
City Council Regular Meeting

DEPARTMENT: Administrative Services

FROM: Richard Abernethy, Director of Administrative Services

MEETING: August 5, 2024

SUBJECT:

Consider approval of an amendment to the contract with Paymentus to pass on credit card fees to customers effective next Fiscal Year 2024-25 and authorize spending for ACH/e-Check Services in the amount of \$25,000 until the end of the contract term. (*Staff Contact: Richard Abernethy, Director of Administrative Services*)

SUMMARY:

In late 2023, the Administrative Department, 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. Historically, the city has absorbed these fees, but the escalating costs have prompted a re-evaluation. Staff analyzed overall and future costs, surveyed comparable cities, and explored payment options, presenting four potential solutions:

1. Continue to absorb fees.
2. Add a convenience charge to all transactions.
3. Charge a lower fee to partially cover costs.
4. Pass the fees directly to customers.

On May 20, 2024, the City Council was briefed and reached a consensus to pass credit card fees to customers where feasible and where less costly options, such as ACH, were available. Since then, staff has been working with credit card vendors on this project. Paymentus requires a contract amendment to proceed with this change. Under this amendment, fees will increase for both credit card fees and e-checks. Staff is also requesting an authorization to spend \$25,000 for ACH/eCheck services until the contract expires in March 2026. If approved, staff will work with Paymentus to begin passing credit card fees onto customers starting next fiscal year.

As a reminder, Paymentus is currently used by the Development Services and Utility Customer Service Departments for online and phone payments only. Utility Customer Service will be transitioning fully to Tyler Cashiering in the future. ACH/Online Bill Pay, and Automatic Bank Draft will continue to be free options for utility customers who choose to utilize these payment methods.

RECOMMENDATION:

Approve the contract amendment with Paymentus and authorize \$25,000 to spend for ACH/eCheck services through the remainder of the contract term that expires in March 2026.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

May 8, 2024 – The City Council Finance Committee received a report, held a discussion, and provided staff direction on the City's Credit Processing Fees.

May 20, 2024 – The City Council received a report, held a discussion, and provided staff direction on the City's Credit Card Processing Fees.

REFERENCE:

FISCAL IMPACT:

The dollar amount is just for authorized spending.

STAFF CONTACT:

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