Management requests the Board approve a new contract with Elavon, Inc. for merchant card services. Approximately \$870,000 was planned for these services in the Finance O&M 2020 budget of \$9.85 million and will be budgeted annually through the life of the contract. Variances will be managed within the budget process and Board policy.