



**Contract and Award Letter
Purchase Resolution – Exhibit “A”**

TO: Board of Contracts and Awards
FROM: Andy Cherullo, Director, Finance
Julie Louviere, Treasury Manager, Finance
COPY: Public Utility Board, Director of Utilities, Board Clerk, City Council, City Manager,
City Clerk, EIC Coordinator, LEAP Coordinator, and Brandon Snow,
Finance/Procurement
SUBJECT: Citywide Credit Card Processing Gateway Services
Direct Negotiation Waiver, Contract No. CW2269246 – January 22, 2025 Public
Utility Board and February 04, 2025 City Council
DATE: December 30, 2024

RECOMMENDATION SUMMARY: The Finance Department requests a waiver of competitive procurement procedures and recommends that a contract be awarded to SphereCommerce, LLC, Santa Ana, CA, in the amount of \$600,000, plus applicable taxes, budgeted from various funds, for an initial contract term of three years, with the option to renew for two additional three-year periods, for a projected contract amount of \$1,500,000, plus applicable taxes, for credit card processing gateway services.

STRATEGIC POLICY PRIORITY:

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

BACKGROUND: The City processes over 1.2 million credit card transactions per year. It is critical to use a gateway services provider that can integrate with the various front end receipting systems used throughout the City to securely encrypt and send the credit card data through the credit card processing network. The service provider must consistently deliver reliable technology and maintain Payment Card Industry (PCI) certification at all times.

There are very few gateway vendors that have as wide a variety of integrations as SphereCommerce, LLC. For a city as large and diverse as Tacoma, funneling most credit card transactions through a single gateway vendor has proven beneficial, regardless of the front-end receipting software used by each department.

ISSUE: The City currently has over 20 different software integrations with SphereCommerce, LLC servicing many departments throughout the City. Transitioning to a new gateway provider would impose substantial costs on the City, as each of the 20 integrations would require a dedicated project team for the transition. The City needs to continue to be able to process credit card transactions through a PCI certified vendor.

ALTERNATIVES: The City could conduct a Request for Proposal for credit card processing gateway services which may result in a new service provider that may have software/vendor limitations being unable or unwilling to integrate with the SphereCommerce, LLC technology.

COMPETITIVE ANALYSIS: The City is currently receiving competitive pricing from SphereCommerce, LLC due to the long standing relationship with this service provider. SphereCommerce, LLC has consistently provided competitive pricing and outstanding service,



including a dedicated representative for prompt problem resolution. This, in addition to the high switching cost of the 20 existing integrations, makes it fiscally responsible to stay with the current service provider.

CONTRACT HISTORY: This is a new contract. A contract was previously awarded to SphereCommerce, LLC as a result of Request for Proposals Specification No. F111-0695 in December 2011. The contract history is summarized in the table below.

Year	Description	Resolution	New End Date	New Contract Total
2012	Initial	38442		\$250,000
2015	Amend No. 1		3/14/2018	\$250,000
2015	Amend No. 2		3/14/2018	\$500,000
2018	Amend No. 3		3/14/2021	\$750,000
2018	Amend No. 4		5/21/2022	\$750,000
2021	Amend No. 5		5/21/2022	\$850,000

Services continued to be provided in 2023 and 2024 at the previously contracted rates.

SUSTAINABILITY: Sustainability factors were not considered.

EQUITY IN CONTRACTING (EIC) COMPLIANCE: Not applicable - EIC Exception: Lack of certified contractors.

Due to the nature of the services provided the City is limited in which type of companies can handle the level of security that is needed for credit card transacting. In addition, the City must stay Payment Card Industry (PCI) Compliant and that includes doing business only with PCI Certified vendors who may or may not be listed on the Office of Minority & Women's Business Enterprises (OMWBE) website.

LOCAL EMPLOYMENT AND APPRENTICESHIP TRAINING PROGRAM (LEAP) COMPLIANCE: Not applicable to this contract.

FISCAL IMPACT:

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Various Departmental Funds	Various	5425010	\$1,500,000
TOTAL			Up to \$1,500,000

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Various Departmental Funds	Various	Various	(\$1,500,000)
TOTAL			Up to (\$1,500,000)



CITY OF
Tacoma

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FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$400,000

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A

Request to Directly Negotiate

Personal or Professional Services over \$10,000

In accordance with TMC 1.06.256 (B), Julie Louviere/Finance/Treasury requests a waiver of competitive solicitation and authorization to directly negotiate a contract with TrustCommerce, a Sphere Company, for credit card gateway services, in a potential aggregate amount of \$1,200,000, plus applicable sales tax.

EXPLANATION: The services are ongoing gateway services that encrypt credit card data and securely send the data to the City's credit card processor.

JUSTIFICATION FOR DIRECT NEGOTIATION:

1. Explain why it is in the best interest of the city to directly negotiate with the supplier.

The City currently has over 20 different software integrations with Trust Commerce servicing many departments throughout the City. Due to the long-standing relationship with this vendor the City is receiving extremely competitive pricing. Additionally, it would be a huge and unnecessary cost to the City to change gateway vendors as each of the 20 integrations would need a dedicated project team for a switch. This is unnecessary as this vendor has always provided outstanding levels of service on top of the competitive pricing, providing the City with a dedicated representative for quick problem resolution.

2. Is this purchase related to an existing or previous contract that was competitively solicited by the City or another agency? If yes, provide details about the prior contract and explain the relationship of this request.

These services were solicited competitively in 2011. This vendor was chosen, and the contract was established in 2012. The contract was extended multiple times through 2022. The contract has since lapsed although the city has still been operating under the terms of the expired contract. The vendor continues to show outstanding service and the pricing has not changed since 2012. The new contract will update outdated contract language. Services being provided will remain the same as outlined in the new contract.

3. Describe the efforts made to identify other potential suppliers able to provide this service.

The City does have other gateway providers usually due to software/vendor limitations being unable or unwilling to integrate with the TrustCommerce technology. There are very few gateway vendors that have as wide a variety of integrations as TrustCommerce. For a city as large and diverse as Tacoma it has been beneficial to funnel most of our credit card transacting through a single gateway vendor no matter which front end receipting software each department has chosen to use. Experience with other gateways has shown that TrustCommerce consistently provides superior service.

4. Describe the efforts made to assure that the City is receiving the lowest or best price possible.

TrustCommerce has not adjusted the flat rate they charge per card swipe since 2012. When comparing their pricing to other gateways used in the city it is extremely competitive and advantageous to the City.

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EIC CONSIDERATION: Describe below the efforts to ensure, where appropriate, that you have checked the [OMWBE website](#) of EIC firms for contracting opportunities.

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