



Administrative Report

H.7., File # 20-0776

Meeting Date: 5/5/2020

To: MAYOR AND CITY COUNCIL
From: JOHN LA ROCK, COMMUNITY SERVICES DIRECTOR

TITLE

APPROVE AGREEMENT WITH CARDCONNECT LLC FOR MERCHANT SERVICES SUPPORTING THE VERMONT SOFTWARE RECREATION REGISTRATION PLATFORM FOR THE ANNUAL AMOUNT NOT TO EXCEED \$21,000 FOR THE TERM EFFECTIVE MAY 5, 2020 AND UNTIL CANCELED BY EITHER PARTY WITH THIRTY DAYS NOTICE.

APPROVE THE AMENDMENT TO THE AGREEMENT WITH CARDCONNECT, LLC CHANGING CERTAIN TERMS AND CONDITIONS.

EXECUTIVE SUMMARY

On December 18, 2018, the City Council approved an agreement with Vermont Systems to provide recreation registration software for use across multiple Community Services divisions. To accompany the Vermont software, a payment processor is needed to transact online and terminal card-present payment processing.

Following a review of two payment processors who were qualified to conduct both online and in-person sales transactions, staff selected CardConnect, LLC. The delay in the contractual process stemmed from protracted contract negotiations between CardConnect and the City Attorney's office to modify the agreement and allow the City to comply with both California laws and City policies. Ultimately it was determined that the changes to the agreement were best presented as an amendment. The amendment to the agreement changes certain agreement terms required by the City pertaining to public records disclosure, termination and indemnity.

Funding for the CardConnect agreement is derived from the traditional credit card transaction fees that credit card users pay on transactions. Following approval of the CardConnect agreement, Vermont Systems would begin installation and training on the new software and it is anticipated to go live in fall 2020.

BACKGROUND

The CardConnect, LLC merchant processing agreement is needed to provide payment transaction for the new Vermont Systems software for critical Community Services customer service for its program registration and facility reservation functions.

The Community Services Department conducts classes, camps, and other activities that serve over

12,000 participants annually. The Department has a variety of adult and youth programs, which include special interest classes, school break and summer camps, Afterschool Playground Program and many more. Additionally, the Department rents a portfolio of facilities to non-profits, community groups and commercial entities.

To book and transact all programs and rentals, a computer-based software is used for tracking, record keeping, customer service and promotion. Vermont Systems recreation software replaces the former CLASS software, which is no longer supported by its vendor, having been replaced by a new product, ActiveNet. The potential use of ActiveNet included cost factors for the City and customers that were determined to be excessive and result in negative effects on revenue. The Vermont Systems cloud-hosted platform is a technically advanced option and will be installed to replace the unsupported Class platform. Vermont will provide improved accessibility for the public, staff and program instructors. Web based real-time registrations, rosters, electronic signatures, and custom facility rental profiles are among the system's features, as well as marketing and promotion by linking to the City Newsletter and hosting short informational video features.

To accompany the Vermont software, a payment processor is needed to transact online and terminal card-present payment processing. The agreement and amendment between the City and CardConnect will be signed first by the City, and then proceed to underwriting and ultimately be executed by CardConnect.

COORDINATION

The agreement and amendment have been negotiated and approved as to form by the City Attorney's office.

FISCAL IMPACT

Based on annual transaction projections, the fees paid to CardConnect, which are derived from traditional credit card processing fees and not directly paid by the City or customer, should not exceed \$21,000 per fiscal year. It is likely that the 2021-22 FY will be the first annual cycle during which typical Community Services programming registrations and rentals could be evaluated.

APPROVED BY:

Joe Hoefgen, City Manager

ATTACHMENTS

1. CardConnect, LLC Merchant Services Agreement
2. Amendment to Merchant Services Agreement