

MEETING DATE: 12/17/07

AGENDA ITEM: Adoption of a Resolution to Charge a 3% Convenience Fee On All
Online Credit Card Payments Made to the City

ATTACHMENTS

	<u>Pages</u>
1. Number of Business License Renewals Received during 2007	1
2. Credit Card Payments Received by the Building Safety Division during October 2007	2
3. Convenience Fee and Cap on Maximum Amount Changed by Different Cities	3 – 4
4. Resolution	5 - 6

Attachment # 1

Number of Business License Renewals Received during 2007

Payment Range (\$)	By All Modes of Payment				By Credit Card only			
	Transactions		Cumulative Transactions		Transactions		Cumulative Transactions	
	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)
No Fee	422	3.84	422	3.84	0	0	0	0
\$1	4609	41.96	5031	45.80	716	54.99	716	54.99
\$101	2895	26.35	7926	72.15	285	21.89	1001	76.88
\$201	725	6.60	8651	78.75	69	5.30	1070	82.18
\$301	395	3.60	9046	82.35	46	3.53	1116	85.71
\$401	281	2.56	9327	84.91	29	2.23	1145	87.94
\$501	210	1.91	9537	86.82	20	1.54	1165	89.48
\$601	111	1.01	9648	87.83	19	1.46	1184	90.94
\$701	115	1.05	9763	88.88	13	1.00	1197	91.94
\$801	107	0.97	9870	89.85	6	0.46	1203	92.40
\$901	122	1.11	9992	90.96	12	0.92	1215	93.32
\$1,001	284	2.59	10276	93.55	30	2.30	1245	95.62
\$1,501	153	1.39	10429	94.94	19	1.46	1264	97.08
\$2,001	87	0.79	10516	95.73	10	0.77	1274	97.85
\$2,501	90	0.82	10606	96.55	8	0.61	1282	98.46
\$3,001	100	0.91	10706	97.46	9	0.69	1291	99.16
\$4,001	59	0.54	10765	98.00	0	0.00	1291	99.16
\$5,001	114	1.04	10879	99.04	9	0.69	1300	99.85
\$10,001	62	0.56	10941	99.60	2	0.15	1302	100.00
>\$25,000	44	0.40	10985	100.00				
Total	10985				Total		1302	

Definitions:

Average is the arithmetic mean of the set of numbers = $\$416,866 / 1302 = \320.17

Median is the number in the middle of the set of numbers = $\$108.00$

While the Average and Median would be the same in situations where the numbers are uniformly dispersed as in a bell curve, the median would be more representative when the numbers are more concentrated in an area.

Attachment # 2

Credit Card Payments Received by the Building Safety Division during October 2007

Payment Range (\$)		By Credit Card only					
		Transactions		Cumulative Transactions			
		Number	Percentage (%)	Number	Percentage (%)	Number	Percentage (%)
From	To						
\$1	\$100	24	39.34	24	39.34		
\$101	\$200	9	14.75	33	54.10		
\$201	\$300	8	13.11	41	67.21		
\$301	\$400	5	8.20	46	75.41		
\$401	\$500	2	3.28	48	78.69		
\$501	\$600	2	3.28	50	81.97		
\$601	\$700	2	3.28	52	85.25		
\$701	\$800	0	0.00	52	85.25		
\$801	\$900	2	3.28	54	88.52		
\$901	\$1,000	1	1.64	55	90.16		
\$1,001	\$1,500	2	3.28	57	93.44		
\$1,501	\$2,000	3	4.92	60	98.36		
\$2,001	\$2,500	0	0.00	60	98.36		
\$2,501	\$3,000	1	1.64	61	100.00		
Total for October 2007		61					
Total Amount Received			\$22,604				

Number of Credit Card Transactions Expected in a 12 month period = 732
Dollar amount projected for these transactions = \$22,604 x 12 = \$271,248 per year.

Definitions:

Average is the arithmetic mean of the set of numbers = $\$22,604 / 61 = \370.56

Median is the number in the middle of the set of numbers = \$150.00

While the Average and Median would be the same in situations where the numbers are uniformly dispersed as in a bell curve, the median would be more representative when the numbers are more concentrated in an area.

