



LOS ANGELES COUNTY REGISTRAR-RECORDER/COUNTY CLERK

DEAN C. LOGAN

Registrar-Recorder/County Clerk

July 31, 2024

TO: Supervisor Lindsey P. Horvath, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Janice Hahn
Supervisor Kathryn Barger

FROM: Dean C. Logan *Dean*
Registrar-Recorder/County Clerk

NOTIFICATION OF INTENT TO NEGOTIATE A SOLE SOURCE CONTRACT WITH LEXISNEXIS VITALCHEK FOR RECORDS PAYMENT AND PROCESSING SYSTEM SERVICES

This is to inform your Board of the Department of Registrar-Recorder/County Clerk's (Department) intent to negotiate a sole source contract with LexisNexis VitalChek Network, Inc. (VitalChek) for credit payment and processing system services. The new sole source contract with VitalChek will provide stability, maintain costs, and eliminate potential processing bottlenecks that would result from contracting with a new vendor since there are limited vendors that compete in this industry and can meet our needs.

OVERVIEW

The Department released a Request for Proposals (RFP) for similar services on a smaller scale prior to expanding to all services within the Bureau in November 2016. This open solicitation was released to 346 individuals and/or companies registered under the Financial Services/Credit Card and Charge Card Services commodity codes as well as 33 viable service providers located on the Internet as providing similar services for a total of 379 potential proposers.

Only three of the 379 attended the mandatory proposer's conference in January 2017. The three vendors were given a February 2017 deadline to complete and submit their RFP packages, at which time VitalChek was the sole submitter.

FINANCIAL IMPACT

There is no cost to the County. VitalChek supplies all custom development and integration, equipment, supplies, materials (except paper), communication lines, internet connection etc., needed to perform their services and assumes all risks of non-collection, chargebacks, and any other card adjustments.

VitalChek forwards all recorded document fees to the Department via Automated Clearing House transfer on the next business day following the day on which VitalChek is permitted to charge the customer's credit/debit card in association with applicable credit/debit card rules (irrespective of whether VitalChek actually collects those recorded document fees) and retains the transaction and expedited shipping fees.

While there is no cost to the County, there is a pass-through processing fee to our customers. The initial rate in 2009 was \$6.00 for orders submitted over the internet and \$1.75 for orders through fax, phone or in person. Until 2017, these fees remained stable and thereafter the fee for orders over the internet increased to \$9.00 while the fax, phone, or in person fee remained the same at \$1.75. The fee was raised to pay for the ability to electronically authenticate customers. Although VitalChek contractually had the right to request a fee increase to a maximum of \$13 the fee was not increased. The Department is confident this healthy relationship can be sustained, and costs can continue to be kept low for our customers.

Additional savings were realized through this process in comparison to the time and cost associated with staff time for processing paper checks. Furthermore, by utilizing VitalChek, the Department strengthens its fiscal compliance by having a single daily deposit. Additionally, VitalChek guarantees our funds, so the department does not have to deal with chargebacks. The decision to continue these services with the existing vendor will also eliminate potential cost incurred by the Department to seek a new vendor and effectively customize, develop and integrate similar services to our backend custom system.

CLOSING

Since the inception of our partnership with VitalChek we have implemented convenient credit card transactions for all public facing counter transaction. These transactions include vital records, document recording, business filing and registrations, and real estate records copy requests, while continuing to process transactions via the internet and over the phone. To further expand payment options, the Department incorporated digital wallet options for our over-the-counter customers in all business areas.

Our existing contractual partnership with VitalChek has allowed us to add these services to our existing contract at no cost to the County. Additionally, it allows for the Department to pass those savings on to our customers by providing these services at a flat rate cost rather than incurring a sliding scale fee per transaction. A new contract with VitalChek will allow the Department to continue providing enhanced customer service and various payment options at the public service counters at Departmental headquarters and all district offices. In addition, we can continue providing customers with the flexibility to request expedited mail services when ordering their vital records.

Without a Contract with a qualified vendor who can assist with providing these services, the Department would revert to accepting only cash, check, or money order as payment for copies, recoding fees, and filing fees. Customers would also lose the availability of expedited mail services and/or convenient online services.

In accordance with Board Policy 5.100, the Department must provide advance written notice and justification to the Board at least six (6) months prior to the expiration of the existing contract (April 5, 2025) when it is the department's intent to execute a new sole source contract for continued services. We will proceed to enter into negotiations with VitalChek after the four-week notification period unless otherwise directed. The negotiated contract with VitalChek is expected to be presented at the Operations Cluster meeting later this year or early in 2025.

If you have any questions or need further information, please call me at (562) 462-2716 or email dlogan@rrcc.lacounty.gov. Your staff may contact Jerome Jordan, Assistant Registrar-Recorder/County Clerk, at (562) 462-2652 or email jjordan@rrcc.lacounty.gov.

DCL:JG:JJ

JS:VW:jw

c: Chief Executive Officer
Executive Officer, Board of Supervisors
County Counsel
Chief Information Officer