

Legislation Text

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CC MEETING: April 4, 2017

DATE: March 23, 2017

TO: Erin Rinehart, City Manager

FROM: Bob Scott, Assistant City Manager

Consider An **Ordinance Amending Chapter 31, The Comprehensive Fee Schedule, Effective May 1, 2017.**

BACKGROUND:

Several years ago, in response to a significant increase in customer credit card payments, the City adopted a convenience of 3% of the transaction to cover the processing fees on those payments. Credit cards are the most expensive method for the City to receive payment and with many other payment options available, the City did not want to build credit card charges into the rates paid by all customers. This is a common practice among governments and with recent court decisions, are becoming more common among merchants. Library, Parks and Recreation, and Golf Course do not charge a convenience fee as their sales are more similar to a typical retail operation.

A significant factor in a customer's desire to pay by credit card is the rewards provided by the credit card issuer. Rewards cards typically charge the vendor more than non-rewards cards. Discount fees also vary significantly by individual card issuer, the service category being paid for, whether the card is present and many other factors. A recent analysis of costs by city staff shows that processing fees have decreased from 3% to approximately 2% of payment amounts. Thus, staff made a recommendation to the Council Finance Committee to reduce the convenience fee to 2%.

The attached ordinance amends section 31.01 (A) of Chapter 31, The Comprehensive Fee Schedule reducing the credit/debit card convenience fees from 3% to 2% of transaction amounts.

FINANCIAL IMPLICATIONS:

This change in the fee provides for cost recovery of credit/debit card processing fees.

STAFF RECOMMENDATION/ACTION DESIRED:

Staff recommends Council approve the ordinance amending Chapter 31, the Comprehensive Fee Schedule May 1, 2017.