



Memorandum

To: Whom It May Concern

From: Claudia J. Gorham
Deputy Managing Director, RED

Re: Agreement with Fidelity National Information Services Inc., for Wireless payment Processing Services and Authorizing Acceptance of Debit Cards and Electronic Funds Transfers – No Cost

OVERVIEW:

Alemany Farmers' Market – EBT (Electronic Benefits Transfer) - Food Stamp Program Quick Review

- **Jurisdiction of Alemany Farmers' Market**
 - Was under DPW and transferred to the Real Estate Division (RED) in early 2000's
 - To operate and staff the Farmers' Market on Saturdays, Flea Market on Sundays
 - Over 100 farmer vendors
 - Usually 3,000 to 5,000 visitors each week to the Farmers' Market
- **Food Stamp Programs**
 - 1983 – SF ADM CODE, Section 9A.5 – Requires all Certified Farmers' Markets in SF to accept forms of payment from participants in federal, state, or City food assistance programs, including WIC, SNAP and EBT
 - Over 300 participants each week
 - Averages over \$3,000 per week for EBT
- **Electronic Benefits Transfer Project (EBT)**
 - RED currently has an EBT card reader at AFM, allows participants to scan their card, purchase "tokens" and then use tokens at specific AFM farmers' booths to purchase fruits and vegetables
 - The farmers then bring tokens back to AFM Office for reimbursement of tokens
 - **State reimburses City for EBT (tokens) purchased [but not cost of tokens themselves]**

BACKGROUND:

San Francisco Administrative Code, Chapter 9A, Farmers' Market, subsection 9A.5., provides that all "Certified Farmers' Markets shall accept forms of payment from participants in federal, state, or City food assistance programs, including, but not limited to, the Special Supplemental nutrition Program for Women, Infants, and Children (WIC), the Supplemental Nutrition Assistance Program (SNAP), and the Electronic Benefits Transfer Project (EBT)" (all together "Food Assistance Programs"). For over twenty years, the Alemany Farmers' Market, under the jurisdiction and operation of the Real Estate Division (RED), has been accepting various forms of Food Assistance Programs, in addition to the EatSF, CalFresh, and MarketMatch programs.

Many if not all of these Food Assistance Programs use EBT debit cards for participants to redeem benefits for eligible foods at farmers' markets, including the Alemany Farmers' Market, in addition to vouchers, and other forms of payment. The Alemany Farmers' Market accepts EBT debit cards, provides participants with Alemany Farmers' Market tokens solely for use at the Market, and then receives electronic fund transfers from the State of California as reimbursement payments for same.

In or about July 2005, the Board of Supervisors and Mayor approved Resolution No. 543-05, Authorizing an agreement with J.P. Morgan Electronic Financial Services, Inc., to facilitate the use of state-issued EBT debit cards at the Alemany Farmers' Market.

In or about 2017/2018, the State changed their exclusive agreement vendor from J.P. Morgan to FIS which currently manages issuance of US Department of Agriculture Food and Nutrition Services Food stamp benefits to recipients in the State, including the state-issued EBT debit cards and EBT point of sale machines. Accordingly, in or about 2018, RED entered into a no cost agreement with FIS for Wireless Payment Processing Services for EBT at the Alemany Farmers' Market.

RETROACTIVE:

The FIS (Fidelity Information Services) Agreement was executed on January 22, 2018 by the former Director of RED John Updike.

Review of the Agreement commenced in April 2023, when the City was switching banks and the bank account for the reimbursement of EBT from the State to the City was changing and a form to FIS was submitted (to change bank accounts).

On August 14, 2023, after much debate between Accounting, the City Attorney's Office and the Real Estate Division, the City Attorney's Office (Vincent Brown, Deputy City Attorney) opined that RED was using a "point of sale" machine at the Alemany Farmers' Market (EBT machine) and needed approval from the Board of Supervisors and the Mayor to do so. City Attorney's Office's opined that RED needed to have the agreement with FIS/State approved by the Board and Mayor pursuant to Government Code sections 6159(b), (c) and (d).

RED had not taken the “new” agreement to the Board (back in 2018) and therefore needed to do so now. Accordingly, RED seeks approval to use of the machine (and contract) for EBT back to January 22, 2018.

RESOLUTION:

The average number of EBT users at the Alemany Farmers’ Market ranges between 150 and 350 each week, with an average spending of over ten thousand dollars per week. RED wishes to ensure that food assistance program recipients continue to have easy access to fresh, nutritious and wholesome foods through the Alemany Farmers’ Market and would like to continue with the no cost agreement with FIS to allow food stamp benefit recipients to continue to use state-issued EBT debit cards when making purchases at the Alemany Farmers’ Market.

Again, City’s Administrative Code, section 9, requires the Alemany Farmers’ Market to accept Food Assistance Programs, such as EBT. EBT uses a point of sale machine to scan users EBT cards to gain access to their benefits and purchase (Alemany Farmers’ Market) tokens to use at the Alemany Farmers’ Market.

California Government Code Section 6159 (c) authorizes a city and county to accept a debit card or electronic funds transfer for the payment of a charge due a City and County upon obtaining authorization from the governing body that has fiscal responsibility for that agency. In addition, the term of the agreement with FIS might exceed ten years as there is no end date and will terminate upon the State of California selecting a new EBT Wireless Payment Processing Services vendor.

Approval of the Resolution will comply with both State and local law, and ensure that the EBT food stamp programs continue at Alemany Farmers’ Market.