



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#16-1186

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

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

DATE: November 1, 2016

TITLE: Motion to Approve an Amendment to the Banking Services Agreement with Wells Fargo Bank, N.A., and a Merchant Services Program Guide with Wells Fargo Merchant Services, L.L.C., and Wells Fargo Bank, N.A. - \$1,967,241

Recommendation

It is recommended that the City Commission approve an amendment to the banking services agreement with Wells Fargo Bank, N.A., in substantially the form attached; approve a Merchant Services Program Guide (Program Guide) with Wells Fargo Bank, N.A., (Wells Fargo), and Wells Fargo Merchant Services, L.L.C., (WFMS), in the estimated annual amount of \$1,967,241, in substantially the form attached, appoint Wells Fargo Merchant Services, L.L.C., for credit card processing services; and authorize the City Manager or designee to execute the merchant processing application and other related forms.

Background

The Finance Department is building an infrastructure that is designed to prevent fraud, support emerging payment innovations, and reduce risk. Due to changes in credit card industry standards, Finance Department staff believes it is prudent to pursue the contract that will best ensure the next generation of electronic payment processing for the City.

On September 1, 2015, the City Commission approved a three-year contract with Wells Fargo for banking services (CAM 15-0659), which included the option to add additional services such as credit card processing services. The Finance Director recommends that the City exercise the credit card processing services option in the Wells Fargo banking services contract (Request for Proposals No. 745-11437).

By adding this service to the current banking services agreement, the City will be reducing the per-item transaction fee from \$0.10 to \$0.04 and the credit card processing fees from 0.22% to 0.08% (not including interchange fees, which are billed as a pass-through cost). Interchange and pass-through fees are dependent on, and set by the individual card networks (VISA, MasterCard, Discover, American Express), and not

controlled by Wells Fargo. The City will also be able to use earnings credit (41 basis points or 0.41%) from balances in the bank account to offset the processing fees.

Within the Program Guide paragraph 13.1, **Indemnification**, was amended to provide that the City agrees to indemnify Wells Fargo, but only as allowed by the Florida Constitution and the laws of Florida, and only to the extent specified in and subject to the limitations specified in Section 768.28, Florida Statutes (2016) as may be amended or revised. In addition, the Program Guide provides for the City to pay certain fines imposed on Wells Fargo by any Card Organization, which includes all related expenses, claims, assessments, fines, losses, costs, and penalties and Issuer reimbursements imposed by the Card Organizations for Compromised Data Events.

Pursuant to Section 2-189, Code of Ordinances of the City of Fort Lauderdale, Florida, the City may purchase proprietary items, as defined in Section 2-173, without the necessity of public bids. As defined by the Code, a proprietary item is not readily available from more than one supplier, manufacturer, or person and is unique in nature. This purchase also qualifies as proprietary because WFMS is the sole provider by which Wells Fargo can allow the earnings credit rate on the city's bank account to offset the credit card processing fees.

The City is projected to save approximately \$280,000 annually. By switching credit card processing to WFMS, the City will reduce its annual fees from approximately \$2.25 million to \$1.97 million.

Resource Impact

There is a fiscal impact to the City in the estimated amount of \$1,475,432 for the period of January through September 2017.

<i>Funds available as of October 21, 2016</i>					
ACCOUNT NUMBER / INDEX CODE	INDEX NAME (Program)	OBJECT CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Object Code)	AVAILABLE BALANCE (Object Code)	AMOUNT
001-FIN090909-3113	Business Tax	Services & Materials/ Finance & Bank Services	\$77,488	\$77,488	\$7,832
001-FIR010401-3113	Fire Prevention	Services & Materials/ Finance & Bank Services	\$25,147	\$25,147	\$1,667
001-FIR030101-3113	Fire-Rescue Support	Services & Materials/ Finance & Bank Services	\$3,034,960	\$2,592,425	\$3,022
001-PKR010101-3113	Parks & rec Administrative Support	Services & Materials/ Finance & Bank Services	\$228,815	\$228,385	\$26,840
001-PKR033601-3113	War Memorial Auditorium	Services & Materials/ Finance & Bank Services	\$457,120	\$438,733	\$4,322

001-PKR090101-3113	Marine Facilities Administration	Services & Materials/ Finance & Bank Services	\$132,620	\$101,987	\$64,348
001-PKR033301-3113	Adult Programs	Services & Materials/ Finance & Bank Services	\$306,610	\$284,457	\$9,511
001-POL020208-3113	Police Finance Administration	Services & Materials/ Finance & Bank Services	\$373,580	\$321,234	\$2,279
140-DSD034002-3113	Building Permits	Services & Materials/ Finance & Bank Services	\$2,910,199	\$1,953,768	\$108,704
450-PBS060101-3113	Utilities Engineering Operations	Services & Materials/ Finance & Bank Services	\$2,531,185	\$2,441,327	\$732,395
461-TAM020101-3113	Parking Customer Services	Services & Materials/ Finance & Bank Services	\$298,875	\$273,128	\$46,447
461-TAM020107-3113	Parking Enforcement	Services & Materials/ Finance & Bank Services	\$354,897	\$241,960	\$48,794
461-TAM020201-3113	Parking on Streets Meter	Services & Materials/ Finance & Bank Services	\$819,559	\$819,559	\$139,334
461-TAM020301-3113	Parking Lots	Services & Materials/ Finance & Bank Services	\$576,231	\$572,652	\$108,826
461-TAM020302-3113	Parking – Oceanside Lot	Services & Materials/ Finance & Bank Services	\$145,457	\$143,897	\$4,894
461-TAM020303-3113	Parking – Birch/Intracoastal Lot	Services & Materials/ Finance & Bank Services	\$86,213	\$69,139	\$54,380
461-TAM020304-3113	Parking – Sebastian Lot	Services & Materials/ Finance & Bank Services	\$37,280	\$36,070	\$7,943
461-TAM020401-3113	Parking – City Park Garage	Services & Materials/ Finance & Bank Services	\$473,466	\$470,986	\$55,672
461-TAM020402-3113	Parking – Bridgeside Square Garage	Services & Materials/ Finance & Bank Services	\$415,637	\$415,637	\$34,837
461-TAM020403-3113	Parking City Hall Garage	Services & Materials/ Finance & Bank Services	\$159,832	\$159,832	\$13,385
PURCHASING TOTAL ►				\$1,475,432	

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*.

Attachments

Exhibit 1 – Amendment to Banking Services Agreement

Exhibit 2 – Program Guide

Prepared by: Linda Logan-Short, Finance
Linda Blanco, Finance

Department Director: Kirk W. Buffington, Finance