



**CITY OF PUNTA GORDA
FINANCE DEPARTMENT
Memorandum**

To: Howard Kunik, City Manager
Through: Dave Drury, Finance Director
From: Sharon Knippenberg, Controller
Date: October 1, 2015
Subject: Consideration of Convenience Fee

We had mentioned in a budget alternative discussion that the rising cost of the automated merchant charges (AMC) is being offset in many governmental entities by applying a convenience fee. The Utilities Advisory Board has requested that we pursue this as the cost to the Utilities fund continues to increase. In FY 2013, 2014, and 2015 it was \$42,000, \$46,000 and \$51,000 respectively.

The cost to the Marina Fund is approximately \$10,000. The Building Fund cost is low, at \$5,000 because we do not accept automated payments for impact fees. Should we implement the convenience fee, we could then allow this payment feature. The General Fund is appx. \$1,000.

The City will have spent approximately \$67,000 in FY 2015 for AMC. We have the opportunity to now implement a convenience fee with no time or cost to the City through a contract with whomever the City chooses to handle automated payments. This will be a pass through cost, with no portion retained by the City. It will be revenue neutral. However the City will be able to reduce expenses by the \$ 67,000 currently expected to be paid out in FY 2016.

The fee can be a flat amount per transaction fee, or it can be a base amount and then a % if the transaction amount exceeds a certain amount. The final rates will be determined by the vendor chosen to handle the automated payment system for the City. The purpose of this discussion is to ascertain whether the City Council wishes to recover the costs of automated payments with a pass through fee to the payee. Staff can then proceed with specifications and negotiations on a new contract.