

City of Ramsey
Agenda
Finance Committee
Tuesday March 13, 2012

5:00 p.m.
Lake Itasca Room, 7550 Sunwood Drive NW

- 1. Call to Order**
- 2. Citizen Input**
- 3. Approve Agenda**
- 4. Committee Business**
 1. Nominate Chair and Vice-Chair for Finance Committee
 2. Credit Card Analysis
- 5. Adjournment**

Finance Committee

4. 1.

Meeting Date: 03/13/2012

By: Diana Lund, Finance

Title:

Nominate Chair and Vice-Chair for Finance Committee

Background:

Annually, the Finance Committee nominates a Chair and Vice-Chair for their meetings.

Funding Source:

No Funding Required.

Council Action:

Motion to Nominate _____ as Chair and _____ as Vice-Chair of the Finance Committee.

Form Review

Inbox

Kurt Ulrich

Form Started By: Diana Lund

Reviewed By

Kurt Ulrich

Date

03/07/2012 06:25 PM

Started On: 03/05/2012 07:44 AM

Final Approval Date: 03/07/2012

Finance Committee

4. 2.

Meeting Date: 03/13/2012

By: Diana Lund, Finance

Title:

Credit Card Analysis

Background:

The availability of customers being able to use credit cards for payments to the city became available in June 2011.

Attached is a month-by-month analysis of revenue collected and fees paid. The majority of credit card collections is attributed to utility billing customers utilizing the credit card for payment. To date, the city has collected \$289,814 since the acceptance of credit cards, of which \$227,630 or 79% is for utility billing payments.

Prior to the city authorizing the use of credit cards and assuming any processing fees, utility customers could pay for their utility bill through OPUS 21 and pay a transaction fee. You will notice a large increase in credit card usage via utility billing customers when the city assumed the fee and offered more opportunity for payment: on-line, call-in or in person. For the same time period August 2010 - February 2011 (charged transaction fee through OPUS 21) and August 2011-February 2012 (City pays all fees) the amount of revenue collected by credit card usage went from \$46,838 to \$217,289. After utility billing certification in 2012, which will reflect a full year of credit card usage, it will be telling via the final amount certified, if credit cards were a major contributor in reducing the delinquency.

The monthly processing fee is averaging 3.05%. The \$.35 per transaction (especially on those utility accounts who average the \$20.00 quarterly for the fixed three fees of storm drainage, recycling and priority light) is what brings the percentage rate of 1.99% if swiped in person or 2.79% if on-line or called in to the higher rate of 3.05%. The Volume pricing sheet from RevTrak (city's credit card provider) is attached.

Funding Source:

Credit card collections and processing fees are posted to the respective fund which is typically the general fund for building permits, the PIR fund for special assessments and the enterprise funds of water, sewer, storm water, recycling and street lighting.

Council Action:

No action required. Informational Only.

Attachments

Credit Card Analysis

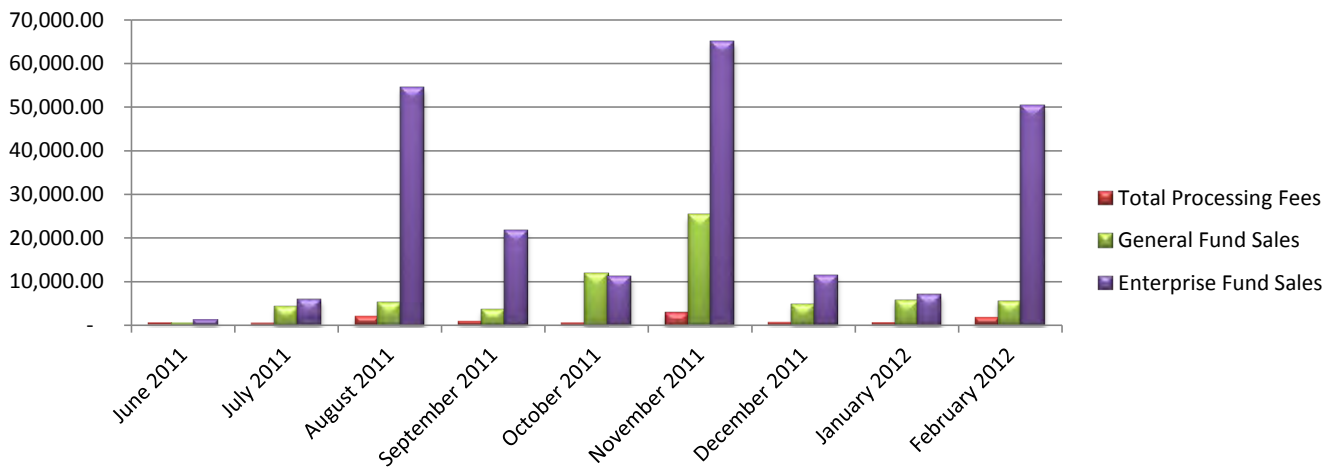
Credit Card Pricing

Form Review

| | | |
|---------------------------------|--------------------|---------------------------------|
| Inbox | Reviewed By | Date |
| Kurt Ulrich | Kurt Ulrich | 03/08/2012 03:51 PM |
| Form Started By: Diana Lund | | Started On: 03/05/2012 07:44 AM |
| Final Approval Date: 03/08/2012 | | |

