



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 19

Agenda Date: May 5, 2022

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 nine (9) months, commencing on July 1, 2022, and ending on March 31, 2023, with an option to renew for three (3) additional months under the same terms and conditions. Annual interchange and other fees/costs for the merchant banking contract are included in the FY 2022 Adopted Budget for each City department utilizing credit card services.

BACKGROUND INFORMATION:

In December 2021 the City issued a Request for Proposals for merchant banking services. This contract amendment will ensure the City's ability to continue to accept credit card payments without interruption while the City evaluates the proposals. This extension of the contract for an additional nine (9) months, commencing on July 1, 2022, and ending on March 31, 2023, with an option to renew for three (3) additional months will also allow for a transition period should a new firm be selected.

In 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.

In June 4, 2015, City Council 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.

In June 15, 2017, City Council 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.

In June 13, 2019, City Council 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.

In May 21, 2020, City Council 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, 2020, through June 30, 2022.

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.

ISSUE:

The proposed renewal is consistent with 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 nine (9) months, commencing on July 1, 2022, and ending on March 31, 2023, with an option to renew for three (3) additional months under the same terms and conditions. Annual interchange and other fees/costs for the merchant banking contract are included in the FY 2022 Adopted Budget for each City department utilizing credit card services. The FY 2022 Adopted Budget allocates \$2,042,392.00 for credit card fees across the City, however, departments are responsible for keeping within their budget for the rest of FY 2022.

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 nine (9) months, commencing on July 1, 2022, and ending on March 31, 2023, with an option to renew for three (3) additional months under the same terms and conditions.