
City Council Regular Meeting

DEPARTMENT: Administrative Services

FROM: Richard Abernethy, Administrative Services Director

MEETING: May 20, 2024

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 to the continued growth and the fragmented nature of vendors, the escalating cost of credit card processing fees is becoming increasingly problematic.

Staff has done an analysis on the 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 the 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.
4. Consider passing the fee directly to the customer as a pass through.

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

This item was presented to the City Council Policy and Valuation Committee on Wednesday, May 8th. The consensus was too competitively to pass credit card fees onto customers.

RECOMMENDATION:

Consider implementing a pass through of credit card fees to citizens and customers.

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

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

STAFF CONTACT:

Richard Abernethy
Administrative Services Director
ravernethy@burlesontx.com
817-426-9662