

RFP No. 2023-1

# Request for Proposal for Merchant Card Services

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Frankfort Plant Board (FPB)

## PURPOSE

The Frankfort Electric & Water Plant Board (FPB) is accepting Proposals from qualified companies to provide Merchant Card Services using a Convenience Fee model. Any and all exceptions to the specifications shall be noted and fully explained and shall be equal or exceed the specifications.

## COMPANY BACKGROUND

FPB is a municipal utility operating in and around Frankfort, the capital of the State of Kentucky. The company provides electric, water, cable television, broadband service, high-capacity fiber optic connectivity services, security service, local/long distance telephone service and also bills for sewer services on behalf of the City of Frankfort. The Board operates as an independent entity under the provisions of the Kentucky Revised Statutes 96.172 through 96.188.

The Plant Board serves approximately 22,000 electric customers, 16,700 water customers (including six water districts and Georgetown, Kentucky), and 18,000 cable-telecom customers. Currently, FPB bills its customers on a monthly basis for the services provided all on one bill. FPB produces approximately 29,000 invoices each month.

FPB has on-site development staff that maintain an in-house customer information and billing system, as well as a cloud-hosted customer web portal. These systems provide secure web API endpoints for integration with third party systems.

## PAYMENT VOLUMES

Calendar Year 2022 – By Payment Source			
Source	# Transactions	Total Payment Amount	AVG
INTERNET	10,471	\$2,195,670.80	\$209.69
IVR	6,930	\$1,430,113.64	\$206.37
CSR	13,878	\$2,855,771.99	\$205.78
<b>Totals</b>	<b>31,279</b>	<b>\$6,481,556.43</b>	<b>\$207.22</b>

Calendar Year 2022 – By Payment Type				
Source	PMT Type	# Transaction	Total Payment Amount	AVG
INTERNET	ACH	1,945	\$361,489.28	\$185.86
INTERNET	ATM	1,653	\$329,859.29	\$199.55
INTERNET	CC	6,873	\$1,504,322.23	\$218.87
IVR	ACH	659	\$155,018.56	\$235.23
IVR	ATM	1,581	\$319,496.20	\$202.08
IVR	CC	4,690	\$955,598.88	\$203.75
CSR	ACH	848	\$232,913.14	\$274.66
CSR	ATM	3,203	\$666,944.11	\$208.22
CSR	CC	9,827	\$1,955,914.74	\$199.03
<b>Totals</b>		<b>31,279</b>	<b>\$6,481,556.43</b>	<b>\$207.22</b>

## SCOPE OF SERVICES

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1. Provide a competitively based price for the processing of credit cards from Visa, MasterCard, Discover, and American Express utilizing a customer assessed Convenience Fee model.
2. Provide a competitively based price for the processing of electronic checks.
3. Support the acceptance of credit/debit cards and electronic checks on a variety of platforms.
4. Process credit and debit card transactions utilizing an on-site customer driven kiosk or similar equipment.
5. Deposit settlement payments electronically into specified bank accounts by merchant ID.
6. Provide online access to view daily transactions and account reconciliation/settlement reports by payment type (card or check) and by merchant ID.
7. Provide monthly statements per merchant ID that clearly summarize all revenue related activity including sales, fees, chargebacks, returns, and adjustments by date, card type and merchant ID. All processing fees must be separate from revenue deposits.
8. Merchant processing services must integrate with FPB's present software and vendors.
9. Provide 24x7 technical support.
10. Possess at least five (5) years' experience processing credit/debit cards and electronic check payments and have at least five (5) utility customers.
11. Compliant with all Payment Card Industry (PCI) security standards as established by the Payment Card Industry Standards Council.
12. Compliance and governance with all Commonwealth of Kentucky laws.

## INITIAL TERM

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FPB is requesting a proposal for a three-year period with an optional annual renewal for two additional years, with the option to renew in one year increments.

# SPECIFICATIONS

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## **PRICING**

1. Provide a price schedule for services using a Convenience Fee Model. Include any one-time or set up charges, research fees and all other fees that will or could be charged. Include pricing for any reserve/escrow accounts that will or might be required, including interest paid on the funds in reserve.
2. Fees in this proposal are guaranteed for \_\_\_\_\_ years.
3. How and when is the customer notified of price adjustments?

