



Broward County

Legislation Details (With Text)

File #: 21-1362 **Version:** 1

Status: Agenda Ready

In control: Finance - Records, Taxes, and Treasury Division

On agenda: 9/9/2021 **Final action:** 9/9/2021

Title: MOTION TO APPROVE Participation Agreement, pursuant to the State of Florida, Department of Financial Services Agreement, between Broward County and American Express Travel Related Services Company, Inc., which piggybacks off of the State of Florida Contract No. TR229, for American Express Card authorization and acceptance across County agencies, in the estimated amount annually of \$500,000 through the duration of the contract; and authorize the Mayor and Clerk to execute same. The current term of the State of Florida Contract TR229 is through March 3, 2026.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit 1 - American Express Participation Agreement, 2. Exhibit 2 - Disclosure Items

Date	Ver.	Action By	Action	Result
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Broward County Commission Regular Meeting

Director's Name: George Tablack

Department: Finance and Administrative Services **Division:** Records, Taxes, and Treasury

Information

Requested Action

MOTION TO APPROVE Participation Agreement, pursuant to the State of Florida, Department of Financial Services Agreement, between Broward County and American Express Travel Related Services Company, Inc., which piggybacks off of the State of Florida Contract No. TR229, for American Express Card authorization and acceptance across County agencies, in the estimated amount annually of \$500,000 through the duration of the contract; and authorize the Mayor and Clerk to execute same. The current term of the State of Florida Contract TR229 is through March 3, 2026.

Why Action is Necessary

In accordance with the Broward County Procurement Code, Section 21.27, Purchases from Other Government Contracts, the Director of Purchasing may purchase goods or services (i.e., "piggyback") under any procurement contract (the "originating contract") held by a governmental agency or nonprofit entity.

In accordance with the Broward County Procurement Code, Section 21.47, Award and Execution Authority, the Board shall make all awards, and authorize the execution of the associated contracts, with a value of more than \$500,000.

What Action Accomplishes

Provides County agencies the ability to accept the American Express Card in their payment operations.

Is this Action Goal Related

No

Previous Action Taken

None.

Summary Explanation/Background

THE FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT AND THE RECORDS, TAXES, AND TREASURY DIVISION RECOMMEND APPROVAL OF THE ABOVE MOTION.

The purpose of this Participation Agreement is to provide County agencies the ability to accept American Express Cards in their payment operations, where applicable.

The Purchasing Division seeks to piggyback off of the State of Florida Contract No. TR229 for American Express Card acceptance across County agencies. The State of Florida contract allows state and local government entities, via a Participation Agreement, to accept the American Express Card for payments under the terms of the Master Agreement.

Section 215.322, Florida Statutes, allows the State of Florida's Chief Financial Officer to establish contracts with one or more financial institutions, credit card companies, or other entities for the acceptance of credit cards, charge cards, debit cards or electronic funds transfers in payment of goods and services. These contracts authorize a unit of local government to use the services upon the same terms and conditions as afforded the State of Florida.

The first Master Services Agreement between the State of Florida and American Express Travel Related Services, Inc. was established on December 31, 1998. Subsequent to the establishment of this Master Services Agreement, the County has had a Participation Agreement in place with American Express Travel Related Services Company, Inc. since December 15, 2000, and the County first accepted American Express Cards for payment on January 8, 2001.

The Participation Agreement allows the County to utilize the State of Florida's current agreement, Contract No. TR229. This agreement is in effect until March 3, 2026 (unless extended by the State); provides services associated with the authorization and settlement of American Express cards; and guarantees the lowest governmental interchange rate offered by consolidating all participating merchants' transactions. Disclosures, including material differences between the proposed Participation Agreement and standard County contracts and the staff responses thereto, are listed in Exhibit 2.

The result is that the County benefits from pre-negotiated contract terms and reduced pricing afforded by the scale of the State of Florida agreement. The State of Florida's negotiated rates are favorable: the American Express rate of 2.15%, and the prepaid card rate of 1.15%. As a comparison, typical merchant rates vary from 2.3% to 3.5%, depending upon the merchant category code or business type. These rates are only available via the State of Florida Agreement and thus would be higher, if negotiated separately. In addition, American Express Travel Related Services Company, Inc. is the only source from which to procure these services.

In Fiscal Year 2019, County agencies accepted over 192,000 transactions paid by American Express

Card, totaling over \$23 million. Based on this total, merchant service fees paid to American Express Travel Related Services Company, Inc. are approximately \$500,000 per year.

Source of Additional Information

Thomas Kennedy, Director I Records, Taxes and Treasury Division, (954) 357-5777

Fiscal Impact

Fiscal Impact/Cost Summary

Merchant service fees are paid from the appropriate charge points in the agency operating budget upon monthly credit card transaction reconciliation.