



## City of Grass Valley City Council Agenda Action Sheet

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**Title:** Resolution to Incorporate Credit Card Processing Fees into the City's Municipal Fee Schedule.

**CEQA:** Not a Project.

**Recommendation:** That the City Council adopt Resolution No. 2025-46, incorporating credit card processing fees into the City's Municipal Fee Schedule pursuant to Government Code Section 6159.

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**Prepared by:** Jennifer Styczynski, Deputy Finance Director

**Council Meeting Date:** 08/26/2025

**Date Prepared:** 08/21/2025

**Agenda:** Consent

**Background:** The City of Grass Valley ("City") accepts a variety of payment methods for City services, including cash, checks, and electronic payments. In recent years, customer use of credit cards, debit cards, and eChecks has steadily increased for payments such as:

- Utility bills (water and sewer)
- Business license taxes and renewals
- Development-related permits and plan review fees
- Parks and recreation activities and facility rentals
- Police-related permits, fines, and citations

While electronic payments provide convenience to the community, they generate significant processing fees charged by merchant service providers and payment brands (Visa, MasterCard, American Express, etc.). At present, the City absorbs these processing fees, which continue to grow annually with increased card use.

California Government Code Section 6159 expressly authorizes local agencies to accept payment by credit card, debit card, or electronic funds transfer, and to impose a surcharge or convenience fee to recover the actual costs incurred in providing this payment option.

**Discussion:** In Fiscal Year 2024/25, the City incurred approximately \$288,500 in payment processing costs related to electronic transactions. These costs directly impact the Enterprise Fund and the General Fund.

To address this growing burden, staff recommends incorporating credit card processing fees into the City's Municipal Fee Schedule. Incorporating these fees into the adopted

schedule ensures transparency, provides the legal authority for cost recovery, and aligns with Government Code Section 6159.

The processing fees assessed by the third-party vendors to use credit/debits cards and other payment types typically will be:

- Credit/Debit Cards: A percentage of the transaction amount (generally 2.0% - 3.5% as determined by the credit/debit card provider).
- eChecks: A nominal percentage (0.15% - 1.0%) plus a flat per-transaction charge.

Processing fees will be itemized separately on customer receipts and will be collected directly by third-party merchant services providers, not retained by the City.

To support consistent application across departments, the City Manager, or designee, will develop administrative procedures and internal policies governing how the fees are applied, including:

- Establishing minimum and maximum transaction thresholds.
- Proper integration into cash handling and reconciliation processes.
- Ensuring customers are informed of fee amounts before completing a transaction and are aware of alternative no-fee payment methods.

**Council Goals/Objectives:** Recovering processing fees ensures that the City recovers the growing costs of providing electronic payment options without diverting resources away from essential public services which supports the City's Fiscal Sustainability

**Fiscal Impact:** Approval will result in annual cost avoidance of approximately \$288,500, once fees are fully integrated into the Municipal Fee Schedule. Savings will be realized primarily in the Enterprise Funds, with additional benefits to the General Fund.

**Funds Available:** N/A

**Account #:** N/A

**Reviewed by:** City Manager

**Attachments:** Resolution 2025-46  
Fee Schedule