ATTACHMENT # 3		
CONVENIENCE FEE AND CAP ON MAXIMUM AMOUNT CHARGED BY DIFFERENT CITIES		
CITY	RESPONDENT	Accept Payments onLine? Convenience Fee MAXIMUM CAP
City of Santa Monica	Sylvia Pranzo	yes no No
City of West Hollywood	David Hatcher	no N/A No
City of Beverly Hills	Caroline Barton	no N/A No
City of Pasadena	Found on Website	yes Yes @ \$7.50 through a 3rd party provider \$5,000
County of Riverside	City of Culver City contacted the County of Riverside	yes at \$1.35 per transaction on Business Tax payments which vary from \$30 to \$45 (i.e at approx 3%) None
City of Carson	City of Culver City contacted the the City of Carson	Yes No - processing through a 3rd party None
Huntington Beach	Shari Freidenrich, City Treasurer	Just started accepting payments for Utilities \$0.75 per transaction No
Newport Beach	Glen Everroad, Revenue Manager, and Ms Thomson Operations Manager	Yes no High value transactions such as Building permits are accepted online, and are subject to a convenience fee of 2.2% if amount is over \$9,999.99

3

4

					\$5000 for over the counter transactions
Albany	Charlie Adams	No	N/A		
Carmel by the Sea	Joyce Gutre, Admin Services Director	No	N/A		No
El Segundo	Stella Georgious	No	N/A		No
Hemet	Laura Nomura, Finance Director	No	N/A		\$5,000
Shasta Lake	John Duckett	no	N/A		\$500
City of Rancho Cucamonga	City of Culver City contacted City of Rancho Cucamonga	no	N/A		No
Monterey	Pam Erlandson, Revenue Manager	N/A	N/A		No
Morgan Hill	Jack Diles, Finance Director	N/A	N/A		No
Parlier	Patricia Barboza	N/A	N/A		No
Pinole	Richard Loomis	N/A	N/A		No
Rincon Water	Darlene Lynn	N/A	N/A		No
Moraga	Emily Boyd, Finance Director	Just started accepting payments for Recreation	N/A		No
La Quinta	John Falconer, Finance Director	3rd Party provider for Community Services	N/A		No

RESOLUTION NO. 2007-R_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, ESTABLISHING A 3% CONVENIENCE FEE FOR THE PROCESSING OF ALL PAYMENTS MADE BY CREDIT CARD AND A FIFTY CENT CONVENIENCE FEE FOR THE PROCESSING OF ALL PAYMENTS MADE BY DEBIT CARD.

WHEREAS, the City Council of the City of Culver City desires to establish convenience fees to recover the City's costs of processing credit card and debit card payments; and

WHEREAS, pursuant to Government Code Section 6159, the City may impose a fee for the use of a credit or debit card or electronic funds transfer, not to exceed the costs incurred by the agency in providing for payment by credit or debit card or electronic funds transfer; and

WHEREAS, on December 17, 2007, at a duly noticed public meeting, the City Council considered establishment of a 3% convenience fee for the processing of all payments made by credit card and a fifty cent convenience fee for the processing of all payments made by debit card; and

WHEREAS, after giving the public an opportunity to be heard and considering all information before it, the City Council approved the adoption of said fees; and

WHEREAS, the fees established herein are based upon the reasonable cost incurred by the City in processing credit card and debit card payments.

NOW, THEREFORE, the City Council of the City of Culver City, California, DOES HEREBY RESOLVE as follows:

1. A convenience fee for the use of credit cards, equal to three percent (3%) of the transaction amount, is hereby established.

2. A convenience fee for the use of debit cards, equal to fifty cents (\$0.50) per transaction, is hereby established for the processing of all payments made by debit card.

3. This resolution shall become effective on January 1, 2008.

APPROVED and ADOPTED this _____, day of _____ 2007.

ALAN CORLIN, MAYOR
City of Culver City, California

ATTEST:

APPROVED AS TO FORM:

CHRISTOPHER ARMENTA, City Clerk
A07-00771

CAROL A. SCHWAB, City Attorney