

Metropolitan Transportation Commission Operations Committee

February 12, 2021

Agenda Item 4c

Clipper® Contract: Next-Generation Clipper® (C2) Payment Services: Fiserv, Inc. dba First Data Merchant Services, LLC (“First Data”) (\$21,750,000)

Subject: Recommendation of First Data as the payment services vendor for the C2 regional fare payment system.

Background: A Request for Proposals for C2 payment gateway and acquiror services (the “C2 Payment Services RFP” or the “RFP”) was issued on September 3, 2020. (A “payment gateway” transmits payment data and transaction authorization between the merchant — in C2, the “merchant” will be MTC – and the “acquiror”, which is a bank that processes credit/debit card payments for a merchant.) The C2 Payment Services RFP is one of four RFPs which have been, or will be, issued to procure elements of the C2 system, consistent with the Clipper Executive Board’s (CEB) vision for disaggregated procurement of the C2 system.

Four firms—First Data, Paymentech, Inc. dba J.P. Morgan (“J.P. Morgan”), Bank of America, and Global Payments, Inc.—submitted proposals in response to the RFP. An evaluation panel – made up of representatives from MTC and SamTrans, and supported by technical advisors from the IBI Group and BART — reviewed the proposals, and then held discussions with each proposer on December 8, 2020. Following those discussions, a Request for Best and Final Offers (“BAFOs”) was issued by MTC on December 15, 2020, to all four proposers, and each firm timely responded. The RFP evaluation panel has completed its review and evaluation process, and staff now brings forward to this Committee the panel’s unanimous recommendation of a vendor for C2 Payment Services.

The evaluation factors were: Firm and Team Qualifications and Experience (20%); Proposed System and Services (40%); Implementation and Management Plan (10%); Cost Effectiveness (25%); and Presentation (5%).

All proposers were found to meet the minimum qualifications, be compliant with the RFP requirements, and proposed solutions that generally cater to Clipper’s use cases in an account-based fare payment system. Many of the solutions and processes offered are relatively standard and similar, since payment processing is a highly regulated industry and the vendors have extensive experience in it. Key vendor features that were considered, and where some differentiation could be discerned by the evaluation panel, included security and tokenization, reliability, reporting, and ability to support new technology. In this procurement, another important factor in determining a suitable vendor is the vendor’s ability to integrate with systems of the C2 System Integrator – Cubic Transportation Systems, Inc. (Cubic).

The table below shows the summarized scores of the RFP evaluation panel for each proposer:


Proposer Name	Evaluation Criteria					
	Firm and Team Qualifications and Experience	Proposed System and Services	Implementation and Management Plan	Cost Effectiveness	Presentation	TOTAL
First Data	18.5	32.75	7.5	19.5	3	81.25
J.P. Morgan	16.75	31.25	6.5	18.75	4	77.25
Bank of America	17	26.75	5.5	15.5	3.5	68.25
Global Payments, Inc.	13	26	6.25	17.25	2.75	65.25

If the staff recommendation is approved by this Committee, staff will endeavor to enter into a contract with First Data as soon as practicable, so that this vendor can participate in the C2 system design and implementation process. Staff seeks authorization for a contract that will extend through an initial five-year term of C2 transaction processing — such processing currently estimated to begin in approximately May 2022 — plus two optional one-year renewals.

In its price proposal submitted as part of its RFP proposal, First Data did not include any costs that would be payable during the pre-C2 transaction processing time period, unless during the C2 implementation process it is mutually determined that additional work is necessary by First Data beyond the scope of the RFP. \$200,000 is included in the FY 20/21 Clipper Capital Budget to pay for capital costs associated with the implementation of C2 payment services, and that amount is included in this request for contract authorization. Once C2 transaction processing begins, various transaction costs will be payable to First Data in accordance with the formula for allocating operating costs in a future update to the Clipper Memorandum of Understanding, and this request seeks authorization for \$21,550,000 in O&M costs— the estimated amount of total monthly costs over a five-year period based upon pre-pandemic Clipper transaction volume.

First Data is neither a small business nor a disadvantaged business enterprise. The CEB approved this recommendation of First Data at its January 25, 2021 meeting.

Recommendation: Staff recommends the Operations Committee approve an award of a Contract to Fiserv, Inc. dba First Data Merchant Services, LLC, to act as C2 Payment Services vendor for the C2 regional fare payment system and authorize the Executive Director or designee to negotiate and enter into such Contract in an amount not to exceed \$21,750,000, as described above.


Therese W. McMillan

REQUEST FOR COMMITTEE APPROVAL

Summary of Proposed Contract

Contractor: Fiserv, Inc. dba First Data Merchant Services, LLC
Brookfield, WI

Project Title: Next Generation Clipper® (C2) Regional Fare Payment System Payment Services Contract

Purpose of Contract: Provide payment services for processing credit/debit card and Automated Clearing House (ACH) debit transactions for the Next Generation Clipper® Fare Payment System (C2)

Brief Scope of Work: The services include standard electronic payment processing services (“merchant services”) such as providing secure channels and processing for authorization, data capture, settlement, clearing, and reporting of electronic payment transactions, chargeback disputes, and technical support and advisory service in connection with such activities. Such payment processing services shall include credit/debit card, Automated Clearing House (ACH) processing, contactless debit/credit payments and mobile payments.

Project Cost Not to Exceed: Capital: \$200,000
O&M: \$4,310,000/yr. for 5 years = \$21,550,000
Total contract amount: \$21,750,000

Funding Source: TCP (FHA/FHWA), STP, CMAQ, STA, STP Exchange, LCTOP, Regional Measure 2 Capital and Regional Measure 2 Operating, Regional Measure 3, OBAG, SB1 State of Good Repair, CARES Act, Inactive Card Funds, Float Account Interest, Transit Agencies

Fiscal Impact: Funds for FY 2020-21 expenditures are included in the FY 2020-21 Clipper budget; future years’ O&M funding dependent on Commission approval of annual MTC operating budgets.

Motion by Committee: That the C2Executive Director or designee is authorized to negotiate and enter into a contract with Fiserv, Inc. dba First Data Merchant Services, LLC for the purposes described above and in the Summary Sheet dated February 12, 2021, and that the Chief Financial Officer is authorized to set aside \$21,750,000 for such Contract.

Operations Committee:

Damon Connolly, Vice Chair

Approved: February 12, 2021