



# City of San Leandro

Meeting Date: March 15, 2021

## Staff Report

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**File Number:** 21-131 **Agenda Section:** CONSENT CALENDAR

**Agenda Number:** 8.E.

**TO:** City Council

**FROM:** Fran Robustelli  
Interim City Manager

**BY:** Susan Hsieh  
Finance Director

**FINANCE REVIEW:** Susan Hsieh  
Finance Director

**TITLE:** Staff Report for a City of San Leandro City Council Resolution Authorizing the City Manager to Execute Agreement with Worldpay Integrated Payment for Merchant Payment Processing at Monarch Bay Golf Club

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### SUMMARY AND RECOMMENDATION

Approve and authorize the City Manager to execute the merchant processing agreement with Worldpay Integrated Payments for payment processing services for credit card transactions at the Monarch Bay golf club. The proposed agreement, not to exceed \$150,000 annually, covers processing services and charges of 2.75% per transactions by card users. This rate may not increase above 5% during the term of the agreement. Charges for this service are restricted to golf course activities.

### BACKGROUND

On June 1, 2020, City Council terminated the lease agreement with American Golf Corporation and entered into a management agreement. Under the lease, all golf revenues went directly to American Golf. Under the management agreement, all revenues received by American Golf are immediately deposited in a City bank account. The agreement with Worldpay allows for credit card payments to flow directly to the City's bank.

### DISCUSSION

WorldPay is the required processor for American Golf's point-of-sale system at the Monarch Bay facility. Worldpay performs tasks associated with the processing of credit card transactions at the course, the credit card companies (Visa, MasterCard, and Discover) and the financial institutions issuing the credit cards. The contractual payments vary based on credit card usage and interchange fees charged by the credit card companies. Fees required of the City combine the fee charged by the merchant processor and the interchange fees assessed by the credit card companies. The interchange fees are passed through by the merchant processor and represent

the major component of fees paid by the City, accounting for approximately 69% of total fees. Interchange fees differ based on variety of factors including the credit card company, the type of card (rewards cards or business cards), and other elements including transaction size.

American Golf does not pay a fee for the point of sale system but requires the use of Worldpay to process the credit card transactions. American Golf uses the same point of sale program at more than 50 courses and Worldpay is their processor. For the City to accept the credit card payments for golf course customers, the City must use Worldpay. Staff recommends the contract term coinciding with the agreement terms that the City maintains with American Golf.

### **FISCAL IMPACT**

Total fees will vary according to the number and volume of transactions. Credit card fees are likely to increase as more customers utilize credit/debit card payment methods. It is anticipated that fees will exceed the \$50,000 threshold required for the City Council approval and there are sufficient revenues in the golf course operations to cover the costs of this contract.

American Golf reports that Fiscal Year 2020-2021 total golf course revenues through December 31, 2020-2021 were \$2,756,000; largely through credit card transactions. Worldpay will provide a monthly activity analysis statement. The total fees will be deducted from the remittance of receipts Worldpay submits to the City at the beginning of each month.

### **CONCLUSION**

Staff recommends that the City Council authorize the City Manager to execute the merchant processing agreement with Worldpay Integrated Payments for payment processing services for credit card transactions at the Monarch Bay golf club.

### **Attachments to Resolution**

- Attachment 1 - Merchant Agreement and applications with WorldPay - Food & Beverages
- Attachment 2 - Merchant Agreement and applications with WorldPay - Retail

**PREPARED BY:** Karen Chang, Assistant Finance Director



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## Resolution - Council

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**TO:** City Council

**FROM:** Fran Robustelli  
Interim City Manager

**BY:** Susan Hsieh  
Finance Director

**FINANCE REVIEW:** Susan Hsieh  
Finance Director

**TITLE:** RESOLUTION of the City of San Leandro City Council Approving and Authorizing the City Manager to Execute the Agreement with Worldpay Integrated Payment for Merchant Payment Processing at Monarch Bay Golf Club

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WHEREAS, on June 1, 2020, City Council terminated the lease agreement with American Golf Corporation and entered into a management agreement per City Council Resolution No. 2020-052; and

WHEREAS, WorldPay is the required processor for American Golf's point-of-sale system at the Monarch Bay facility; and

WHEREAS, staff recommends the contract term coinciding with the agreement terms that the City maintains with American Golf; and

WHEREAS, the City Council is familiar with the terms of the agreement; and

WHEREAS, the City Manager recommends approval of said agreements.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

That the said agreement is hereby approved and execution by the City Manager is hereby authorized.