



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** TREASURER

**File #:** 20-900

Board Meeting Date: 11/17/2020

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Sandie Arnott, Treasurer-Tax Collector

**Subject:** Amendment to Master Agreement with Elavon Inc. to Provide Merchant Card Services

**RECOMMENDATION:**

Adopt a resolution authorizing a third amendment to the master agreement with Elavon Inc. to provide Merchant Card services for County departments, extending the term of agreement through November 30, 2022, increasing the amount payable by \$600,000 to an amount not to exceed \$1,525,000.

**BACKGROUND:**

On December 1, 2017, the San Mateo County Treasurer's Office entered into an agreement with Elavon Inc. to provide merchant card services for six County departments.

A master service agreement with Elavon Inc. was established with the price and terms for all County departments and was used to create sub-agreements under the Master Service Agreement. As of April 2019, a total of fifteen County departments are utilizing the merchant card services and the volume of usage is higher than anticipated. Additionally, County departments are expanding the use of Elavon's services for online payments.

The total cost to any one department can vary depending on two primary factors, the transaction size and type of credit card presented. Elavon offers competitive rates when the amount charged and processed on their network is larger or when they handle larger volume of transactions.

**DISCUSSION:**

On September 2017, the Treasurer's Office issued a Request for Proposal (RFP) for merchant card services for various County departments. The RFP was published on the Public Purchase website, the website the County uses for the procurement of services. Proposals were received in October 2017 and were evaluated by an RFP committee consisting of members from the Office of the Treasurer and Planning and Building. Elavon, Inc. met all required specifications and was selected as the most qualified bidder.

The Treasurer's Office manages the Master Service Agreement and monitors the blanket purchase

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order for County departments. After reviewing the sub-purchase orders under the master agreement, several departments identified the need for additional allocations of the contract amount due to higher than anticipated use of Elavon’s services.

The current structure of this agreement with departments is set up as pay per use; therefore, it is not feasible to allocate one fixed amount since various factors can result in an increased or decreased monthly fee. We have established allocated amounts based on department input and we maintain a reserve of unallocated funds which the Treasurer’s office uses to manage the blanket PO. These funds are used as a buffer that allows us to allocate additional funds when a department’s costs increase, or if a new department requests this service to provide an alternate method of payment to its clients. While the total amount of this contract may be extended to \$1,525,000, it may not all be utilized. From the contract’s commencement through the end of FY2019-20, Elavon has been paid \$602,758.18.

It is in the County’s best interest to proceed with a renewal since it would be the most cost-effective approach at this time. Various departments have already made substantial investments in either adhering to PCI standards requirements or invested in updated hardware. Therefore, we would avoid costly redundant expenses and any other initial start-up for the period of Dec. 1, 2020-Nov. 30, 2022. Several departments have incurred those costs already; therefore, it would be an ineffective use of the County’s resources to incur them again to gain a possible savings from regularly scheduled processing fees. Given Elavon’s track record, they are a well versed and experienced credit card processing provider that can meet our County’s needs in the most efficient and cost-effective manner.

The agreement and Resolution have been reviewed and approved by County Counsel as to form.

This Board is being asked to authorize the Treasurer-Tax Collector to execute subsequent amendments which do not exceed an aggregate amount of \$25,000.

**PERFORMANCE MEASURE:**

<b>Measure</b>	<b>FY 2016-17</b>	<b>FY2017-18</b>	<b>FY2018-19</b>	<b>FY 2019-20 Estimated*</b>
Transactions processed with Elavon Inc.	400,869	412,850	901,657	800,000

\*Taking into account COVID-19 outbreak in the last quarter.

**FISCAL IMPACT:**

The cost of merchant card services varies depending on department usage. Service fees will be covered by each participating department’s budget, which are included in their respective FY 2020-21 Adopted and FY 2021-22 Recommended Budgets. In FY 2019-20, countywide merchant card fees totaled \$233,725.69. It is anticipated that annual fees will reach \$300,000 since more departments have signed on to utilize merchant card services.