

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
5	12/11/17	Open	Action	11/30/17

Subject: Sole Source Contract to First Data for Fare Vending Credit Card Processing

ISSUE

Whether or not to approve a sole source procurement and delegate authority to the General Manager/CEO to enter into a Contract with First Data for Credit and Debit Card Processing.

RECOMMENDED ACTION

Adopt Resolution No. 17-12- ____, Approving a Sole Source Procurement and Delegating Authority to the General Manager/CEO to Enter into a Contract with First Data for Credit and Debit Card Processing.

FISCAL IMPACT

By approving this action, SacRT will save approximately \$500 per month (\$6,000 annually) by closing the Well Fargo bank account, currently only being used to pay fees to First Data.

DISCUSSION

SacRT currently uses First Data to process credit and debit transactions for the Scheidt & Bachmann fare vending machines. The agreement with First Data was established through SacRT's previous banking contract with Wells Fargo. When the banking contract was awarded to US Bank, Staff attempted to change over to US Bank's processor, Elavon; however, Scheidt & Bachmann was unable to integrate with Elavon technology to process credit and debit card transactions. Although all other banking services have been transitioned to US Bank, SacRT has been required to maintain an active account with Wells Fargo to pay the monthly fees associated with the original First Data contract. Keeping this account open with Wells Fargo costs SacRT approximately \$500 per month.

Staff recently located a State of California Department of General Services ePay Master Services Agreement (MSA) with First Data under which SacRT could enter into a new agreement with First Data. The First Data negotiated terms under the State contract are Interchange plus \$0.014 (interchange fees are charged by the card issuer and vary by card type). First Data has agreed to honor the ePay MSA rates for SacRT even though our charge volume would only qualify for Interchange plus \$0.08, a savings of \$0.066 per transaction. Because of the large transaction volume, the state-negotiated fees are far below what SacRT could negotiate based on SacRT's transaction volume alone. For comparison, Elavon, the credit card processor used under SacRT's current banking contract, charges approximately \$0.07 plus interchange. SacRT currently has approximately 4,000 transactions a month over the 18 Scheidt & Bachmann fare vending machines active in our system that accept credit and debit cards.

Approved:

Presented:

Final 12/6/17

General Manager/CEO

Manager, Revenue

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Under SacRT's Procurement Ordinance, SacRT may use state purchasing schedules to acquire goods and services, so long as the state has complied with the procurement procedures that SacRT would follow in conducting its own procurement. The initial state contract with First Data was entered into pursuant to a competitive solicitation. However, the MSA with First Data was extended beyond the original contract term and, therefore, does not comply with SacRT's procurement policies.

To use the MSA and obtain the discounted rates, the Board must authorize staff to execute a sole source agreement with First Data, or SacRT will have to retain the current First Data services through Wells Fargo and pay approximately \$500 per month in fees to Wells Fargo.

Staff recommends that the Board approve a sole source procurement with First Data to process credit and debit transactions for the Scheidt & Bachmann fare vending machines, and delegate authority to the General Manager/CEO to execute the contract.

RESOLUTION NO. 17-12-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 11, 2017

APPROVING A SOLE SOURCE PROCUREMENT AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO ENTER INTO A CONTRACT WITH FIRST DATA FOR CREDIT AND DEBIT CARD PROCESSING FOR THE SCHEIDT & BACHMANN FARE VENDING MACHINES

WHEREAS, SacRT's Scheidt & Bachmann Fare Vending Machines can only process credit/debit card transactions through First Data; and

WHEREAS, SacRT has obtained services from First Data through a contract with Wells Fargo; and

WHEREAS, First Data has entered into a Master Service Agreement with the State of California for credit and debit card processing services that would eliminate the need for SacRT to maintain a bank account with Wells Fargo and would provide favorable rates to SacRT.

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, in accordance with Section 1.405.B.1 of the SacRT Procurement Ordinance, sole source procurement is permitted upon a determination by the Board of Directors that the services can be provided by only one firm and it would be futile to seek competition.

THAT, Scheidt & Bachmann, the fare vending machine manufacturer, cannot work with Elavon, the credit card processor allowed under SacRT's current banking contract, and the cost for Scheidt & Bachmann to retrofit the machines to work with any other credit card processor would be cost-prohibitive (any savings from lower processing fees would be more than offset by the retrofit cost).

THAT, the Board hereby approves a sole source procurement with First Data for credit and debit card processing for the Scheidt & Bachmann fare vending machines.

THAT, the Board hereby delegates authority to the General Manager/CEO to enter into a the Contract based on the State Master Service Agreement terms and conditions.

ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary