



# City of San Antonio

## Agenda Memorandum

**File Number:** 17-3595

---

**Agenda Item Number:** 24.

**Agenda Date:** 6/15/2017

**In Control:** City Council A Session

---

**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** City-wide

### **SUBJECT:**

Merchant Banking Services Contract Amendments

### **SUMMARY:**

This Ordinance approves a contract amendment regarding the Merchant Payment Instrument Processing Agreement with Paymentech LLC and JPMorgan Chase Bank, N.A. to extend its term for an additional two years ending June 30, 2019 with an optional additional one year extension to end June 30, 2020; and approves two new fees that will be incorporated into the amended Agreement.

### **BACKGROUND INFORMATION:**

On June 21, 2012, Ordinance No. 2012-06-21-0520, passed and approved the Merchant Payment Instrument Processing Contract ("Contract") between the City, and JPMorgan Chase Bank, N.A., a national banking association, and Paymentech, LLC, a Delaware limited liability company ("Chase Paymentech") for merchant banking (credit card) services for a period of three (3) years, commencing on July 1, 2012 through June 30, 2015, with an option to renew for one (1) additional two (2) year period.

On June 4, 2015, Ordinance No. 2015-06-04-0492, passed and approved the renewal and extension of the Contract between the City, and JPMorgan Chase Bank, N.A., a national banking association, and Paymentech, LLC, a Delaware limited liability company ("Chase Paymentech") for merchant banking (credit card) services for a renewal period of two (2) years, commencing on July 1, 2015 through June 30, 2017.

Chase Paymentech assumed the responsibility of end-to-end merchant banking services customarily provided in

processing credit card transactions, to include but not be limited to: provision of equipment/software; credit and charge transaction authorization; routing, clearing and settlement services for all major credit card brands, debit cards, smart and/or stored value cards; and if necessary, subcontracting with firm(s) to provide additional services. Chase Paymentech has provided good customer service for all operational aspects of merchant banking services. Chase Paymentech has committed to meet quarterly over the course of the contract term for the purpose of delivering updates related to procedures and services provided by the merchant bank. As a result, the City has added various locations that accept credit cards and has streamlined processes.

The purpose of the contract amendment is to amend the term of the contract to extend for an additional two (2) years, commencing on July 1, 2017, and ending on June 30, 2019 with the option to renew and extend for one (1) additional one (1) year term under the same terms and conditions. The amendments will also provide for new service fees. As part of the development of the online payment portal and kiosk for the Library Public Printing Project an additional \$0.15 Hosted Pay Page Transaction Fee, will be incurred per transaction. Additionally, a Wireless Fee of \$25 per merchant account will also be incurred monthly for the processing of credit card transactions via wireless terminals in connection with the Downtown Parking Project. These fees were not included in the original contract. The contract amendment will ensure continuity with the current implementation of the Customer First San Antonio (CISA) project which includes a point-of-sale system and a reservation-registration system implementation. CISA will allow customers more options in paying for City services both in person and online. Phase 1 of the project is underway and utilizing the same merchant bank will allow for efficiencies in other phases of the implementation.

#### **ISSUE:**

The proposed selections are consistent with previous actions to contract for services.

#### **ALTERNATIVES:**

The existing merchant banking contract is set to expire on June 30, 2017. If the renewals are not approved, the City would be required to initiate a Request for Proposal process, selection process, and implementation process, which requires additional time and the City, would impact the City's processing of credit card transactions.

#### **FISCAL IMPACT:**

**Section 1:** The amounts will be encumbered upon issuance of a purchase order, and payment is authorized to various vendors. All expenditures will be in accordance with the Fiscal Year 2017 and subsequent budgets that fall within the term period of this contract approved by City Council.

**Section 2:** The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance, may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

**RECOMMENDATION:**

Staff recommends approval of this ordinance authorizing the execution of a Merchant Payment Instrument Processing Contract Amendment with JP Morgan Chase Bank, N.A. and Paymentech, LLC and approving two new fees incorporated into the amended Agreement.