



Colonial Heights City Council Meeting Agenda Item Executive Summary

City Council Meeting

MEETING TYPE: City Council Regular Meeting

MEETING DATE: January 11, 2022

ITEM: (Second Reading) Ordinance No. 21- 25: To amend §30-3 of Chapter 30, Finance, of the Colonial Heights City Code, to remove the exemption of credit or debit card fees for utility bills; add an exception for credit or debit card fees for the Department of Recreation and Parks; and impose a limit that the convenience fee for credit or debit card transactions not exceed 2% of the amount paid in the transaction.

DEPARTMENT: Finance

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

BACKGROUND: At the December 14th, 2021 meeting, City Council unanimously approved Ordinance 21-25 on first reading. The City began waiving online credit card fees for many transactions on March 16, 2020 due to the pandemic. Prior to that date, the City charged fees for credit cards online (3%), but did not charge for credit card usage over the counter (with the exception of Recreation payments). The City used CARES funds to pay for the credit card fees in excess of the pre-Covid average from March 2020 until approximately July 2021.

At the October 12, 2021 Council meeting, staff updated Council on plans to resume convenience fees. The proposal included a 2% fee for both over the counter and online credit/debit card transactions, with the exception of utility payments. Utilities would not have fees, as the credit card companies provide a significant discount on their rates for utility payments if the merchant (City) did not pass on those charges. (Recreation payments would continue with their existing merchant, Paypal, and 3% fee structure.)

Unfortunately, after several attempts to set up the online convenience fees, staff has been notified by Tyler support that the Customer Self Service portal (CSS) must apply the same fee to all transactions or not apply them at all. This was a change from staff's understanding of the system's capabilities, as the differentiated fees had been previously discussed with Tyler personnel.

While credit card transactions must have the same fees, CSS can collect a separate fee (or no fees) on e-check transactions.

At the November 16, 2021 Council Special meeting, staff recommended a 2% fee apply to all credit and debit card transactions and that e-checks remain free of charge.

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 21-25.

- 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.