



Staff Report

TO: City Council
FROM: Lisa Leach, CPA, Assistant Finance Director
DATE: February 6, 2024
SUBJECT: Merchant Services Agreement

Description Agreement with Open Edge Payments, LLC for a term of 3 years.

Background and Analysis:

Over the past couple of years, the City has invested in technology that allows its customers to pay online with credit cards, reducing walk in payments by check. Due to this option, credit card fees have steadily increased. Finance staff began a review of the credit card fees, contacted the City's current provider Open Edge Payments, LLC and negotiated rates.

The new proposal reduced credit card fees from .59% to .38%, the per transaction fee from 15 cents to 10 cents, as well as eliminated the authorization fees, originally charged at 8 cents per transaction. Open Edge estimates that the lower rates will save the city 23%, an annual savings of \$66,000.

During the search for a new bank, Wells Fargo prepared a proposal for merchant services with a rate of .25%. During further discussion with Wells Fargo there was a level of doubt that the gateway used by Wells Fargo would be able to integrate with the City's accounting software, Tyler Accounting System. Finance staff determined that the cost of staff time to move to Wells Fargo and the potential technological challenges would pose a risk at this time.

The Merchant Services Agreement was reviewed by the Finance and Audit Committee on January 25, 2024. The Committee recommended that the agreement with Open Edge Payments, LLC be forwarded to City Council for approval.

The proposed agreement has been reviewed and approved by legal counsel.

Fiscal Impact:

Potential total savings of the contract for a 3-year term of \$198,000.

Recommended Action:

Review and approve the Merchant Services Agreement accepting the 3-year proposal agreement with Open Edge Payments, LLC and authorize the City Manager to sign the agreement.

Attachments:

- A. Open Edge Payments, LLC Merchant Services Agreement
- B. Open Edge Rate Review