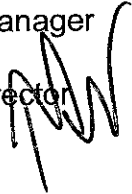




MEMORANDUM

TO: Mark Z. Finigan, Assistant City Manager

FROM: Roger D. Wittenberg, Finance Director 

DATE: March 1, 2011

SUBJECT: City of Key West Request for Proposals (RFP) #002-11 Merchant Services

ACTION STATEMENT:

Purpose of this resolution is to request approval by the City Commission for the following:

- Accept the ranking of the Top 3 Proposals by the Evaluation Committee:
 1. **eGov Strategies**
 2. **First State Bank**
 3. **Premier Payment Systems**
- Authorizing the Evaluation Committee to enter into a contract with the highest ranked proposer, **eGov Strategies**. In the event the Evaluation Committee is unsuccessful in negotiating a contract with the highest ranked proposal, authorizing the Evaluation Committee to negotiate a contract with the second highest ranked proposer, **First State Bank**, and in the event the Evaluation Committee is unsuccessful in negotiating a contract with the second highest ranked proposer, authorizing the Evaluation Committee to negotiate a contract with, **Premier Payment Systems**.
- If the Evaluation Committee is unsuccessful in negotiating an acceptable contract with any of the three (3) highest ranked proposers the Evaluation Committee will cease discussions with all proposers and report back to the City Commission.
- Requiring the City Manager to bring back to the City Commission said proposed contract / agreement for Commission approval.

BACKGROUND:

Pursuant to the terms and conditions of an Agreement between the City of Key West (City) and First State Bank for Banking Services, First State Bank has been providing Merchant Services to the City since March 2000. The period of performance for the Banking Services contract has expired and the merchant service piece is being removed and bid separately from the Banking Service relationship. The City of Key West and First State Bank have agreed to a month to month working relationship, until the banking service contract has been rebid. Staff anticipates releasing a solicitation for Banking Services (minus the merchant services component) within the next 60 days.

Prior to release of (RFP) #002-11 Merchant Service, the City Manager authorized the formation of an Evaluation Committee comprised of the following four (4) members:

- Finance Department Roger Wittenberg
- Finance Department Nancy Gibson
- IT Department Patti McLaughlin
- Public Financial Management David Jang

Public Financial Management provides investment and financial services for the City of Key West. It was through this relationship that David Jang was selected to participate in the evaluation committee.

On November 24, 2010 RFP #002-11 Merchant Service was formally advertised. Due date / time for receipt of proposals was established for December 22, 2010, at 3:00 p.m.

On December 22, 2010 eight (8) proposals were opened in the City Clerk's office at 3:00 PM EST. Proposals received and deemed timely were as follows:

- eGov Strategies
- First State Bank
- Premier Payment Systems
- BB&T
- FIS
- Fifth Third
- Bill2Pay
- Mercury Payment Systems

Copies of the eight (8) proposals are available on Legistar.

PUBLIC DELIBERATION

On January 12 & 19 and February 2, 8 & 16, 2011, the Evaluation Committee deliberated in a public noticed meeting to determine the three prospective vendors to recommend to the City Commission. The following Evaluation Committee members were present:

- Finance Department Roger Wittenberg
- Finance Department Nancy Gibson
- IT Department Patti McLauchlin
- Public Financial Management David Jang (by phone)

Meeting discussion and observations went as follows:

