



# City of San Antonio

## Agenda Memorandum

**File Number:**19-7965

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**Agenda Item Number:** 5.

**Agenda Date:** 1/30/2020

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICT(S) IMPACTED:** Citywide

**SUBJECT:**

Amendment and Extension to Automated Teller Machine (ATM) License Agreement

**SUMMARY:**

This ordinance approves amendments and a renewal to the Automated Teller Machine (ATM) contract with Cardtronics USA, Inc. to (1) increase the transaction fee for withdrawal transactions, (2) revise the method of calculation of the License Fee to a flat rate percentage on a tiered structure based upon number of withdrawal transactions, (3) exercise a two (2) year renewal term beginning January 1, 2020 through December 31, 2022 with two (2) successive one (1) year renewal terms, and (4) add a limitation of liability clause, with estimated revenue to the City in the amount of \$64,000.00 annually, or \$256,000.00 over the 2-year renewal term with both successive one (1) year renewals.

**BACKGROUND INFORMATION:**

Ordinance 2010-10-21-0919 authorized a licensee agreement with Cardtronics USA, Inc. beginning November 1, 2010 through September 30, 2013. Ordinance 2013-11-21-0819, authorized a 5-year renewal term through September 30, 2014 and revisions to the number of ATMs and transaction fees. Ordinance 2014-06-19-0444, authorized provisions of ATM services at additional locations for a five-year period ending September 30, 2019 with one additional five-year term. A 90-day extension was issued to Cardtronics USA, Inc., and expired on December 31, 2019. A 30-day extension was issued to Cardtronics USA, Inc., and expires on January 31, 2020.

The City and Cardtronics USA, Inc. have negotiated and agreed to the supplemental terms and conditions set forth in this Amendment. Key terms of this Amendment include (1) increase the Transaction Fee from \$2.75 to \$3.00 for withdrawal transactions, (2) revise the method of calculation of the License Fee to a flat rate percentage on a tiered structure based upon number of withdrawal transactions (3) exercise a two (2) year renewal term beginning January 1, 2020 through December 31, 2022 with two (2) successive one (1) year renewal terms, and (4) add a limitation of liability clause.

Cardtronics USA, Inc. is a global company providing ATM management, convenient cash access and security layers to help prevent and protect the ATM network for all patrons utilizing ATMs in City-owned facilities.

Cardtronics USA, Inc. currently provides the City with a total of sixteen (16) ATMs at the following City-owned locations:

- Alamodome (7 ATMs), 100 Montana St
- Henry B. Gonzalez Convention Center (2 ATMs), 900 E. Market
- Farmer's Market Plaza, 612 W. Commerce
- Market Square, 514 West Commerce (2 ATMs)
- Municipal Court, 401 S. Frio
- One Stop Center, 1901 S. Alamo
- Police Headquarters, 315 Santa Rosa
- Riverview Towers, 111 Soledad

The City ATMs average number of surcharge transactions per month is 3,770 which equates to approximately 235 surcharge transactions per ATM. Under the terms of the proposed Amendment, the City would receive a 50% revenue share from the \$3.00 surcharge fee. Should the number of monthly transaction increase, the revenue share shall increase in accordance with the following schedule:

Monthly Withdrawals	City's Share of Transaction Fee
0-99	0%
100	25%
200	50%
250	55%
300	60%
400+	65%

This amendment allows for continued ATM services with Cardtronics USA, Inc. for City-owned locations for a period of 2-years with two (2) successive one (1) year renewal terms.

This amendment additionally adds a limitation of liability where Cardtronics USA, Inc.'s aggregate liability will not exceed two (2) times its annual revenue earned on this agreement. Further Cardtronics USA, Inc. will not be liable for special, incidental, indirect or consequential damages. Substantially the same provision is included in the *San Antonio International Airport Concession Agreement Between City of San Antonio and Cardtronics USA, Inc.* *Cardtronics would not have agreed to this extension without this provision.*

#### **ISSUE:**

The current 30-day contract extension with Cardtronics USA, Inc. expires on January 31, 2020. This ordinance would increase the ATM transaction fee, revise the revenue share calculation, renew the agreement for an additional 2 years beginning January 1, 2020 with the potential of two additional one-year renewal terms, and add a limitation of liability.

#### **ALTERNATIVES:**

The alternatives to not authorizing this amendment are to eliminate ATM services at all City locations, or solicit a Request for Proposal (RFP).

**FISCAL IMPACT:**

This Ordinance approves amendments to the ATM contract with Cardtronics USA, Inc. to (1) increase the transaction fee for withdrawal transactions, (2) revise the method of calculation of the License Fee to a flat rate percentage on a tiered structure based upon number of withdrawal transactions, (3) exercise a two (2) year renewal term beginning January 1, 2020 through December 31, 2022 with two (2) successive one (1) year renewal terms, and (4) add a limitation of liability clause. This contract is anticipated to generate a total of \$64,000 annually, of which an estimated \$18,000 will be deposited into the Community & Visitor Facilities Fund and an estimated \$46,000 will be deposited into the General Fund in accordance with the FY 2020 Adopted Budget.

**RECOMMENDATION:**

Staff recommends ratifying the 90-day and 30-day extensions and authorizing an amendment and extension to the ATM License Agreement with Cardtronics USA, Inc. for a 2-year renewal term to commence on January 1, 2020 with two (2) successive one (1) year renewal terms.