

# Mayor and Council Communication

**DATE:** 06/22/21

**M&C FILE NUMBER:** M&C 21-0471

**LOG NAME:** 13P RFP 21-0082 MERCHANT CARD PROCESSING SERVICES FMS ADK

**SUBJECT**

(ALL) Authorize an Agreement with JP Morgan Chase Bank, N.A., and Paymentech, LLC for Citywide Merchant Card Processing Services with Transaction-Based Fees and Total Annual Spend Not to Exceed \$1,700,000.00

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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 merchant card processing services citywide with a transaction-based fees that will fluctuate based upon credit card processing volume and a total annual spend not to exceedd \$1,700,000.00.

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**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to take action to allow the City to receive payments via credit card.

Following a competitive procurement process, the Financial Management Services Department (FMS) is recommending entering into an agreement with JP Morgan Chase Bank, N.A. and Paymentech, LLC for merchant card processing services to minimize the City's processing costs and improve operational efficiency. This contract will not encompass Water Department transactions, which are governed under a separate contract.

The City's FMS Department presently utilizes merchant card services at approximately forty-seven (47) locations including, but not limited to, Municipal Court and Libraries, for development permits and fees, utility bills, and parking meters. The service will allow the City to authenticate the cardholder and use the card information to complete transactions. Transactions may occur face to face or via the internet or phone. The service will also provide online reporting for all transactions.

The agreement includes transaction-based fees that will increase or decrease based on the credit card volume processed. Costs include a \$10.00 monthly service fee, a \$0.03 per transaction authorization fee, a 0.0215 percent discount rate, a \$0.025 per transaction encryption fee, and a \$0.025 per transaction tokenization fee as well as interchange, assessment, and network fees that Mastercard, Visa, and Discover charge, which will be passed through to the City at cost. Management expects that the use of electronic payments will continue to increase as a result of the post COVID-19 world and must continue this service to deliver payment options that businesses and citizens expect. Over the last two years, from May 2019-April 2021, the total amount of fees paid was \$491,449.60. The maximum annual expenditure for the proposed contract has been set to accommodate a greater number of these transactions.

Request for proposal (RFP) 21-0082 consisted of detailed specifications and was advertised in the *Fort Worth Star-Telegram* for five (5) consecutive Wednesdays beginning on March 3, 2021 through April 7, 2021. A pre-proposal conference held on March 10, 2021 provided an opportunity for interested bidders to learn more about the City's requirements and to seek clarification on the RFP requirements. A total of twenty vendors were solicited and responses were received from thirteen (13) potential vendors. All bids were evaluated by a four (4) person team consisting of representatives from FMS and members from other appropriate City Departments. Each bid was evaluated based on customer service capability, size of the dedicated team, hours of operation, experience and references, responsiveness and ability to provide the services and reports required and cost. The team also took into consideration and awarded points for any additional value added services that were not specifically requested in the RFP. Based on the qualifications, staff recommends awarding the agreement to JP Morgan Chase Bank, N.A., and Paymentech LLC.

AGREEMENT TERMS: On Council approval, the initial contract period will be for three (3) years with two (2) one-year renewal options.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of this recommendation, funds are available in the current operating budget, as appropriated, of the various funds that process credit and debit card payments and that, prior to an expenditure being made, the participating departments are required to validate the availability of funds.

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Expedited