ITY OF COMMERCE
AGENDA REPORT

TO: Honorable City Council

FROM: City Manager

SUBJECT: Approval of an Agreement with Point & Pay LLC for Electronic Payment Processing Services and Implementation of a Customer Convenience Fee Program

MEETING DATE: July 28, 2026

RECOMMENDATION:

Staff recommends that the City Council:

1. Approve the implementation of a customer convenience fee program for designated City services, including building permits, plan check fees, planning applications, engineering permits, and other regulatory permits and fees, while continuing the City’s practice of absorbing merchant processing fees for Parks and Recreation programs and services.

2. Authorize the City Manager to execute an agreement with Point & Pay LLC for electronic payment processing services and implementation of the City’s electronic payment processing platform, in a form approved by the City Attorney.

3. Authorize the City Manager and the Finance Director to execute all onboarding, implementation, merchant account, and other administrative documentation necessary to deploy and implement the electronic payment processing platform.

BACKGROUND:

The City currently utilizes merchant payment processing services with Citizens Business Bank through the Clover platform for various in-person payment transactions. While this platform has processed payments for many years, it has several operational limitations that restrict the City's ability to modernize customer payment services and reduce transaction costs.

Currently, the City absorbs approximately $100,000 annually in merchant processing fees associated primarily with development and construction permit payments. In addition, the existing payment platform provides limited functionality for expanding electronic payment options and lacks several features commonly offered by modern government payment solutions.

These limitations include:

- Limited online payment capabilities
- Limited mobile payment functionality
- No integrated Interactive Voice Response (IVR) payment system
- Limited customer notification options through email or text messaging
- Limited recurring payment functionality
- Limited reporting and reconciliation tools
- Higher transaction costs than currently available through direct payment processors
- Limited ability to configure convenience fee programs that allow transaction fees to be paid directly by the customer when permitted by law and City policy.

In order to address these limitations, enhance customer service, and reduce operating costs, the City issued Request for Proposal (RFP) No. 26-1001 seeking a comprehensive merchant services provider capable of supporting both current and future payment processing needs.

On January 27, 2026, the City released RFP No. 26-1001 for Merchant Services. Six qualified firms submitted proposals. An evaluation committee consisting of Finance, Accounting, and Information Technology staff reviewed each proposal during the first evaluation phase using the following criteria:

- Experience and qualifications
- Methodology and implementation approach
- Responsiveness to the City’s requirements
- Completeness of the response to the RFP
- Cost structure

Following the written proposal evaluation, the four highest-ranked firms (as displayed in the table below) participated in product demonstrations and interviews.

Merchant Services Vendor Scores		
Vendor Name		Total Score
Point & Pay		93
Paymentus		89
PayIt		87
CBB		81
Deluxe +		80
Paymenta Solutions		46

The demonstrations and interviews used the following criteria:

- Technical capabilities
- Security standards

- Platform functionality and user experience
- Implementation, training, and ongoing support
- Overall value to the City

Based on the combined technical and cost evaluation, Point & Pay received the highest overall score and was determined to provide the best overall value for the City.

DISCUSSION:

Point & Pay specializes exclusively in electronic payment solutions for government agencies and currently serves numerous cities, counties, courts, and special districts throughout California and the United States. Their payment platform is specifically designed for public agencies and offers significantly greater functionality than the City's existing one.

The proposed system will provide the City with a modern, fully integrated payment platform that supports:

- Online payments
- Mobile device payments
- Interactive Voice Response (IVR) telephone payments
- Counter (in-person) payments
- Credit card
- Debit card
- Electronic check (ACH) payments
- Customer account registration
- Email and text payment notifications
- Real-time reporting and reconciliation
- Secure PCI-DSS Level 1 and SOC 2 compliant, meaning the platform has been independently validated to meet rigorous industry standards for payment security, data protection, and information system controls.
- Expandable payment modules that can be deployed across additional City departments as future operational needs arise.

The implementation is anticipated to take approximately sixty (60) to ninety (90) days following contract execution and includes project management, system configuration, staff training, testing, and deployment.

The proposed agreement includes:

- An initial three-year term with one two-year renewal unless terminated by either party with at least 60 days' written notice prior to the expiration of the applicable term.
- Compliance with all applicable PCI-DSS security standards and applicable payment card industry requirements.
- Secure processing of credit card, debit card, and ACH transactions.
- Comprehensive reporting and reconciliation tools.
- Customer support and technical assistance.
- Staff training and implementation support.

- Deposit of approved payment transactions directly into the City's designated bank account.
- The ability to expand services to additional City departments through future onboarding without requiring a separate master agreement.

A key component of the proposed solution is transitioning from a City-paid merchant fee model to a customer-paid convenience fee model for eligible regulatory and permitting transactions. Under the proposed agreement, customers electing to pay by credit or debit card for building permits, plan check fees, planning applications, engineering permits, and other regulatory permits and fees will pay a convenience fee directly to Point & Pay. The convenience fee will be a flat $1.50 for transactions of $55 or less and 2.75% for transactions exceeding $55. The City will not receive any portion of the convenience fee, as it is retained by the payment processor to cover the cost of processing electronic payments. Merchant processing fees associated with Parks and Recreation program registrations, classes, and other recreation-related activities will continue to be absorbed by the City so that participants are not charged a convenience fee.

FISCAL IMPACT:

Approval of the proposed agreement is expected to reduce the City’s annual merchant processing costs while significantly expanding electronic payment capabilities available to residents, businesses, contractors, and other customers. Staff anticipates reducing approximately $100,000 in annual expenditures through the implementation of customer-paid convenience fees where applicable and by utilizing a more competitive payment processing platform.

As part of the negotiated terms, Point & Pay has agreed to waive several one-time implementation costs (including payment for 1 terminal, 1 PIN pad, 1 wireless payment device, and system setup). The only cost to the City will be for an additional terminal at $400, which will be funded through the Information Technology adopted budget. Any future operating costs will be incorporated into the City’s annual budget process, as necessary.

ALTERNATIVES:

1. Approve recommendation
2. Disapprove recommendation
3. Provide staff with further direction

Recommended by: Alvaro Castellon, Director of Finance
Approved as to form: Noel Tapia, City Attorney
Respectfully submitted: Ernie Hernandez, City Manager

ATTACHMENTS:

1. Professional Services Agreement with Point & Pay
2. E-Services Agreement
3. Point & Pay Proposal
4. Resolution