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## City Council Regular Meeting

**DEPARTMENT:** Administrative Services

**FROM:** Richard Abernethy, Administrative Services Director

**MEETING:** May 8, 2024

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**SUBJECT:**

Receive a report, hold a discussion, and provide staff direction on the City's Credit Card Processing Fees. (*Staff Contact: Richard Abernethy, Administrative Services Director*)

**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, based on City Council direction, the city has absorbed these fees and passed them on to citizens and customers. However, due the continued growth and the fragmented nature of vendors, the escalating cost of credit card processes fees is becoming increasingly problematic.

Staff has done an analysis on overall cost of the credit card processing fees, examined future costs, surveyed how comparable cities are handling credit transaction fees, and explored all payment options for customers. Based on the information collected staff believes there are three options to consider:

1. Continue to supplement credit card fees as a service to citizens (no charge).
2. Add an overarching credit card convenience charge to fee schedule and process on all transaction fees across the organization.
3. Consider charging a lower transaction fee to help cover some of the City's expenses and ultimately share the cost with the customer.

Based on direction, staff would evaluate and implement changes necessary to ordinances, fees and/or contracts.

**RECOMMENDATION:**

Consider assessing an overarching convenience fee across all transactions, while also conducting outreach to customers about ACH and automatic bank draft options.

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

February 13, 2024 – City Council discussed credit card processing fees.

**FISCAL IMPACT:**

The total FY 2023 cost for credit card fees was approximately \$453,000; however as we add new software's and merchant serve vendors to support them, the cost could exceed \$800,000 over the next two fiscal years.

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