- January 12, 2010 – Mr. Jang prepared a summary sheet for each proposer. The evaluation committee reviewed the proposals. After reviewing the proposal it was determined that additional information was needed. Mr. Jang was tasked with preparing the questions for the next meeting. The evaluation committee required additional information on the proposer's ability to interface with the City's existing software and clarification of the proposed pricing structures.
- January 19, 2010 – At the meeting the committee reviewed the questions prepared by Mr. Jang. At this meeting Mr. Jang also introduced a best practices compliance document for review. The committee authorized Mr. Wittenberg to request from all proposers, clarification of their proposed pricing structure, clarification on their ability to interface with City software and agreement to follow best practice security requirements. (Attachment 1). Each member of the committee was assigned two proposers to do reference checks on.
- February 2, 2011 – From the responses received Mr. Jang prepared a fee analysis spreadsheet of all the proposals. The committee reviewed the spreadsheet and the responses. Additional questions remained and the committee authorized Mr. Jang to contact the proposers directly for further clarification. Each committee member discussed the results of their reference check inquiries.
- February 8, 2011 - In addition to the Evaluation Committee members, Mark Finigan, Asst. City Manager, Marilyn Wilbarger, Senior Property Manager and Mark Tait, Marina Manager were also present. A discussion took place about the marina's recent purchase of a cash register system at both marinas. The cash register manufacture claimed there was only one merchant service provider that could/would be allowed to interface with their proprietary software. A discussion took place and it was decided that a question should be asked of each proposer

what would be their proposed solution. The question was drafted by Mr. Jang and sent out by Mr. Wittenberg.

- February 16, 2011 – Upon review of the answer submit by the proposer it became apparent that the cash register system does use proprietary software and the ability to interface with the system will be severely limited and a standalone terminal will still need to be used at both Marinas to process credit card transactions. The committee reviewed a final cost summary prepared by Mr. Jang. A review and general discussion was conducted on the strengths and weaknesses of each proposal. Each Evaluation Committee member completed the prescribed score sheet and submitted the results to Mr. Jang who prepared the final scoring.

- Final scores were reported as follow:

1. eGov Strategies	86.80
2. First State Bank	86.15
3. Premier Payment Systems	83.91
4. BB&T	82.87
5. FIS	78.59
6. Fifth Third	72.87
7. Bill2Pay	64.45
8. Mercury Payment Systems	59.38

A summary of the rating and ranking profile is provided as Attachment 1.

Because First State Bank's proposal was within 5% of the winning proposal, 86.80 as compared to 86.15 points, they as a local business were given the opportunity to match the cost proposal of eGov, in accordance with the City's local purchasing preference ordinance. They declined to exercise this option.

FINANCIAL IMPACT:

All of the proposals recommended, eGov, First State Bank and Premier Payment Systems, will result in a substantial cost savings over what is currently being experienced.. First State Bank's proposal reduced their current charges to the City almost in half (Attachment 2). It should be noted that most of the charges associated with the use of credit cards, 75 percent, is imposed by the cards companies themselves and are not subject to negotiation or cannot be avoided.

OPTIONS:

1. City Commission can accept the ranking of the Evaluation Committee as follows (With 1. being the highest ranked firm):
 1. **eGov Strategies**
 2. **First State Bank**
 3. **Premier Payment Systems**
2. City Commission can select a proposal from the highest three ranked proposals independent of rating or ranking by the Evaluation Committee.
3. The Request for Proposal does not offer the option for the City Commission to select a proposal for award from any proposer other than the three (3) referenced in 1. above. In such an event the Evaluation Committee recommends the City release a second solicitation.

RECOMMENDATION:

This purpose of this resolution is to request approval by the City Commission of the following:

- Ranking of the Proposals by Evaluation Committee (Team Rating Scores Attached)
 1. **eGov Strategies**
 2. **First State Bank**
 3. **Premier Payment Systems**
- Authorizing the Evaluation Committee to negotiate a contract with the highest ranked proposer, eGov Strategies. In the event that the Evaluation Committee is unsuccessful in negotiating with the highest ranking proposer, authorizing the Evaluation Committee to negotiate a contract with the second highest ranked proposer, First State Bank. In the event the Evaluation Committee is unsuccessful in negotiating a contract with the second highest ranked proposer, authorizing the Evaluation Committee to negotiate a contract with, Premier Payment Systems.
- If the Evaluation Committee is unsuccessful in negotiating an acceptable contract with any of the three (3) highest ranked proposers, the Evaluation Committee will cease discussions with all proposers and report back the City Commission.

- Authorize the City Manager to negotiate a contract with that proposer which results out of the aforementioned negotiations.
- Requiring the City Manager to bring back to the City Commission said contract for approval.