
City Council Regular Meeting

DEPARTMENT: Administrative Services

FROM: Richard Abernethy, Director of Administrative Services

MEETING: September 9, 2024

SUBJECT:

Consider approval of an ordinance to authorize charging credit card processing and non-sufficient funds fees to customers. (Final Reading). (*Staff Contact: Richard B. 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 that utilize credit card transactions for payment purposes. Historically, the city has absorbed these fees, but escalating costs have prompted a re-evaluation. On May 20, 2024, the City Council was briefed on multiple options to recover the cost of credit card fees. The City Council 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 have begun working with the city's credit card vendors to pass credit card fees directly to customers. On August 5, 2024, the City Council approved amendments to Tyler and Paymentus contracts so they could begin passing fees to customers starting October 1, 2024.

The next step is to pass an ordinance to formally authorize the City to charge customers credit card fees. In accordance with state law, the credit card processing fee will not exceed five percent of the amount being paid. If approved, this would go into effect through the fee schedule ordinance on October 1, 2024.

RECOMMENDATION:

Approve the ordinance.

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.

August 5, 2024 – The City Council authorized contract amendments to the Paymentus and Tyler contracts to allow

September 3, 2024 – The City Council passed the ordinance on first reading.

REFERENCE:

FISCAL IMPACT:

N/A

STAFF CONTACT:

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