

system and flexibility to change processors during the migration period are expected to be extremely limited without causing substantial disruptions to the migration.

In recognition of the material investment in infrastructure and staff training made by the vendor and county, the Purchasing Department has determined this to be a sole source contract. This investment includes the development and use of customized web payment pages, the development and maintenance of secure linkages between various county systems and the vendor, staff training, and specialized equipment located at many County facilities. A significant percentage of the secured linkages are between the vendor and the Property Tax Administration System that is currently in the process of migration to a new system.

FINANCIAL IMPACT:

To accommodate the needs of various departments, the original contract was designed with pricing flexibility that allows departments to structure cost recovery based on the specific type of product or service being provided. This includes the inclusion of processing costs in fee cost recovery and the use of convenience fees where allowable. All costs are incurred on an as utilized basis.

The costs associated with preparing the agenda item are nominal and absorbed by the department's FY2018/19 Adopted Budget.

DISCUSSION:

To provide enhanced service options to the public, the Treasurer, working with County departments, implemented standardized tools and procedures for the acceptance of electronic payments.

Rather than trying to impose a "one size fits all" solution, the Treasurer took a lead role in soliciting design criteria for payment processing that will allow departments flexibility in accepting electronic payments. The flexibility is designed to address a number of issues including; cost recovery circumstances unique to each individual department and service depending on applicable statutes, the required submission of supporting documentation, and other factors unique to each service provided.

In developing the ideal solution, it was determined that for security and flexibility reasons, the County would be best served by partnering with a third party provider of online electronic payments. As a result, the County issued RFP R-703-507-10 in 2010. Seventeen firms responded to the RFP with either formal or informal indications of intent to bid, with nine firms completing the process and formally submitting a response. Following a short listing process, the final four firms of Hewlett Packard, JP Morgan Chase, Official Payments, and Metavante were invited to present their proposed solutions with in person demonstrations. The four firms short listed were selected for their expertise, their pricing structure and as a cross section of the different types of firms participating. The objective was to both find the best firm, but to see as wide a spectrum of solutions as possible based on the divergent types of firms responding.

As a result of the interview process and after careful review, Metavante was selected as the optimal partner based on a combination of expertise, flexibility, and cost to both the County and the public.

In accordance with county purchasing policies, the services being provided were placed out to bid utilizing a second RFP in 2015, at which time eight firms responded and were considered. It was determined at that time that there were no cost savings or improvements to service to be realized in changing vendors, and doing so would prove costly in both monetary terms and in anticipated disruptions to county services. To streamline the contracting process at that time, the County elected to amend the terms of the original contract to allow for an additional three years of service provision.

The fourth amendment under consideration will increase the term by an additional three years and increase the total amount authorized under the original contract to \$1,000,000 to cover the anticipated costs for the

extended term of service.

There are no material anticipated upfront costs for the implementation of online electronic payments. In accordance with this Board's direction, departments absorb the transaction costs of accepting electronic payments, where said costs are recoverable by law. Where not recoverable, the Board grants the CAO and Department Head discretion in determining if other factors warrant the absorption of the transactional costs.

ALTERNATIVES:

The Board could choose not to approve the contract. This is not recommended as it could disrupt the processing of electronic payments countywide until a new vendor can be selected and implemented. Transitioning vendors would likely incur substantial costs while providing no discernable benefit to the county.

OTHER AGENCY INVOLVEMENT:

County Counsel reviewed and approved the contracts and all amendments as to form. The Department of General Services Central Services Division was consulted to ensure conformity with the County Purchasing Policy.

CAO RECOMMENDATION:

APPROVE DEPARTMENTAL RECOMMENDATION