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**CITY OF PRINCETON MEMORANDUM**  
PRINCETON UTILITIES COMMISSION MEMORANDUM 21-16

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TO: Mayor Walker and Councilors  
Princeton Public Utilities Commissioners

FROM: M McPherson, City Administrator  
K Butcher, PUC General Manager

**SUBJECT: Joint Meeting with PUC, Credit Card Convenience Fees**

DATE: May 6, 2021

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### **Background**

Credit Card companies charge a fee for the use of credit cards at retail establishments or for bill paying. The fees can either be a flat fee per transaction or a percentage of total sales.

In the private sector, these “convenience fees” are typically borne by the merchant, although some smaller businesses, may pass those fees onto the purchaser, noted as a “service charge” on the credit card receipt.

The PUC currently absorbs the credit card fee which is \$2.00 per transaction. Using February as a test case, the total credit card fee amount was \$1,384; extrapolated for the year, credit card fees would total \$16,608. A portion of the bill being paid includes the City’s sewer charges.

The City is accepting credit card payments for building permits, online-facility registration and at the splash pad. The convenience fee is being passed onto the purchaser. The County also passes its convenience fee onto its purchasers of building permits, tax payments, birth and death certificates and marriage licenses. More information as to the amount of the convenience fee will be available at the meeting.

In a survey of other electric utilities, only one other SMMPA member (out of 18) is known to charge a convenience fee. In a quick review of electric utilities in Minnesota, 7 out of 66 charge a convenience fee with one of those stating that they will be eliminating their convenience fee this fall.

### **Request**

The PUC is considering adding a convenience fee to those customers who wish to use a credit card for payment. As the City’s sewer fees are a component of the total bill, the PUC would like to solicit input from the Council regarding this issue.