

SOUTH PLACER MUNICIPAL UTILITY DISTRICT POLICIES

Policy Name:	3170 – CREDIT CARD TRANSACTION CHARGES		
Approval Authority:	SPMUD BOARD OF DIRECTORS	Adopted:	06/07/2018
Resolution No.	18-14	Revised:	

PURPOSE

The purpose of this policy is to establish criteria for the assessment of credit or debit card transactional charges.

POLICY STATEMENT

Section 1: General

The District allows payment of the Monthly Service Charges by both credit and debit cards. Use of the credit or debit cards can be transacted over the counter, online, over the phone and by preauthorized automatic payment (auto-pay). To encourage bill payment by credit or debit cards, the District has decided to absorb the cost of the convenience fees charged by the banking industry for credit/debit card transactions.

Section 2: Justifications

- A. The District currently collects revenues of over \$12 million annually from monthly sewer service charges. Of that amount, almost \$2.1 million (17%) is received via credit and debit card transactions. The transactional costs for these charges is approximately 2% for 12,000 transactions.

- B. To support the decision to absorb credit/debit transaction fees staff has developed an estimate of the cost of each type of transaction: Credit card ACH Auto payments, check payments processed through Lockbox, Bank ACH Auto payments, check payments received through the mail or cash payments over the counter.
 - \$0.02 to process Credit card ACH Auto payment
 - \$0.02 to process Online credit/debit card payments
 - \$0.07 to process Over the phone credit/debit card payments
 - \$0.09 to process Checks received via Lockbox
 - \$0.16 to process Bank ACH Auto payment
 - \$0.32 to process Checks received through the mail
 - \$1.69 to process Cash payments over the counter

Costs to perform manual transactions typically calculate at a higher processing rate attributed to time and motion labor expenses. Transactions completed online or via lockbox (US Bank) take less time to complete as they are typically combined into a packet of payments.

- C. The District desires to move customers to lower cost transactions, while providing a full range of payment type options to make it simple and convenient for customers to pay on time.
- D. The District, by encouraging auto-pay and online payments by credit or debit cards, is experiencing the lowest cost transaction. Automation and changes to processes away from manual tasks has significantly improved efficiencies and offset labor costs and any need for additional staff in Administrative Services.