

# Credit Card Processing Fees

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NICOLE GANEY, DIRECTOR OF FINANCE

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# Why Charge Fees?

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- The City currently absorbs all processing fees, with the exception of Municipal Court transactions.
- For Central Collections, the Police Department, Public Works and EMS, these fees are charged at a rate of 0.43% + \$0.43 on top of bank and card brand fees.
- Online utility payments are charged an additional \$1.25 per transaction.
- In Quarter 3, this resulted in \$60,706 in processing fees and \$21,688 in Insite Fees.
- To have recovered the cost of the processing fees alone, a 2.5% fee would have been necessary.
- Credit card fees for utility payments increased year over year from fiscal year (FY) 2022 to 2023 by 29%, then another 13% in 2024. An additional 3% increase is projected in FY 2025. This is a 50% increase from FY 2022 to FY 2025.

# Alternative Payment Methods Available to Customers

## Available Payment Methods for Utility Billing Are:

- Credit Card (On-Your-Own Online, Auto-Draft Online, Text-To-Pay, Interactive Voice Response [IVR/phone], In-Person), Cash, Check, Money Order, Bank Draft.
- Echecks can be added as a payment option. This cost \$1.95 per transaction. Echecks can be set up to auto-draft online.
- Zelle, Paypal, Cashapp, etc. are not compatible with Tyler Technologies at this time.

## Available Payment Methods for Public Works Are:


- Credit Card (On-Your-Own Online, In-Person), Cash (at Central Collections Window), Check, Money Order.

## Available Payment Methods for EMS Are:

- Credit Card (On-Your-Own Online, In-Person), Cash, Check, Money Order, Electronic Funds Transfer.

# Payment Methods Used by Our Customers by Percentage

Transactions from April 1, 2025 - June 30, 2025

Utility Billing - 26,707 Transactions						
Online Credit Card	In Office Credit Card	Cash	Check	Money Order	Bank Draft	Total
70%	7%	3%	3%	0%	18%	100%
						
Text-to-Pay	IVR (Automated Phone System)	Web Payments	Web Autodraft	Total		
2%	5%	57%	36%	100%		

Public Works - 374 Transactions				
All Credit Cards	Cash - Not Accepted	Check	Money Order	Total
75%	0%	25%	0%	100%

EMS - 432 Transactions					
All Credit Cards	Cash	Check	Money Order	EFT	Total
5%	0%	34%	0%	59%	100%

- Credit cards are the predominant payment method for Utility Billing and Public Works transactions.
  - Of the Utility Billing credit card transactions, on-your-own online credit card payments contribute to 57% of the usage, with the online credit card auto-draft option contributing to 36%.
- EFT payments the predominant payment method for EMS Transactions.

# What Are Our Neighbors Offering?

Processing Fees								
Utilities			N/A-Not Available					
	Credit Card		E-Check	Bank Draft	Cash	Check	Zelle, PP, or other	Population as of 2023
	Percent	Flat Fee						
Deer Park	TBD 2.5%	No Charge	TBD \$ 1.95	No Charge	No Charge	No Charge		33,176
Hitchcock	3%	-	N/A	No Charge	No Charge	No Charge		7,710
Buda	3.3%	-	\$ 1.95	No Charge	No Charge	No Charge		16,030
La Porte	No Charge	No Charge	No Charge	No Charge	No Charge	No Charge		36,991
Bellaire	No Charge	No Charge	N/A	No Charge	No Charge	No Charge	N/A	17,016
Pasadena	4% (over the phone or in person)	\$3.25 (online or IVR)	N/A	No Charge	No Charge	No Charge		146,716
Galveston	No Charge	No Charge	\$ 0.75	No Charge	No Charge	No Charge	N/A	53,237
Friendswood	2.50%	-	-	No Charge	No Charge	No Charge		40,826
Baytown	4%	-	No Charge	No Charge	No Charge	No Charge		84,067
Seabrook	No Charge	No Charge	N/A	No Charge	No Charge	No Charge		13,662
La Marque	3%	-	No Charge	No Charge	No Charge	No Charge	N/A	19,605
Clear Lake WA	3.50%	-	\$ 1.00	No Fee if e-check is set as recurring draft	No Charge	No Charge		1,258
Mont Belvieu	In Office: Res-No Fee Commercial: 5%	Online/IVR/TEXT \$1.25	N/A	No Charge	No Charge	No Charge	N/A	9,608

Note: Venmo, Zelle, PayPal are options but not within Tyler Payments or municipal online payments. InvoiceCloud offers these payment methods but fees are assessed.

# What Are Our Neighbors Offering?

Processing Fees		
TAX		
Goose Creek ISD Fees		
Collects for:	LaPorte, Baytown	
Credit/Debit Cards:	3.44%	
E-Check	\$ 4.82 (\$ 1.00 - \$ 9,999.00)	\$ 24.15 (\$10,000 - \$ 99,999 max)
Harris County		
Collects for:	Bellaire, Pasadena, Seabrook	
Credit/Debit Cards:	2.45% (\$ 1.00 Minimum)	
E-checks	No Charge	
Galveston County		
Collects for:	All cities (except Clear Lake Shores which does not assess city taxes)	
Credit Cards:	2.20%	
E-Checks	\$0.50	
Brazoria County		
Collects for:	Pearland	
Credit/Debit Cards:	2.15%	
E-Checks	No Charge	

# Conclusion

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- Charging a processing fee to the customers choosing to pay with a credit card would alleviate the City's budget for credit card fees in the General Fund and Water and Sewer Fund allowing for these funds to be used for other purposes.
- Assessing a fee would be a more equitable solution to recover these costs directly from customers choosing this payment option vs. subsidizing these fees across the entire water/sewer rate structure.
- There are a number of other payment options available for customers to utilize that do not incur a fee.
- There is precedent to charge a fee based on what we see surrounding cities doing. 8 out of the 12 cities surveyed charge a processing fee. All 4 tax offices surveyed charge a processing fee.
- Fees will only apply to Central Collection (excluding tax payments), Public Works, the Police Department and EMS. This change will not affect any Parks and Rec programs or facilities.
- If the fee passes Council's approval, communication would be included in the next several water bills, on the City's website, payment portal website, and social media platforms allowing customers to switch their payment option before the fee is imposed. Suggested start date would be November 1<sup>st</sup> or December 1<sup>st</sup>.

# Questions?

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