



# Folsom City Council Staff Report

<b>MEETING DATE:</b>	2/13/2024
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution 11162 -A Resolution Authorizing the City to Accept Credit Cards Citywide and Impose a Service Fee
<b>FROM:</b>	Finance Department

### **RECOMMENDATION / CITY COUNCIL ACTION**

Staff recommends that the City Council adopt Resolution No. 11162 – A Resolution Authorizing the City to Accept Credit Cards Citywide and Impose a Service Fee.

### **BACKGROUND / ISSUE**

The City of Folsom (City) would like to offer its customers the ability to pay for fees and services with credit cards. Currently, the Environmental and Water Resources Department, Community Development Department, Parks and Recreation Department, Public Works Department and Police Department accept credit card payments. The remaining Departments/Divisions within the City would like to streamline processing of requests and payments for customers with the ability to take credit card payments.

Finance staff recommends that a percentage-based service fee be imposed on all credit card transactions citywide. These fees will cover the cost to accept credit card payments but will not exceed the cost incurred by the City to provide the payment option. Customers can continue to pay with cash, check or in some cases, e-check, to not incur a service fee.

### **POLICY / RULE**

Government Code 6159 (c) states that a city desiring to authorize the use of a credit card, debit card, or electronic funds transfer pursuant to subdivision (b) shall obtain the approval of its city council. Additionally, Government Code 6159 (g) states that a city may impose a fee for the use of a credit or debit card or electronic funds transfer, not to exceed the costs incurred by the agency in providing for payment by credit or debit card or electronic funds transfer.

**ANALYSIS**

The City currently accepts payments of cash and checks citywide. Some departments have implemented online or in-person payments for e-checks or credit cards. By allowing customers the option to pay for more services with credit cards, the City will be able to better serve the community with more payment options. Through adding a service fee to all credit card transactions, the City will be able to provide this payment option without increasing program costs.

**FINANCIAL IMPACT**

Credit card processing fees, or service fees, add an additional cost to each credit card transaction. These are charges that merchants (the City) pay to payment service providers and credit card companies to authorize and complete card transactions. If the City Council authorizes the assessment of a service fee on all credit card transactions, to be paid by the customer, it is estimated the General Fund will save about \$170,000 annually and the Enterprise Funds will save over \$308,000 annually in fees we are currently paying for credit card transactions.

**ATTACHMENTS**

1. Resolution No. 11162 – A Resolution Authorizing the City to Accept Credit Cards Citywide and Impose a Service Fee

Submitted,



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Stacey Tamagni, Finance Director

**RESOLUTION NO. 11162**

**A RESOLUTION AUTHORIZING THE CITY TO ACCEPT CREDIT CARDS  
CITYWIDE AND IMPOSE A SERVICE FEE**

**WHEREAS**, the City Council is required by Government Code 6159 (c) to authorize the use of a credit card, debit card, or electronic funds transfer; and

**WHEREAS**, the City Council is allowed by Government Code 6159 (g) to authorize imposing a fee for the use of a credit or debit card or electronic funds transfer; and,

**WHEREAS**, the imposed fee is not to exceed the costs incurred by the agency in providing for payment by credit or debit card or electronic funds transfer; and,

**WHEREAS**, imposing a service fee will save the General Fund an estimated \$170,000 annually in service fees currently paid by the City on behalf of the customer; and,

**WHEREAS**, imposing a service fee will save the Enterprise Funds an estimated \$308,000 annually in service fees currently paid by the City on behalf of the customer; and,

**WHEREAS**, customers can continue to pay with cash, check or in some cases, e-check, to not incur a service fee:

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Folsom authorizes the City to accept credit cards citywide and impose a service fee.

**PASSED AND ADOPTED** this 13<sup>th</sup> day of February, 2024, by the following roll-call vote:

**AYES:** Councilmember(s):  
**NOES:** Councilmember(s):  
**ABSENT:** Councilmember(s):  
**ABSTAIN:** Councilmember(s):

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Michael D. Kozlowski, MAYOR

ATTEST:

\_\_\_\_\_  
Christa Freemantle, CITY CLERK

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