



**CITY OF FORT WORTH
CHAPTER 252 EXEMPTION FORM**

Instructions: Fill out the entire form with detailed information. Once you have completed this form, provide it to the Purchasing attorneys for review. The attorneys will review the information you have provided to determine whether an exemption to Chapter 252's bidding requirements is defensible. Failure to provide sufficient information may result in follow up questions and cause a delay in the attorney's determination.

Section 1: General Information

Requesting Department: Financial Management Services - Treasury

Name of Contract Manager: Jay Rutledge

Departmental Attorney: Gavin Midgley

Item or Service sought: Credit Card Process/Merchant Services

Goods:

Service:

Anticipated Amount: \$525,000/year

Vendor: Paymentech, LLC aka Chase Merchant Services

Current/Prior Agreement for item/service: Yes No

CSC or Purchase Order #: CSC-56430

Amount: N/A

Projected M&C Date: April 28, 2026

How will this item or service be used? Process credit card transactions for departments within the City.

Has your department started a requisition or otherwise contacted the Purchasing Division related to obtaining this good/service? Yes No

If yes, please provide requisition number or brief explanation of contact with Purchasing Division: Contacted Purchasing to start an RFP for merchant card processing

services. Met on 3/9/26 to discuss RFP and it was determined that Treasury should pursue a Chapter 252 exemption. On 3/12 met with Purchasing and legal to discuss exemption.

Section 2: Claimed Exemption and Justification (Other than sole source)

NOTE: For sole-source exemption requests, complete Section 3.

Please indicate the non-sole-source exemption you believe applies to the purchase and provide information to support its applicability. Please refer to the Exemption Primer (starting on page 5) for detailed information about common exemptions:

- A procurement necessary to preserve or protect the public health or safety of the City of Fort Worth's residents;
- A procurement necessary because of unforeseen damage to public machinery, equipment, or other property;
- A procurement for personal, professional, or planning services;
- A procurement for work that is performed and paid for by the day as the work progresses;
- A purchase of land or a right-of-way;
- Paving drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements;
- A public improvement project, already in progress, authorized by the voters of the municipality, for which there is a deficiency of funds for completing the project in accordance with the plans and purposes authorized by the voters;
- A payment under a contract by which a developer participates in the construction of a public improvement as provided by Subchapter C, Chapter 212;
- Personal property sold:
 - at an auction by a state licensed auctioneer;
 - at a going out of business sale held in compliance with Subchapter F, Chapter 17, Business & Commerce Code;
 - by a political subdivision of this state, a state agency of this state, or an entity of the federal government; or
 - under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391;

- Services performed by blind or severely disabled persons;
- Goods purchased by a municipality for subsequent retail sale by the municipality;
- Electricity; or
- Advertising, other than legal notices.

Please provide details and facts to explain why you believe the exemption applies to the purchase. You may also attach documentation to this form. See attached document

Section 3: Claimed Sole-Source Exemption and Justification

NOTE: For all non-sole-source exemption requests, complete Section 2.

Please indicate the sole-source exemption you believe applies to the purchase and provide information to support its applicability. Please refer to the Exemption Primer (starting on page 5) for detailed information about common exemptions:

- items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies;
- films, manuscripts, or books;
- gas, water, and other utility services;
- captive replacement parts or components for equipment;
- books, papers, and other library materials for a public library that are available only from the persons holding exclusive distribution rights to the materials; and
- management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits;

How did you determine that the item or service is only available from one source?
This a procurement of sole source maintenance services for the current card processing system. The City's current merchant card processing services are fully integrated with numerous City payment systems and point-of-sale environments across multiple departments and service locations. These services form a critical component of the City's financial transaction processing infrastructure. The existing vendor provides the City's merchant acquiring services, payment gateway functionality, transaction routing, settlement reporting, and point-of-sale processing infrastructure used to accept credit and debit card payments in person, online, and through other electronic payment channels.

These services are integrated with:

- point-of-sale terminals deployed throughout City facilities
- online payment platforms used for various City services
- departmental software applications used to process payments
- reporting and reconciliation systems used by the City's Finance Department

Because of these integrations, the merchant processing platform functions as a core component of the City's financial payment infrastructure. The City's existing systems, payment applications, and point-of-sale environments have been specifically configured to operate with the current merchant processing platform. As a result, the services operate as a captive component of the City's established payment ecosystem. Only Chase has proprietary rights to maintain the Chase Paymentech System.

