

# Mayor and Council Communication

**DATE:** 04/28/26

**M&C FILE NUMBER:** M&C 26-0296

**LOG NAME:** 13MERCHANT CARD PROCESSING SERVICES

**SUBJECT**

(ALL) Authorize Agreement with JP Morgan Chase Bank, N.A. and Paymentech, LLC for Citywide Merchant Card Processing Services with Transaction-Based Fees for a Total Annual Spend Up to \$600,000.00

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**RECOMMENDATION:**

It is recommended that the City Council authorize an agreement with JP Morgan Chase Bank, N.A. and Paymentech, LLC for citywide merchant card processing services with transaction-based fees that will fluctuate based upon credit card processing volume for a total annual spend up to \$600,000.00.

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**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to authorize an agreement with JP Morgan Chase Bank, N.A. (Chase) and Paymentech, LLC (Paymentech) for citywide merchant card processing services with transaction-based fees, for a total annual spend up to \$600,000.00.

This recommendation supports the City's operational need to maintain uninterrupted payment processing while advancing the City Manager's directive to shift credit card processing costs to the customer. The Financial Management Services Department (FMS) received an exemption under Chapter 252 of the Texas Local Government Code to facilitate a streamlined transition to merchant service providers that can support a "pass-through" fee structure. Under this model, customers who choose to pay by credit card are charged a 2.50 percent service fee. The intent of this structure is for the merchant service provider to retain the service fee as compensation, thereby eliminating direct processing costs to the City. The proposed agreement will not include transactions from the Water Department or Development Services Department, as those operations are governed under separate merchant services contracts.

The City's current agreement with Chase and Paymentech (City Secretary Contract No. 56430), previously authorized by M&C 21-0471, is set to expire on May 15, 2026. Chase and Paymentech have agreed to extend the existing pricing terms for an additional twelve-month period, through May 15, 2027, to support continuity of services during the City's transition to new merchant service providers. However, Paymentech's current platform does not support the City's desired service fee model, as it is unable to assess and retain the service fee as full compensation for processing services. As a result, this extension represents an interim solution to ensure uninterrupted payment processing while FMS continues implementing a long-term merchant services strategy aligned with City policy objectives.

**AGREEMENT TERMS:** On Council approval, the initial contract period will be for one (1) year with one (1) six-month renewal option.

This agreement will serve ALL COUNCIL DISTRICTS.

A Form 1295 is not required because: This contract will be with a publicly-traded business entity or a wholly-owned subsidiary of a publicly-traded business entity: JP Morgan Chase Bank

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that funds are available in the current operating budget, as previously appropriated, in the participating departments' Operating Funds to support the approval of the above recommendation and execution of the agreements. Prior to any expenditure being incurred, the participating departments have the responsibility to validate the availability of funds.

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