



# City of San Antonio

## Agenda Memorandum

**File Number:**20-3120

---

**Agenda Item Number:** 19.

**Agenda Date:** 5/21/2020

**In Control:** City Council A Session

---

**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** City-wide

### **SUBJECT:**

Merchant Banking Services Contract Amendment

### **SUMMARY:**

This Ordinance approves a contract amendment with JP Morgan Chase Bank, N.A. and Paymentech, LLC to extend the term of the contract for an additional two-year term, commencing on July 1, 2020, and ending on June 30, 2022, under the same terms and conditions.

### **BACKGROUND INFORMATION:**

On June 21, 2012, Ordinance No. 2012-06-21-0520, approved 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 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, approved the renewal and extension of the contract between the City, and 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.

On June 15, 2017, Ordinance No. 2017-06-15-0452, approved the renewal and extension of the contract between the City, and Chase Paymentech for merchant banking (credit card) services for a renewal period of two (2) years, commencing on July 1, 2017 through June 30, 2019.

On June 13, 2019, Ordinance No. 2019-06-13-0513, approved the renewal and extension of the contract

between the City, and Chase Paymentech for merchant banking (credit card) services for a renewal period of one (1) year, commencing on July 1, 2019 through June 30, 2020.

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 customer service for all operational aspects of merchant banking services and 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 extend the term of the contract for an additional two-year term, commencing on July 1, 2020, and ending on June 30, 2022, with the option to renew and extend for one (1) additional one (1) year term under the same terms and conditions. The contract amendment will ensure the completion of the Customer First San Antonio (C1SA) project which includes implementation of the City's point-of-sale system. C1SA allows customers more options in paying for City services both in person and online. The utilization of the same merchant bank will allow for efficiencies in continued phases of implementation.

#### **ISSUE:**

The proposed renewal is consistent with State law; the City's banking policies and previous actions to contract such services.

#### **ALTERNATIVES:**

If the renewal is not approved, the City would be required to initiate a Request for Proposal process which could impact the City's merchant banking services.

#### **FISCAL IMPACT:**

Annual interchange and other fees/costs for the merchant banking contract are included and available in the FY 2020 Adopted Budget for each City department utilizing credit card services.

#### **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.