

**CITY COUNCIL
COMMUNICATION:**

03-102

AGENDA:

MARCH 10, 2003

SUBJECT:

ISSUANCE OF
REQUEST FOR
PROPOSALS FOR
MERCHANT CREDIT
CARD SERVICES

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

MERRILL R. STANLEY
FINANCE DIRECTOR

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

The City of Des Moines currently uses First National Merchant Solutions to process credit card charges. Approval from the City Council is requested to issue a Request for Proposals (RFP) for this service.

FISCAL IMPACT —

The City of Des Moines should expect some savings in credit card fees paid to the credit card processing company that is selected as a result of the RFP.

RECOMMENDATION —

Approval of issuance of an RFP for merchant credit card services.

BACKGROUND —

The City of Des Moines accepts credit cards over the counter and over the telephone at various department locations. When the City entered into a banking services agreement with Bankers Trust Company in August 1999, it chose to also change its credit card processing company to the third party used by Bankers Trust Company. After a recent name change, that company is now known as First National Merchant Solutions (FNMS). Merchant applications were signed to change processors at that time, but there was no termination language or penalties in those agreements. In the original RFP for banking services, credit card processing was an optional item.

Since that time, the City has chosen to add locations that can accept credit cards as a form of payment. Some of these locations include the Botanical Center, cemeteries, and the Police Department's information desk. The largest volume location to be converted was the Airport parking garages. That location was changed to FNMS from the parking garage operator's credit card processor. In March 2003, the City will convert Waveland Golf Course and Grandview Golf Course to FNMS.

The approximate volume in the Fall of 1999 was \$7,000 per month being charged. The expected volume in March 2003 is \$350,000 per month being charged. With this large increase in credit card charges, the City believes it is in a position to receive a lower discount rate than it is currently being given. The discount rate is the fee an acquirer charges its merchants for

	the processing services that enable the merchant to accept bank cards as a form of payment.
--	---------------------------------------------------------------------------------------------