



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Procurement
ACM: Cassey Ogden
DATE: November 19, 2024

SUBJECT

Consider adoption of an ordinance of the City of Denton, a Texas home-rule municipal corporation, authorizing the City Manager to execute a contract with Wells Fargo Merchant Service, L.L.C., for debit/credit card processing for the Finance Department; providing for the expenditure of funds therefor; and providing an effective date (RFP 8601 – awarded to Wells Fargo Merchant Services, L.L.C., in the five (5) year not-to-exceed amount of \$10,000,000.00).

INFORMATION/BACKGROUND

The Depositories for Municipal Funds Act (Texas Local Government Code, Chapter 105) limits the term of a bank depository services contract to no more than five (5) years. In consulting with the City's Legal Department in 2015, it was determined that merchant services are not presently considered depository services as defined in the act. However, staff opts to solicit proposals in conjunction with the Bank Depository Services Request for Proposal (RFP) every five years as a best practice approach.

On December 14, 2021, the City Council approved a merchant services contract (Ordinance No. 21-2689) with Wells Fargo Merchant Services (WFMS). The contract was for a five (5) year term to expire on December 13, 2026. In addition, the City Council approved an amendment on December 12, 2023, to increase the not-to-exceed amount from \$5,000,000 to \$6,250,000 as allowed by Texas Local Government Code Sec 225.048.

On June 21, 2024, staff initiated an RFP for debit/credit card processing services and according to state law was published in the Denton Record Chronicle and issued in Denton's procurement software, Ionwave. The City answered over sixty questions by email from potential bidders. The City received six card processing services bids to evaluate by the deadline. The City's card processing volume is spread across 30 point-of-sale locations and nine (9) internet sites. The fact that the City utilizes a single software program, along with a single provider, allows for several efficiencies and economies of scale at the point of purchase.

To fully evaluate bid proposals within the context of the City's required services, Finance staff members from Treasury and Accounting as well as staff from Customer Service and Parks were utilized to participate in the evaluation process. Below is the evaluation criteria used for the credit/debit card services RFP.

- 5% Project Schedule
- 25% Specifications
- 45% Price
- 25% Probable Performance

Based on staff's evaluations, both by bid review and bidder presentations, staff concluded that Wells Fargo Merchant Services's bid continues to offer the City the best combination of services and pricing. In addition, maintaining the City's current card processor allows staff to avoid expensive conversion and implementation costs. The evaluation team, led by Purchasing, found it unnecessary to seek further actions with the other five bidders. The lack of implementation, continuation of products and services, and strong relationship with the WFMS team and evaluation score provided staff the ability to recommend contract negotiations begin with WFMS.

In order to lock in the proposed pricing, staff is proposing the City execute a five (5) year continuous contract. Based upon this evaluation, WFMS was ranked the highest and determined to be the best value for the City.

Request for Proposals was sent to 210 prospective suppliers, including three (3) Denton firms. In addition, specifications were placed on the Procurement website for prospective suppliers to download and advertised in the local newspaper. Six (6) proposals were received, references were checked, and proposals were evaluated based upon published criteria including delivery, compliance with specifications, probable performance, and price. Best and Final Offers (BAFO) were requested from the top firm. Based upon this evaluation, Wells Fargo Merchant Service, L.L.C. was ranked the highest and determined to be the best value for the City.

NIGP Code Used for Solicitation:	946 – (Service Only) – Financial Services
Notifications sent for Solicitation sent in IonWave:	210
Number of Suppliers that viewed Solicitation in IonWave:	25
HUB-Historically Underutilized Business Invitations sent out:	24
SBE-Small Business Enterprise Invitations sent out:	55
Responses from Solicitation:	6

RECOMMENDATION

Award a contract with Wells Fargo Merchant Services, L.L.C., for debit/credit card processing for the Finance Department, in a five (5) year not-to-exceed amount of \$10,000,000.

PRINCIPAL PLACE OF BUSINESS

Wells Fargo Merchant Services, L.L.C.
Minneapolis, MN

ESTIMATED SCHEDULE OF PROJECT

This is a five (5) year contract.

FISCAL INFORMATION

These services will be funded from a combination of operating funds. Requisitions will be entered on an as-needed basis. The budgeted amount for this item is \$10,000,000. The City will only pay for services rendered and is not obligated to pay the full contract amount unless needed.

Wastewater – Beneficial Reuse	640400.7882
Solid Waste – Administration	660001.7882
Customer Service	870100.7882
Non-departmental – All Other Departments	160099.7882

EXHIBITS

- Exhibit 1: Agenda Information Sheet
- Exhibit 2: Pricing Evaluation
- Exhibit 3: Presentation
- Exhibit 4: Ordinance and Contract

Respectfully submitted:
Lori Hewell, 940-349-7100
Purchasing Manager

For information concerning this acquisition, contact: Randee Klingele, 940-349-8206.

Legal point of contact: Marcella Lunn at 940-349-8333.