Transitioning to a different merchant processor would require significant reconfiguration of the City's payment infrastructure, including replacement or reprogramming of point-of-sale equipment, modification of software integrations, and extensive testing of payment functionality across numerous City systems. In addition, a transition would require new PCI-DSS compliance validation, system certification, and staff retraining, creating operational disruption, security risk, and substantial implementation costs.

Because the City's existing financial systems and payment infrastructure are specifically configured to operate with the current merchant processing platform, the required merchant processing services are available only through the existing provider in order to maintain compatibility and operational continuity of the City's established financial infrastructure.

Attach screenshots and provide an explanation of any independent research you conducted, through internet searches, searching cooperatives, or discussions with others knowledgeable on the subject matter that corroborate that the item is available only from a single source.
[SHOW YOUR RESEARCH/WORK THAT LEAD TO YOUR CONCLUSION]

Did you attach a sole source justification letter? Yes No

Describe the uniqueness of the item or service (e.g. compatibility or patent issues, etc.). Because the City's existing financial systems and payment infrastructure are specifically configured to operate with the current merchant processing platform, the required merchant processing services are available only through the existing provider in order to maintain compatibility and operational continuity of the City's established financial infrastructure.

Section 4: Attorney Determination

With the facts provided by the department, is the use of the claimed exemption defensible if the City were to be challenged on this purchase? Yes No.

Was there anything attached to this form that was relied on in making this determination? Yes No.

If yes, please explain:[DESCRIBE ATTACHMENTS CONSIDERED]

Was there anything not included on this form or attached hereto that was relied on in making this determination? Yes No.

If yes, please explain:[EXPLAIN OUTSIDE SOURCE OF INFORMATION]

Approved By:

Amarna Muhammad
Amarna Muhammad / Jordan Alvarez
Assistant City Attorney

Date: 3/22/26

EXEMPTION FORM PRIMER

Below are explanations and examples of common exemptions that could apply to City purchases. If you have questions about the information provided or need additional information, please contact your department's assigned attorney or the appropriate purchasing attorney.

- **PUBLIC HEALTH & SAFETY** - A procurement necessary to preserve or protect the public health or safety of the municipality's residents;

Examples of activities that have been found to fall within this exception include ambulance services; solid waste collection and disposal; and first-responder safety equipment such as breathing apparatus for firefighters and bullet-proof vests for police officers.

- **UNFORESEEN DAMAGES** - A procurement necessary because of unforeseen damage to public machinery, equipment, or other property;

Examples of this type of procurement would include repairing or replacing roofs and windows damaged by hail or a tornado. But parts and services for routine maintenance or replacement of old, worn out roofs or windows would not meet this exception.

- **PERSONAL, PROFESSIONAL, OR PLANNING SERVICES**

Personal services are ones that are unique to the individual providing them. Therefore, personal services contract cannot generally be subcontracted or assigned.

Professional services are not defined under Chapter 252, so there is no precise definition to follow. While there is no universal definition of this term, "several cases suggest that [these types of services are] 'predominately mental or intellectual, rather than physical or manual.'" Tex. Atty Gen Op. JM-940 (1988) (*quoting Maryland Casualty Co. v. Cray Water Co.*, 160 S.W. 2d 102 (Tex. Civ. App.—Eastland 1942, no writ). The Texas Attorney General has also opined that "professional services" no longer includes only the services of lawyers, physicians, or theologians, but also those members of disciplines requiring special knowledge or attainment and a high order of learning, skill, and intelligence. *Id.*

Facts needed to support a professional service exemption include the specialized requirements of that profession and the mental and intellectual skill required by the person while performing the service. Purchases of goods are not professional services.

- **SOLE SOURCE** – A procurement for items available only from one source

This exemption is commonly referred to as the sole source exemption. The fact that the vendor in question has the best price or can meet our timing needs does not make a purchase of a good or service available from only one source. A sole source does not exist solely on the basis of personal or departmental preference or a desire to keep all units the same brand or make. The information needed to support this exemption is documentation showing that

no other provider can provide the service or category of good except for the vendor you are proposing. Some examples of sole source purchases include (i) service agreements when only one vendor is authorized to work on the equipment by the manufacturer and allowing another vendor would void the warranty and (ii) purchase of a good that is copyrighted or trademarked and only provided by one vendor

