



Legislation Text

File #: 2022-0277, **Version:** 0

Title

Approve Tyler Payments for merchant processing services - Tyler Contract Amendment

History

The implementation of Tyler software as the Village's ERP provided an ideal time to review the Village's merchant processing to process credit card payments. The Village currently has several merchant processing relationships, and best practice is to reduce the number of merchant accounts to achieve better transaction pricing and to simplify account reconciliation. However, not all merchant processors work with all systems, so the universe of available merchant processors is very small.

There is not a single merchant processor who works with all of the Village's platforms. Staff and implementation consultants examined all available alternatives. These merchant solutions consist of an interface with various software systems (and sometimes a customer facing portal), and also a back end processor that actually moves funds to and from banking institutions. There were two solutions that provide both components. Other solutions provided just the back end bank transactions which does not meet our needs and were therefore not considered.

Paymentus - the Village's current merchant processor has been difficult to deal with and they were non-responsive for several months during testing. Paymentus promised that they could integrate and process transactions to both Munis and Innoprise, but they were not able to provide basic information needed to test credit card transactions in Munis. Our Paymentus contract runs through May 2023.

Tyler Payments - This is a relatively new product that fully integrates with many Tyler products, including the Village's cashiering solution for Munis (Tyler Cashiering) as well as the cashiering solution for the Police Department's Brazos system (Incode Cashiering).

Cashiering phased implementation

As we approach our Go Live date with Munis, we have been reviewing our interim processing strategies. Interim processing describes the solutions and tactics that will be necessary to process some information in Innoprise, some in Munis, and move data back and forth. Interim processes are critical because we need to be able to grab customer data from a source (such as utility billing), process the payment in a cashiering system, update the customer record in utility billing, and also update the general ledger in a way that can be reconciled with bank statements at a later date.

Our current plan for cashiering is briefly described as follows:

For the short term, we will continue to operate Innoprise cashiering. We will continue to bill utility customers and building permit customers in Innoprise, so there is no interim processing needed there. We will export the Innoprise General Ledger entries into Munis General Ledger for financial reporting.

As we move more modules to Tyler, such as EnerGov for permits, we will implement Tyler Cashiering. At

that point, our contract with Paymentus will be nearing expiration. This will also provide us time to integrate Innoprise Utility Billing (pulling customer data for payments and then posting the payment to customer record) into Tyler Cashiering.

For merchant processing, we will keep Paymentus with Innoprise cashiering. That setup is working well and continue to handle those transactions. For Tyler Cashiering and Incode Cashiering, we will implement Tyler Payments. This keeps those transactions separate and distinct from Paymentus, which will be beneficial for reconciling transactions.

Because we are under contract with Tyler for the software system, this will be a change order to the overall ERP contract.

Staff recommends Tyler Payments as our long term merchant processor solution.

Financial Impact

Costs to implement Tyler Payments includes \$3,600 for 5 integrations, \$2,645 for equipment, plus \$900 for first year PCI Service Fee for a total of \$7,145 in one time fees, plus annual fees of \$3,600 for integration maintenance and \$900 as an annual PCI Service Fee for a total of \$4,500 per year.

In addition, there will be transaction costs of 0.5% + \$0.50 per transaction, plus other Per Incidence Fees and Card Network Fees, which are detailed on Chase J.P. Morgan Schedule A to Merchant Agreement.

As a point of reference, our Paymentus agreement calls for a charge of 2.45% (minimum of \$1.00) per transaction.

Recommended Action/Motion

I move to approve a change order with Tyler Technologies for the implementation of Tyler Payments for merchant processing services;

AND

Move to authorize the Village Manger to sign the necessary documents and agreements with Tyler Technologies, Chase J.P. Morgan, and other related firms and service providers, subject to Village Attorney Review.