



Staff Report

TO: City Council
FROM: Jeff Mohlenkamp, Finance Director
DATE: June 16, 2020
SUBJECT: **Authorize Merchant Agreement with Open Edge for Credit Card Processing Services**

Background and Analysis:

Customers often use credit cards to pay City fees. The process relies on a credit card processor to facilitate transactions between the City's bank and the paying bank of the customer for a fee.

The City has used Authorize.net for these services over the past year. In March 2020, Tyler Technologies (Tyler), the City's financial management software, informed the City that connectivity through Authorize.net would no longer be supported after June 30, 2020. Therefore, the integration of transaction activity through credit cards would no longer link directly into the City's accounting system. However, Tyler has informed the City that it can support connectivity through two other credit card processors, Elavon and Open Edge.

Staff received cost proposals from the two vendors and evaluated each. City staff recommends that the City enter into a merchant agreement with Open Edge. The primary reasons for selecting Open Edge is that they offer competitive pricing with Elavon, and fully integrate with the City's accounts receivable financial system as well as EnerGov, the City's permitting system. Elavon does not currently provide compatibility with EnerGov. A letter from Tyler identifying Open Edge as a preferred partner and identifying this entity as the only processor that provides for full integration as described above is included as Attachment B.

Should City Council authorize an agreement with Open Edge, the vendor will be able to complete the transition and allow for full operability by June 30, 2020. The estimate, included as Attachment A, provided by Open Edge indicates that a savings of approximately \$1,100 per year will be realized in comparison to the current merchant agreement.

Fiscal Impact:

Credit card processing services are a normal reoccurring cost and are included in the FY 2020/2021 budget. Based upon historical activity, the estimate of monthly costs is \$3,800 to \$4,000 for an annual estimate of \$45,600 to \$48,000. Actual costs will be dependent upon the number of transactions and dollar volume.

Recommended Action:

Authorize the City Manager to execute a merchant agreement with Open Edge for credit card processing services.

Attachments:

- A. Open Edge cost proposal
- B. Tyler Sole source letter
- C. Card services terms and conditions – governmental entities