## **MERCHANT PROCESSING**

1. Describe your company's authorization and processing methods for credit and debit cards.
  - a. List all card brands and types currently supported.
  - b. What are the procedures to reverse an incorrect authorization?
  - c. Are there any daily or monthly transaction limits (dollar or volume) that would prevent FPB from processing payments?
  - d. Include the monitoring and notification process if a transmission fails.
2. Describe your company's authorization and processing methods for electronic checks.
  - a. What are the procedures to reverse an incorrect authorization?
  - b. Are there any daily or monthly transaction limits (dollar or volume) that would prevent FPB from processing payments?
  - c. Include the monitoring and notification process if a transmission fails.
3. Describe the platforms that you offer your service.
  - a. Customer web portal?
  - b. Interactive voice response (IVR) system?
  - c. Over-the-phone at office?
  - d. Is there a recurring payments feature?
4. Describe your company's support and implementation of customer kiosk.
  - a. Do you provide, lease or sell kiosk hardware? If not, do you have a list of compatible vendors?
  - b. Do you provide PCI-DSS compliance support for these devices?
5. Describe your procedures to correct as well as prevent duplicate transactions.
6. Describe your chargeback/adjustment process in detail including communication options for FPB.
  - a. Are chargebacks/adjustments netted from daily proceeds or are they debited separately?
  - b. What is FPB's response deadline to chargebacks?
  - c. Will fees (if any) be absorbed by the processor or be passed to FPB?
7. Describe the Electronic Check returned/failed payment process including communication process for notifying.
  - a. How are the Electronic Checks processed and what determines when/if a resubmittal attempt is made?
  - b. Are returned/failed payments netted from daily proceeds or are they debited separately?
  - c. How many days does it typically take to be notified an electronic check has been returned/failed?
  - d. Provide a list of Return and/or Decline reasons with associated fees.

- e. Is there a system in place to verify customer banking information such as checking or routing account at time of payment processing?
- f. Are there any additional fees assessed directly to FPB's customers for declined payments either by the vendor or third parties?

### **THIRD PARTY PROCESSING**

1. Identify any reliance on third party processor used for merchant credit card or electronic check transactions.
  - a. Explain process/relationship and provide number of years their services have been utilized.
2. Identify your payment gateway provider and the number of years you have had a relationship with them.
3. Identify any additional pricing that FPB will be assessed for the third party processing.
4. Identify any additional pricing that FPB's customers will be assessed for third party processing.
5. Provide examples of their online dashboard as well as outline search capabilities, settlement process, and report download options.

### **SETTLEMENT**

1. Describe the settlement process.
  - a. Include how settlement amounts will be provided to FPB's accounts.
2. Are the deposits made as one lump sum or broken down by merchant ID or other criteria?
  - a. Can you provide next day settlement for Visa, MasterCard, AMEX, and Discover transactions?
3. What is the latest time that sales transactions can be transmitted to meet these settlement times?
  - a. Indicate any required settlement periods and pricing impacts.
  - b. Explain reasons why a settlement batch would be placed on hold and resolution process (i.e. large transaction amount).

### **REPORTING**

1. Describe all reports available and the software used to receive and view reports.
  - a. Provide an overview of reporting cycles, procedures and capabilities.
  - b. Define download capabilities, level of customization, and drill down capabilities.
  - c. Provide samples of available reports.
2. Describe the daily and/or monthly reconciliation reports available to FPB.
  - a. Define download capabilities, level of customization, and drill down capabilities.
  - b. Provide samples of available reports.
  - c. Define how long reports remain available for FPB to retrieve.
3. If multiple merchant numbers are used to support FPB, describe how the merchant numbers are reported and the flexibility of customizing information across all merchant numbers.
4. Describe your capability to store and retrieve transaction information.
  - a. Indicate if transactions can be queried based of the following information:
    - i. Transaction Date (specific date and/or date range)

- ii. Transaction Amount
  - iii. Confirmation Number
  - iv. FPB Account Number
  - v. Customer Name (full or partial information)
  - vi. Last 4 digits of Card Number
  - vii. Payment Origin
  - viii. Card Type
- b. Indicate how many months of transactions can be queried.
5. Describe your capability to store and retrieve batch and monthly report information.
- a. Indicate if items can be queried based on the following information:
    - i. Settle Date
    - ii. Batch Number
    - iii. Original Amounts
    - iv. Net Transaction Amount
    - v. Card Description/Account Type

## **INTEGRATION**

1. Describe how FPB would hand-off a customer to your system for payment
  - a. Include process for transfer to IVR and workflow
  - b. Include process for transfer from customer web portal
2. Describe your ability for real-time payment transaction integration.
3. Describe the process of integration scoping and cost.

