



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 25

Agenda Date: November 2, 2023

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Merchant Banking Services Contract Amendment

SUMMARY:

This Ordinance approves a contract amendment with JP Morgan Chase Bank, N.A. and Paymentech, LLC for merchant banking (credit card) services to extend the term of the contract for an additional one (1) year period, commencing on January 1, 2024, and ending on December 31, 2024, with the option to extend for two (2) additional six (6) month periods under the same terms and conditions for an estimated cost of \$2.2 million. Funding for this extension is included in each respective department's FY 2024 Adopted Budget and funding in future fiscal years contingent upon City Council approval of the annual budget and funds.

BACKGROUND INFORMATION:

On June 21, 2012, City Council 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. The option to renew for the additional two-year period was exercised on June 4, 2015, with City Council approval of the contract through June 30, 2017.

Subsequently, several additional extensions were recommended by City staff and approved by City Council to allow for the selection and implementation of a comprehensive point of sale system. The most recent approved extension of the contract was through December 31, 2023. As noted below, the City has completed a request for proposal process, as such, this extension through December 31, 2024 (with an option for two (2) additional six (6) month periods) is being recommended to allow for sufficient time to complete the transition to the new vendor, NCR Payment Solutions, LLC.

Chase Paymentech provides the City with 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 also provides 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.

On December 6, 2021, a Request for Proposal (“RFP”) was released soliciting proposals from qualified firms to provide Merchant Banking Services to the City. NCR Payment Solutions, LLC was the recommended respondent to provide Merchant Banking Services to the City for a period of three (3) years, commencing on July 1, 2023, through June 30, 2026, with an option to renew for one (1) additional two (2) year period.

Credit Card acceptance by the City has continued to expand and is extensively integrated throughout our current processes and systems for payment of City services.

Currently the transition to NCR is approximately 90% completed. However, key components have not been able to be transitioned due to connectivity constraints. The City is actively working with NCR to develop implementation pathways for the pending applications which include the following:

1. Pharos Library Kiosk and Online Printing solution
2. ActiveNet Point of Sale and Reservations System.
3. Tyler Technologies

This contract amendment will allow the City the ability to continue to process credit card payments without interruption while the City continues the transitions from Chase Paymentech to NCR Payment Solutions, LLC for its credit card processing services. The actual duration of the extension will be contingent upon the fully completed transition to NCR, as the contract with Chase Paymentech will terminate at that time.

ISSUE:

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

ALTERNATIVES:

If the extension is not approved, the City could potentially be required to pause credit card acceptance for some City services which could impact the City's ability to accept payments from customers effectively.

FISCAL IMPACT:

This Ordinance approves a contract amendment with JP Morgan Chase Bank, N.A. and Paymentech, LLC for merchant banking (credit card) services to extend the term of the contract for an additional one (1) year period, commencing on January 1, 2024, and ending on December 31, 2024, with the option to extend for two (2) additional six (6) month periods under the same terms and conditions for an estimated cost of \$2.2 million. Funding for this extension is included in each respective department's FY 2024 Adopted Budget and funding in future fiscal years contingent upon City Council approval of the annual budget and funds.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing the execution of a contract amendment with JP Morgan Chase Bank, N.A. and Paymentech, LLC for an additional one (1) year period, commencing on January 1, 2024, and ending on December 31, 2024, with an option to renew for two (2) additional six (6) month periods under the same terms and conditions.