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OFFICE OF THE
CITY TREASURER

THOMAS P. FRIERY
TREASURER

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September 23, 1998
B0589KNW.DOC

City Council
Sacramento, California

APPROVED
BY THE CITY COUNCIL

OCT 6 1998

OFFICE OF THE
CITY CLERK

AG 98-167

Honorable Members in Session:

SUBJECT: AGREEMENT WITH BANK OF AMERICA FOR DEBIT CARD
SERVICES

LOCATION / COUNCIL DISTRICT: Citywide.

RECOMMENDATION

This report recommends that the City Council adopt the attached resolution authorizing the City Treasurer to execute the attached Agreement with Bank of America (B of A).

CONTACT PERSON: Thomas P. Friery, City Treasurer 264-5168

FOR COUNCIL MEETING OF: October 6, 1998

SUMMARY

The City Treasurer has negotiated an Agreement with Bank of America to replace the previous contract with PayPoint approved with Council Resolution #96-133. This contract will enable the City to offer Debit (Credit) Card Services to City residents in order to pay their utility bills, parking tickets, business licenses, Community Center events and the like with their credit cards on a City-wide basis. This is a service that has been requested by residents. Under Government Code 6259(c), City Council approval is required for a city to enter into an agreement for such use of credit cards.

The Agreement has been reviewed and approved as to form by the City Attorney.

COMMITTEE/COMMISSION ACTIONS

Not applicable.

BACKGROUND

The City currently accepts credit card purchases, however does not accept debit cards. This limitation of the public's payment options is seen as an inconvenience. The purpose of adding this City-wide service is to increase public convenience and payment options. In addition, this brings the City up-to-date in payment services.

FINANCIAL CONSIDERATIONS

The cost of this service with PayPoint is a 2.46% discount rate for all VISA and Master Charge transactions. The City has estimated the average transaction to be approximately \$70; the cost to the City for this average transaction would be \$1.72. (By comparison, Novus Services charges on a sliding rate scale for such service. With Novus, a \$70 transaction would cost the City approximately 4.29% or \$3.00.)

Any method of payment has associated costs. Cash payments require receipts, which must be processed and handed to the customer. In addition, cash creates the need for security to protect against theft. Check payments result in returned checks which require extensive collection efforts and may result ultimately in a loss. Debit and credit cards result in discounts as stated above. However, no additional security is required and losses are minimal. The discount rate should be viewed as a cost of doing business and accounted for accordingly.

ENVIRONMENTAL CONSIDERATIONS

Not applicable.

POLICY CONSIDERATIONS

Increase City services to the public.

MBE/WBE EFFORTS


The City Treasurer is not aware of any MBE/WBE provider of debit card services.

Respectfully submitted,



Thomas P. Friery
City Treasurer

Recommendation approved:


for William H. Edgar
City Manager

Attachment: Resolution

APPROVED
BY THE CITY COUNCIL

OCT 6 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-507

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE CITY TREASURER TO EXECUTE AN AGREEMENT WITH PAYPOINT, A SUB-CONTRACTOR OF BANK OF AMERICA, FOR DEBIT CARD SERVICES TO FACILITATE PUBLIC SERVICE SUBJECT TO CITY ATTORNEY APPROVAL OF THE AGREEMENT

WHEREAS, the City Treasurer has negotiated an Agreement with Bank of America (on file with the City Clerk and incorporated herein by this reference) for debit card services which will increase public service and facilitate City collections and accountability at a significantly lower cost,

BE IT RESOLVED BY THE CITY OF SACRAMENTO THAT the City Treasurer is authorized, subject to City Attorney approval, to execute the Agreement with Bank of America to offer debit card services to increase public service and facilitate City collections.

Mayor

ATTEST:

City Clerk

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____