

MOTION NO. M2018-137

Contract for Comprehensive Banking and Merchant Services for Sound Transit & Regional ORCA

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	11/01/2018	Recommend to Board	Tracy Butler, Chief Financial Officer Jessica Jaeger, Acting Treasurer
Board	11/15/2018	Final Action	

PROPOSED ACTION

Authorizes the chief executive officer to execute a five-year contract with five one-year options to extend with Wells Fargo to provide comprehensive banking and merchant services in an amount not to exceed \$21,140,111.

KEY FEATURES SUMMARY

- Under this contract Wells Fargo will provide comprehensive depository and merchant services for Sound Transit.
- This contract would also provide banking and merchant services for the ORCA card program, for which Sound Transit serves as the fiscal agent. In addition, the ORCA card program represents approximately 80 percent of total merchant charges.
- Approximately 98 percent of the proposed contract amount would be spent to cover pass through costs, which are charged by credit card companies for card acceptance at ticket vending machines. This contract includes authority to cover the anticipated increase in credit card usage that will be generated by new service for East Link, Federal Way Link, Lynnwood Link and Northgate Link.
- The requested amount would cover all years of the contract and the optional extensions.
- The current comprehensive Banking Services and Merchant Services contract ends December 31, 2018.
- Services on this contract are not taxable.

BACKGROUND

Sound Transit contracts with a primary bank to provide day-to-day depository services for receipts related to accounts receivables, grant drawdowns and bike locker payments, and for disbursement services for payroll and accounts payable. The agency currently utilizes seven demand accounts for its day-to-day business needs. In addition, the agency utilizes merchant service for processing of credit cards taken at the ticket vending machine, credit card terminals, and through customer service.

This contract also provides services for the ORCA card program, in which Sound Transit serves as the fiscal agent. This includes currently managing nine various bank accounts where ORCA funds reside, overseeing the flow of funds from the various accounts, and handling the billings and payments to various vendors who support the ORCA program.

This RFP also included commercial card payment services, but notified applicants the contracts could be awarded to separate entities. Bank of America was identified as the top ranked firm with a proposal that offered the best value and is in the best interests of Sound Transit as it relates to Commercial Card Payment Services. The Bank of America contract will be in an amount not to exceed \$0 and will have a five-year base period with five one-year options.

PROCUREMENT INFORMATION

Considering the scope of work, determining factors for contract award, and anticipated need for discussions, Sound Transit determined a Request for Proposals (RFP) procurement method was most advantageous to Sound Transit. RFP No. RTA/RP 0242-17 was advertised on January 29, 2018. Sound Transit received four responses for banking services and seven for merchant services to the RFP solicitation. Proposals were evaluated based on the advertised criteria including:

- Ability to Provide Services;
- Firm Experience/Background and Financial Stability;
- Price:
- Knowledge and Experience of Key Individuals;
- Commitment to and Compliance with Equal Employment Opportunity Laws; and
- Service Agreement.

Wells Fargo was identified as the top ranked firm with proposals that offered the best value and is in the best interests of Sound Transit. Wells Fargo's rates are fair and reasonable based on comparison to competitive market rates submitted by other offerors for these services and in comparison to the independent cost estimate (ICE).

FISCAL INFORMATION

The proposed action will execute a new contract beginning January 2019, for up to 10 years for a total amount not to exceed \$21,140,111. Funding for 2019 is included in the proposed 2019 Finance Department budget. Funding for the additional years of the contract will be included in subsequent annual operating budgets submitted to the Board.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs). Small Business and DBE goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of Small Businesses/DBEs available to perform such subcontracting work.

Sound Transit determined that there were few Small Business and DBE subcontracting opportunities based upon the work described in this contract, so Small Business/DBE goals were not established.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

A one-month delay would not create a significant impact to the project schedule.

ENVIRONMENTAL REVIEW

KH 10/25/18

LEGAL REVIEW

MLT 10/29/2018



MOTION NO. M2018-137

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a five-year contract with five one-year options to extend with Wells Fargo to provide comprehensive banking and merchant services in an amount not to exceed \$21,140,111.

BACKGROUND:

Sound Transit contracts with a primary bank to provide day-to-day depository services for receipts related to accounts receivables, grant drawdowns and bike locker payments, and for disbursement services for payroll and accounts payable. The agency currently utilizes seven demand accounts for its day-to-day business needs. In addition, the agency utilizes merchant service for processing of credit cards taken at the ticket vending machine, credit card terminals, and through customer service.

Under this contract Wells Fargo will provide comprehensive depository and merchant services for Sound Transit. This contract would also provide banking and merchant services for the ORCA card program, for which Sound Transit serves as the fiscal agent. In addition, the ORCA card program represents approximately 80 percent of total merchant charges. Approximately 98 percent of the proposed contract amount would be spent to cover pass through costs, which are charged by credit card companies for card acceptance at ticket vending machines. This contract includes authority to cover the anticipated increase in credit card usage that will be generated by new service for East Link, Federal Way Link, Lynnwood Link and Northgate Link. The requested amount would cover all years of the contract and the optional extensions.

This contract also provides services for the ORCA card program, in which Sound Transit serves as the fiscal agent. This includes currently managing nine various bank accounts where ORCA funds reside, overseeing the flow of funds from the various accounts, and handling the billings and payments to various vendors who support the ORCA program.

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MOTION:

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer to execute a five-year contract with five one-year options to extend with Wells Fargo to provide comprehensive banking and merchant services in an amount not to exceed \$21,140,111.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on November 15, 2018.

Dave Somers Board Chair

ATTEST:

Kathryn Flores Board Administrator