## **COMPLIANCE**

1. Describe your PCI-DSS compliance status and program.
  - a. Include details on how compliance with PCI standards is maintained.
  - b. Include any certification information and date provided.
  - c. Compliance with PCI-DSS will be required for the duration of the contract.
  - d. FPB desires to minimize all PCI-DSS requirements. No customer PCI-DSS-specific data will be stored within the FPB's billing systems. Vendors must identify the PCI-DSS compliance level requirement of their proposed solution(s).
2. Indicate if your organization and all of your contractors, subcontractors and third-party processors are in compliance with all applicable PCI DSS standards.
  - a. Also indicate if you have been certified as compliant by a qualified third-party assessor and if so provide name of assessor.
3. Indicate if your company offers resources to assist FPB in assessing/maintaining PCI compliance.
4. Indicate if vendor is compliant with other security regulations and industry standards:
  - a. Fair Credit Billing Act (FCBA)
  - b. Electronic Fund Transfer Act (EFTA)
  - c. Fair and Accurate Credit Transaction Act (FACT ACT)

- d. National Automated Clearing House Association (NACHA)
- e. Kentucky's Personal Information Security and Breach Investigation Procedures and Practices Act, KRS 61.931 to 61.934 (the "Act"). This Act requires that:

To the extent COMPANY receives Personal Information as defined by and in accordance with Kentucky's Personal Information Security and Breach Investigation Procedures and Practices Act, KRS 61.931 to 61.934 (the "Act"), COMPANY shall secure and protect the Personal Information by, without limitation: (i) complying with all requirements applicable to non-affiliated third-parties set forth in the Act; (ii) utilizing security and breach investigation procedures that are appropriate to the nature of the Personal Information disclosed and reasonably designed to protect the Personal Information from unauthorized access, use, modification, disclosure, manipulation, or destruction; (iii) notifying Frankfort Plant Board ("FPB") of a security breach relating to Personal Information in the possession of COMPANY or its agents or subcontractors within seventy-two (72) hours of discovery of an actual, or suspected, breach unless the exception set forth in KRS 61.932(2)(b)2 applies and COMPANY abides by the requirements set forth in that exception; (iv) cooperating with FPB in complying with the response, mitigation, correction, investigation, and notification requirements of the Act; (v) paying all costs of notification, investigation, and mitigation in the event of a security breach of Personal Information suffered by COMPANY; and (vi) at FPB's discretion and direction, handling all administrative functions associated with notification, investigation, and mitigation.

To the fullest extent permitted by law COMPANY shall indemnify, defend and hold harmless the Electric and Water Plant Board of the City of Frankfort, KY from and against claims, damages, losses and expenses, including but not limited to attorneys' fees or IT consultants, arising out of or resulting from the loss of any Personal Information supplied by the Electric and Water Plant Board of the City of Frankfort, KY required for the performance of the agreement. This provision shall survive the termination of any agreement.

## **SECURITY**

1. Outline the security measures in place for the protection of data transmitted for processing.
2. Describe the security measures used to prevent unauthorized user access to either the system or the data. If applicable, please indicate if there has ever been a compromise to any credit card systems or applications through a security breach. Detail the process the bank took to notify customers, the steps taken to protect customer's data and the safeguards put in place to prevent it in the future.
3. Describe security measures used to protect Internet transactions.

## **SERVICE AVAILABILITY & DISASTER RECOVERY**

1. Provide a copy of your disaster recovery plan.
2. What are established service levels for system availability?
3. Provide system availability statistics for the current and prior year.
4. Over the past year, what was the longest period that you were unable to authorize transactions? Describe the situation, including the source of the problem and the time it took to fix said problem.

## **IMPLEMENTATION**

1. Provide a sample contract.
2. Describe the merchant implementation process (i.e., steps in the process of bringing a merchant into production) and the normal time frame for implementation.
3. Describe the merchant training process with regard to:
  - a. Initial new merchant training.
  - b. Ongoing training (e.g., courses offered, frequency, location, cost, etc.).
  - c. Updates and dissemination of industry-related rule or regulatory changes.
  - d. New product/system releases.

