



Colonial Heights City Council Meeting Agenda Item Executive Summary

City Council Meeting

MEETING TYPE: City Council Special Meeting

MEETING DATE: July 21, 2020

ITEM: (First Reading 20-23) To amend §30-3 of Chapter 30, Finance, of the Colonial Heights City Code, to require the Director of Finance to levy a convenience fee whenever a person uses a debit or credit card to pay the City for non-utility related charges; and adding a new § 30-3.1 to Chapter 30 that authorizes the City Manager to waive such fee during an emergency or disaster.

DEPARTMENT: Finance

PROPOSED ACTION: This item is for first reading of requested changes.

BACKGROUND: As part of implementing the new Enterprise Resource Planning (ERP) System, the Finance Department has contracted with a new credit card processor to settle credit and debit transactions, as well as provide the City with capability to process e-checks, in an efficient manner. As part of the negotiations with the new vendor, staff explored various options for the fees associated with credit card processing.

In the past, customers were charged a 3.0% convenience fee when making credit or debit payments to the City online. These fees have been temporarily waived to encourage citizens to make online payments in lieu of visiting City Hall. Customers coming in to City Hall have historically not been charged a convenience fee.

In FY2019, the City collected and paid convenience fees of approximately \$20,000 for online transactions, and paid over \$54,000 for credit card transactions over the counter.

This item would codify the requirement for a convenience fee for all credit and debit card transactions, both online and in-person. Staff proposes reducing the convenience fee for billing and collections transactions to be set at no more than 2% initially, and allowing this fee to be administratively set in the future. With the new rate program, staff anticipates the costs to the City to be approximately the same. Recreation Department transactions would continue to use the City's current credit card processor, Paypal, and therefore continue the 3% charge.

Additionally, there would be no charge for utility bill payments. The City will take advantage of a regulatory program allowing reduced rates on card transactions paying utility bills, however, in order to do so the City can not charge convenience fees on those transactions. E-checks paid online would also be free to customers, although the City will incur a small charge for those as well.

BUDGET/FINANCIAL IMPACT:

Funding for this item was: included not included in the current-year budget N/A

RECOMMENDATION: The Director of Finance recommends approval.

ATTACHMENTS:

ORDINANCE 20-23

- Staff will be making a detailed presentation on this agenda item at the meeting.
- Staff will provide brief comments and answer questions on this item at the meeting.
- This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.