



City Council Memorandum

To: Mayor Fasbender & City Councilmembers
From: City Administrator Dan Wietecha
Date: February 5, 2024
Item: Credit Card Fees

Council Action Requested:

Consider first reading of ordinance for technical correction regarding credit card convenience fees.

Background Information:

In December 2023, the City Council adopted an updated Fee Schedule Ordinance, including a new Credit Card Convenience Fee of 3.7%. With the volume of credit card transactions, the City had been paying approximately \$115K annually under its merchant service agreements and wished to have these costs covered by the customers electing to use credit cards. The 3.7% figure was based on the average service fees the City incurs for accepting credit card payments.

The Active-Net billing software used by the Parks Department (recreation programs, Aquatics Center, and Civic Arena) currently charges a processing fee of 3.12%. This cannot be changed by the City. It can either be paid by the City or passed on to the customer, but not a different amount such as 3.7%.

State statute provides the City with authority to accept a payment by credit card and to charge “convenience fees” or “service charges” when a customer elects to use the credit card. State statute limits these fees on credit card payments to 5% of the purchase price.

There are new notice requirements that cities should be aware of when accepting credit card payments and adding a surcharge, including:

- When the customer is paying in person, the city staff must inform the customer of the surcharge both verbally at the time of the sale and by a sign noticeably posted at the point of sale.
- When the customer is paying by computer or mobile device, the city must inform the customer of the surcharge by clearly posting a surcharge notice during the sale, at the point of sale, on the customer order summary, or on the checkout page of the website or mobile application.
- When the customer is paying over the phone, the city staff must inform the customer of the surcharge verbally.

The proposed ordinance removes a specific amount from the Fee Schedule and instead notes that the City may charge a convenience fee in accordance with the limits and notice requirements of State statute.

Financial Impact:

Not applicable

Commission Discussion:

Not applicable

Attachments:

1st Reading: An Ordinance of the City of Hastings, Minnesota Amending City Code Chapter 34 – Fees

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF HASTINGS, MINNESOTA
AMENDING HASTINGS CITY CODE CHAPTER 34 – FEES

The City Council of the City of Hastings, Dakota County, Minnesota does hereby ordain as follows:

SECTION 1. AMENDMENT. The Code of the City of Hastings, County of Dakota, State of Minnesota, Chapter 34.03 Fee Schedule – Finance, shall be amended by deleting reference to “Credit Card Convenience Fee” as follows:

34.03 Finance

Credit Card Convenience Fee	3.7%
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SECTION 2. AMENDMENT. The Code of the City of Hastings, County of Dakota, State of Minnesota, Chapter 34.04 Special Or Non-Routine Services By City Departments: Fees shall be amended by adding Paragraph B as follows:

B. When a customer elects to use a credit card, the City may charge a convenience fee or service charge in accordance with limits and notice requirements under State statute.

SECTION 3. SUMMARY PUBLICATION. Pursuant to Minnesota Statutes Section 412.191, in the case of a lengthy ordinance, a summary may be published. While a copy of the entire ordinance is available without cost at the office of the City Clerk, the following summary is approved by the City Council and shall be published in lieu of publishing the entire ordinance.

The text amendment adopted by the Hastings City Council on _____, _____, _____ modifies Section 34.03 and 34.04 City Code regarding charging a convenience fee or service charge on credit card transactions in accordance with State statute for limits and notice requirements.

SECTION 3. EFFECTIVE DATE. This Ordinance shall be in full force and effect from and after its passage and publication according to law.

Adopted by the Hastings City Council on this _____ day of _____, 2024 by the following vote:

Ayes:

Nays:

Absent:

Mary D. Fasbender, Mayor

ATTEST:

Kelly Murtaugh, City Clerk

I hereby certify that the above is a true and correct copy of the Ordinance passed to and adopted by the City of Hastings, County of Dakota, Minnesota, on the _____ day of _____, 2024, as disclosed by the records of the City of Hastings on file and of record in the office.

Published in the Hastings Journal on _____.