



Credit Card Processor Amendments

CITY COUNCIL

AUGUST 5, 2024

Background

- December, 2023: Administrative Services, as part of a lean government initiative, began evaluating 14 city departments and divisions across the organization who utilize credit card transactions for payment purposes.
- February 7, 2024: Credit Card fees were discussed at the City Council Retreat.
- May 8, 2024: Staff briefed the City Council Finance Committee on multiple options for recovering the cost for credit card fees, including passing credit card fees directly to customers.
- May 20, 2024: Staff briefed the City Council on multiple options for recovering the cost for credit card fees. The consensus from City Council was to pass on credit card fees directly to customers where feasible and where less costly options, such as ACH, were available.
- May-June 2024: Staff began working with the City's credit card vendors to discuss and implement passing credit card fees onto customers and determine feasibility.
- August 5, 2024: Present contract amendments to City Council to pass on credit card fees effective next Fiscal Year 2024-25.

Credit Card Vendors and Feasibility Overview

Departments	Feasible to Pass On Fees?	Implementation Requirements
Parks and Recreation	No	Software currently is not set up to pass on credit card fees
Animal Services/Code Enforcement/Library/Police	No	*ACH/less costly payment options are limited. Small volume of transactions.
Hidden Creek Golf Course	No	Credit Card Fees are accounted for in rates
Utility Customer Service & Development Services	Yes	Requires a contract amendment
Municipal Court and Utility Customer Service (In-person payments only)	Yes	Requires a contract amendment

Paymentus Contract Amendment – New Rates

Department	Payment Type	Current Rate (City Pays)	New Rate (Customer Pays)
Utility Customer Service	Credit Card Fees	\$2.13 per transaction or 2.95% for non-qualified credit cards	\$3.50 per transaction across the board
Development Services	Credit Card Fees	2.75%	3.25%
Development Services & Utility Customer Service	E-Check	\$.60 per transaction	
Development Services & Utility Customer Service	IVR (Pay by Phone)	-	-

Notes:

- Per the contract amendment, Paymentus will increase their fees for passing credit card fees directly to customers.
- Paymentus does not charge any additional fees for IVR.
- The City will continue to pay the cost for E-Check fees through Paymentus at the rate of \$.60 per transaction.

Tyler Technologies Amendment – New Rates

Department	Payment Type	Current Rates (City Pays)	New Rates (Customer Pays)
Utility Customer Service	Credit Card Fees	2.5%. Plus \$.50 per transaction	3.75%, or a minimum of \$2.50 per transaction
Utility Customer Service	E-Check	\$1.95 per transaction	
Utility Customer Service	IVR (Pay by Phone)	Additional \$.50 per transaction on top of Card and e-Check fees	
Municipal Court	Credit Card Fees	2.5-3%	5%, or a minimum of \$2.50 per transaction

Notes:

- Per the contract amendment, Tyler Cashiering will increase their fees for passing credit cards fees directly to customers.
- Tyler Cashiering will charge a \$.50 per transaction fee for IVR (Payment by Phone) in addition to applicable credit card fees.
- The City will continue to pay the cost for E-Check fees through Tyler Cashiering at the rate of \$1.95 per transaction.
- E-check is not available on the Municipal Court software module.

Credit/Online Payment Options

- Automatic Payments (Auto Pay) using a credit card – fees charged
- Online Payments using a credit card – fees charged
- Over the Phone (IVR) – **no transaction fees charged**
- Automatic Bank Draft – **no fees charged**
 - Currently this is only available for Utility Customers
- eCheck Payments (Online Line or Auto Pay) – **no fees charged**
 - Only available for Utility Customers and Development Services (Paymentus)
- ACH/Online Bill Pay (through bank) – **no fees charged**
 - Currently this is only available for Utility Customers

Annual Cost Scenarios for Free Options

Paymentus

Payment Method	Transactions	Annual Amount
E-Check	17,600	\$10,560
IVR Fees	13,000	\$0
ACH/Online Bill Pay	4,000	\$1,080
Total		\$11,640

Tyler Cashiering

Payment Method		Annual Amount
E-Check	17,600	\$34,320
IVR Fees	13,000	\$6,500
ACH/Online Bill Pay	4,000	\$1,080
Total		\$41,900

Notes:

- e-Check number includes IVR Transactions.
- Customers have the option of paying by e-Check or credit card using IVR.
- Paymentus does not charge any additional transaction fees for using IVR.
- In addition to applicable credit card or e-check fees, Tyler Cashiering will charge a \$.50 per transaction fee. This will not go into effect until the Utility Customer Service switches to Tyler Cashiering.

Outreach Plan

- Utility Bill Inserts:
 - Link to EFT/Bank Draft Form.
 - Optional QR Code to EFT/Bank Draft Form.
- Email Campaign
 - Emails sent through Constant Contact detailing the changes.
- Informational Banner
 - Banner on Municipal Court, Development Services, and UCS payment websites.
 - Information about new rates and alternative payment options.
- Customer Service Counters
 - Informational signs about the changes at customer service counters.
- UCS/311 Staff Training
 - Staff will inform callers about the changes and available options.

Next Steps

- Staff will focus on passing credit card fees directly to customers of Utility Customer Service, Development Services and Municipal Court effective FY 2024-25.
- Staff will work with Paymentus and Tyler to configure our software to pass credit card fees directly to customers - effective next fiscal year 2024-25.
- Amend/Update applicable Ordinances.
- Begin outreach to customers who will be effected by this change.
 - ACH/Online Bill Pay, eCheck and Automatic Bank Draft will still be free to Utility and Development Service Customers.
- Staff will continue to work with both Tyler Cashiering and Paymentus to fully transition Utility Customer Service to Tyler Cashiering.
 - May need to terminate Paymentus contract and pay buyout due to Tyler discontinuing support next year.

City Council Requested Action

- Approve the contract amendment with Paymentus and Tyler Technologies to begin passing credit card fees directly to customers effective next Fiscal Year 2024-25.
- Authorize spending in the amount of \$25,000 for e-Check/ACH options for the remainder of the Paymentus contract set to expire in March 2026.