



City of San Antonio

Agenda Memorandum

File Number:13-834

Agenda Item Number: 36.

Agenda Date: 11/21/2013

In Control: City Council A Session

DEPARTMENT: Convention & Sports Facilities

DEPARTMENT HEAD: Michael J. Sawaya

COUNCIL DISTRICTS IMPACTED: Council District 2

SUBJECT:

Extension and Amendment of the Alamodome ATM License Agreement with CardTronics USA, Inc.

SUMMARY:

This Ordinance authorizes an Extension and Second Amendment of the Alamodome Automated Teller Machine (ATM) License Agreement with CardTronics USA, Inc. for the placement of 10 ATMs at the Alamodome for a renewal period of one year through September 30, 2014, with four additional one-year renewal periods, with estimated revenue to the City of \$21,227.00 over the renewal period.

BACKGROUND INFORMATION:

Ordinance No. 2010-10-21-0919, approved October 21, 2010, authorized an Alamodome ATM License Agreement with Access to Money, Inc. for an initial term of three (3) years with one five (5)-year renewal option. Access to Money, Inc. was selected after a Request for Proposals (RFP) process in July 2010. In August 2011 Access to Money, Inc. was subsequently acquired by Cardtronics USA, Inc., the world's largest retail ATM services provider.

Key terms of the ATM License Agreement are as follows:

1. ATMs: Currently, CardTronics provides 12 ATMs, but proposes to remove two under-performing ATMs, leaving 10 remaining.
2. Term: Currently, there is a five-year renewal option provided for in the agreement, which is being

restructured to five, one-year renewal options to provide both the City and Cardtronics additional flexibility, if necessary.

3. **Transaction Fees:** CardTronics currently charges a transaction fee of \$2.50 on all withdrawal transactions. CardTronics has proposed an increase to \$2.75, which is still lower than other local venues, including the AT&T Center, Freeman Coliseum, Nelson W. Wolff Stadium, and Toyota Field. Transfers, balance inquiries, and cancelled transactions are not assessed transaction fees.
4. **City Revenue:** City currently receives \$1.50 of each transaction fee, or 60%, whichever is greater, and with the proposed \$2.75 transaction fee, the City would receive \$1.95, or 65%, of each transaction. Cardtronics and the City have agreed, however, to keep the City's revenue at 55%, or \$1.50 of each transaction fee, to offset interest rate and interchange fee increases Cardtronics may incur, as well as Cardtronics operational and maintenance costs for lower volume ATMs.

ISSUE:

ATMs are required at the Alamodome to provide cash to patrons to purchase parking, tickets, concessions, novelties, etc. City Council approval is required to authorize the proposed Extension and Amendment of the Alamodome ATM License Agreement with CardTronics USA, Inc.

ALTERNATIVES:

Alternatives to the proposed action include: 1) directing staff to revise the terms and conditions of the extension and amendment, and; 2) not extending the agreement and directing staff to conduct another RFP process.

The City has had a beneficial contractual relationship with CardTronics and the terms and conditions of the contract were competitively solicited and thoroughly negotiated during the 2010 RFP process. The proposed increase in the transaction fee from \$2.50 to \$2.75 is still lower than other local venues. The removal of the two under-performing ATMs should not have a significant impact on Alamodome patrons, as the two ATMs have low historical transaction volumes. The ATMs also have color advertising screens on top that the Alamodome uses to promote future events and amenities. In addition, CardTronics has been responsive and timely in terms of maintenance of the ATMs.

FISCAL IMPACT:

The current ATM transaction fee of \$2.50 generates approximately \$22,065.00 annually to the City. With the removal of two ATMs and proposed increase to \$2.75, the City would receive \$1.50, or 55%, of each transaction. This extension and amendment is expected to generate approximately \$21,227.00 in the initial one-year renewal period through September 30, 2014, and in each subsequent one-year renewal period.

This revenue is budgeted in the FY 2014 Adopted Budget.

RECOMMENDATION:

Staff recommends authorizing an Extension and Second Amendment to the Alamodome ATM License Agreement with CardTronics USA, Inc. to provide ATMs at the Alamodome for a renewal period of one year through September 30, 2014, with four additional one-year renewal periods.