



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#15-1162

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: September 16, 2015

TITLE: Motion to Withdraw Contract Approval (RFP 725-10974) and Approve
Contract Extension for Credit Card Processing Services (RFP 162-9557)

Recommendation

It is recommended that the City Commission approve an extension of the contract for credit card processing services with Elavon, Inc. (Elavon), until a successor agreement for credit card processing services is entered into, not to exceed six months; authorize the City Manager to execute all necessary documents; and withdraw approval of contract with JPMorgan Chase Bank, N.A. dba Paymentech, LLC (JPMorgan).

Background

On August 21, 2012 (CAM 12-1193) the City Commission approved a three-year contract with JPMorgan for credit card merchant services (RFP 725-10974). Negotiations were stalled due to the fact the City had not achieved Payment Card Industry (PCI) compliance. The City received its PCI compliance in January 2015, which allows the transition to a modern point of sale (POS) system.

RFP 725-10974 did not anticipate the upcoming changes to the credit card industry which affects the equipment that will be purchased for a POS system to be implemented. Starting on October 1, 2015, Visa and Mastercard will shift counterfeit liability for card-present transactions. Once this takes effect, merchants that have not made the investment in chip-enabled technology may be held financially liable for card-present fraud that could have been prevented with the use of a chip-enabled POS system. Today, if a fraudster uses a stolen credit card at a merchant, the bank usually pays for the fraud. With this liability shift, the party that is the cause of a chip transaction not being conducted (i.e., either the issuer or the merchant's acquirer or acquirer processor) will be held financially liable for any resulting card-present counterfeit card losses.

The Finance Department is exploring all options to build a fraud-proof infrastructure that will support emerging payment innovations (such as ApplePay) and reduce risk. Due to

the new credit card industry standards, it is not wise to continue negotiations for a three-year old contract. The Finance Department believes it is prudent to pursue the best contract that will ensure the next generation of electronic payment processing for the City.

The continuation of the Elavon contract for the specified bridge period of October 2015 to March 2016 is necessary to ensure continuity of City operations. Staff recommends an extension of the contract for credit card processing services with Elavon pursuant to Section 2-189(a) Code of Ordinances of the City of Fort Lauderdale, as the services are not readily subject to competition for this transition period and time is of the essence.

Resource Impact

There will be no current fiscal year impact to the City. There will be a fiscal impact to the City in the estimated amount of \$849,785 in FY 16. Future expenditures are contingent upon approval and appropriation of the annual budget.

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing resources wisely and sustainably.
- Objective 2: Routinely examine and improve procurement and payment processes.

This item also furthers the *Fast Forward Fort Lauderdale 2035 Vision Plan*: We are United.

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