## **CUSTOMER SERVICE**

1. Describe your customer service organizational structure. Is the customer service function performed in-house, or is it outsourced (and if so, where)?
2. Will a specific customer service representative be assigned to handle this business? Describe the responsibilities of the customer service approach and provide contacts, including the chain of command for problem resolution.
3. Do you hold regular meetings with customers to review the service? If so, describe the frequency and topics of discussion.
4. What are the hours of operation for the customer service unit? Specify time zone.
5. Are there established turnaround times for research items? If so, specify.
6. What is your record for meeting established response times?
7. Do you offer technical support for the software you provide? If so, provide the hours of operation and the different levels of support, as well as turnaround times, if applicable.
8. Does your organization host or sponsor focus groups, on-site training, user groups, etc.? If so, provide examples.

## **IMPLEMENTATION & SUPPORT**

1. Provide a detailed description of the implementation process including integration, resources needed from FPB, resources that will be provided by you, testing and provide an Implementation Schedule
2. Describe the support provided during implementation, including training, technical assistance, user manuals, and on-site visits.
3. Describe support provided after implementation.
4. Outline vendor's software updates/upgrades.
  - a. Indicate frequency of software updates/upgrades
  - b. Include notification process.
  - c. Estimate number of hour(s) customer can expect to spend on installing and/or testing an update/upgrade.



## VENDOR BACKGROUND

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### PROFILE

Please provide a description of your company including the following information.

1. Name, title, and full contact information for FPB's key contacts
2. Address of the primary office or facility
3. Website address
4. List of all pertinent offices and facilities with address
5. Number of years your company has been in business
6. Number of employees
7. Primary industries served
8. Number of years your company has been providing payment processing services to utility companies
9. Number of utility companies currently served
10. Average monthly transaction volume (both transaction numbers and amounts)
11. Company's mission and vision
12. Revenue for last (3) years
13. Strategic partnerships in the utility industry
14. Retention rate for companies served
15. Do you use a third party for any segment of customer or card processing services? If so, explain and provide a complete listing and history of the relationships.

### REFERENCES

1. Provide a list of comparable utility companies that have initiated your service within the last 12 months
2. Provide a list of at least five utility companies that have utilized your service for more than three (3) years.
3. Total number of customers being served by your company, as of end of previous month.
4. Number of new customers in acquired last year.

Please include the following information on each reference given:

Name of company, mailing address, contact name, email address, telephone number, type of business, services utilized, and length of relationship.

## PROPOSAL SUBMISSION INSTRUCTIONS

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Firms responding to this solicitation should direct all inquiries to:

Jennifer Hellard, Purchasing Agent  
Frankfort Plant Board  
151 Flynn Avenue  
Frankfort, KY 40601  
502-352-4422  
[jhellard@fewpb.com](mailto:jhellard@fewpb.com)

FPB may cancel, reject in whole or in part any proposals, without liability incurred at any time after issuing a RFP, if it is in FPB's best interest to do so. Proposers responding to RFPs are responsible for all costs they may incur in connection with submitting proposals and responses to RFPs, which includes, but is not limited to submittal preparation, pre-proposal conference, if any, proposal submittal, travel, expenses, interviews, presentations, or evaluation of any proposal.

## RFP SCHEDULE

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Release of RFP	February 21, 2023
Closing Date of RFP	March 3, 2023 by 3:00 PM EST
Responses Evaluated	March 6-8, 2023
FPB Board of Directors Approval Request	March 21, 2023

## EVALUATION CRITERIA

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Proposal evaluation criteria include, but are not limited to the following items:

### SERVICE CAPABILITIES

- Web-interface or software
- Integration capabilities with existing FPB systems
- Implementation time
- Security, including PCI DSS compliance
- Disaster recovery
- All other required services

### COST OF SERVICE

- Cost of merchant services
- Setup costs
- Integration costs

### SERVICE QUALITY

- Completeness and responsiveness to specifications
- Corporate philosophy toward quality customer service
- Experience and references
- Financial soundness

The Board reserves the right to conduct discussions, either oral or written, with the vendors determined by the Board to be reasonably viable for award selection.

Nothing in this Request for Proposal creates an obligation on the part of FPB to enter into a contract with any proposer.