

STATEMENT OF BUDGET IMPACT
(Policy Number 94-45)
Budgetary Review of Proposed Resolution &
Ordinances with Financial Implication.

Date: June 21, 2016

BIS 16-221

File: TMP-2016-332

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AUTHORIZING THE APPROPRIATE CITY OFFICIALS TO EXECUTE THE ATTACHED AGREEMENT BETWEEN TELECHECK SERVICES, INC. AND THE CITY OF HOLLYWOOD TO PROVIDE ELECTRONIC CHECK ACCEPTANCE PROCESSING SERVICES IN AN ESTIMATED ANNUAL AMOUNT NOT TO EXCEED \$50,000.00.

Statement of Budget Impact:

1. No Budget Impact associated with this action;
2. Sufficient resources are identified /available;
3. Budgetary resources not identified/unavailable;
4. Potential revenue is possible with this action;
5. Will not increase the cost of Housing;
6. May increase the cost of Housing; (CDAB review required)

Explanation:

This Resolution seeks authorization for the execution of an End User License Agreement between TeleCheck Services, Inc. (TeleCheck) and the City of Hollywood to provide electronic check acceptance processing services in a term to commence on the date of installation of the system, and which may terminate upon thirty (30) days written notice by the City. The annual cost for these services is estimated not to exceed \$50,000.00, which normally does not require City Commission approval; however, there is a provision in the Agreement calling for the City to indemnify TeleCheck in the event the City fails to comply strictly with any: terms and conditions of the Agreement, which requires this item to be brought before the City Commission.

To enhance the experience of the City's building, planning, and engineering customers, the City would like to offer a point of sale service that will facilitate credit card acceptance in payment for building, planning and engineering services at their respective counter locations. The City's existing merchant service provider, Bank of

America N.A./Banc of America Merchant Services LLC offers the Clover Station point of sale system which provides the requested point of sale payment services for credit card processing. Additionally, Clover Station supports electronic check acceptance processing services through TeleCheck which would allow those customers who pay by check the convenience to also make electronic payments at the service counter locations.

The fees for the electronic check acceptance processing include an "Inquiry Rate" fee of one and one-half percent (1.5%) of the face value of each item submitted through the TeleCheck system, and a "Transaction Fee" charge of twenty cents (\$.20) for each processed transaction. To control costs of utilizing this service, staff will expedite checks with a face value amount greater than \$5,000.00 for processing by the Treasury Cashiering office. The annual cost for processing those remaining checks with a face value amount less than \$5,000.00 through the TeleCheck system is approximately \$34,597.00.

There is no fee for the standard monthly funding report, but there are provisions in the Agreement listing other incidental fees of \$2.50 for a "Voice Authorization Fee," \$5.00 each for "Chargeback Fees," "Correction Fees," and "Recovery Processing Fees," and \$25.00 per terminal for an "Application Update Fee."

The cost of these services will be paid for as a reduction to revenues consistent with current practice and then recorded as an expense or offset to revenues.

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