| Month | Total Sales | Total Processing Fees | General Fund Sales | % Total Sales | Enterprise Fund Sales | % Total Sales |
|----------------|-------------------|-----------------------|--------------------|---------------|-----------------------|---------------|
| June 2011 | 1,660.16 | 373.75 | 413.50 | 24.91% | 1,246.66 | 75.09% |
| July 2011 | 9,929.87 | 359.47 | 4,173.15 | 42.03% | 5,756.72 | 57.97% |
| August 2011 | 59,501.54 | 1,952.33 | 5,064.61 | 8.51% | 54,436.93 | 91.49% |
| September 2011 | 25,116.92 | 835.75 | 3,537.91 | 14.09% | 21,579.01 | 85.91% |
| October 2011 | 22,815.50 | 517.97 | 11,783.51 | 51.65% | 11,031.99 | 48.35% |
| November 2011 | 89,961.22 | 2,880.70 | 25,110.78 | 27.91% | 64,850.44 | 72.09% |
| December 2011 | 16,099.75 | 566.47 | 4,769.05 | 29.62% | 11,330.70 | 70.38% |
| January 2012 | 12,632.28 | 461.19 | 5,669.57 | 44.88% | 6,962.71 | 55.12% |
| February 2012 | 52,096.34 | 1,661.46 | 5,423.70 | 10.41% | 50,434.88 | 96.81% |
| Total | 289,813.58 | 9,609.09 | 65,945.78 | | 227,630.04 | |

Credit Card Sales & Fees - By Month



Truth in Credit Card Processing

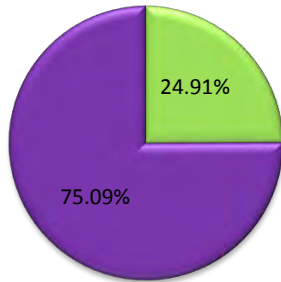
The city offers a variety of payment methods (in person, online, telephone) and accepts three card types including VISA, MasterCard, and Discover. The card type and transaction method determine the rate fee the city pays per transaction. This analysis summarizes total monthly transactions and fees to determine the cumulative processing fee, backing out fixed monthly account fees.

| Month | Total Sales | Fixed Fees* | Processing Fees | True Processing Fee Rate (%) |
|----------------|----------------------|------------------|--------------------|------------------------------|
| June 2011 | \$ 1,660.16 | \$ 319.80 | \$ 53.95 | 3.25% |
| July 2011 | \$ 9,929.87 | \$ 49.95 | \$ 309.52 | 3.12% |
| August 2011 | \$ 59,501.54 | \$ 49.95 | \$ 1,902.38 | 3.20% |
| September 2011 | \$ 25,116.92 | \$ 49.95 | \$ 785.80 | 3.13% |
| October 2011 | \$ 22,815.50 | \$ 49.95 | \$ 468.02 | 2.05% |
| November 2011 | \$ 89,961.22 | \$ 49.95 | \$ 2,830.75 | 3.15% |
| December 2011 | \$ 16,099.75 | \$ 49.95 | \$ 516.52 | 3.21% |
| January 2012 | \$ 12,632.28 | \$ 49.95 | \$ 411.24 | 3.26% |
| February 2012 | \$ 52,096.34 | \$ 49.95 | \$ 1,611.51 | 3.09% |
| Total | \$ 289,813.58 | \$ 719.40 | \$ 8,889.69 | Average Rate: 3.05% |

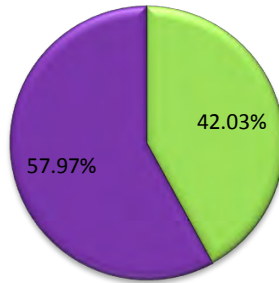
* Monthly Fixed Service Fee (June 2011 includes swipe machines)

SALES BY FUND TYPE

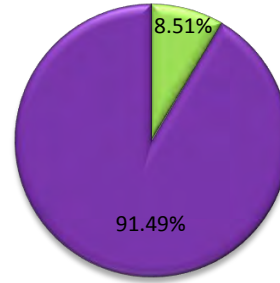
June 2011



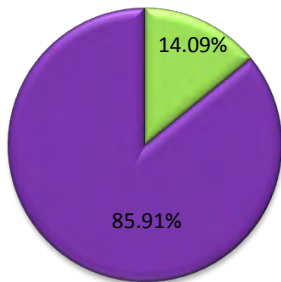
July 2011



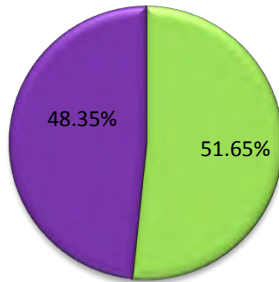
August 2011



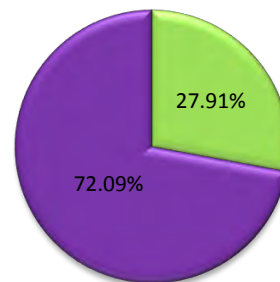
September 2011



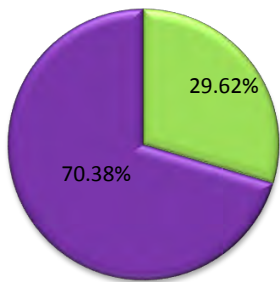
October 2011



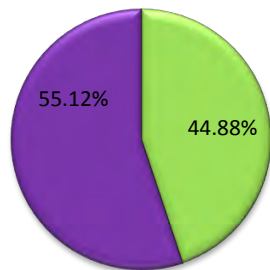
November 2011



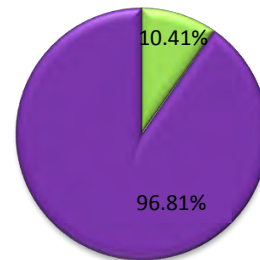
December 2011





January 2012



February 2012






 General Fund
 Enterprise Fund

RevTrak MN City Volume Pricing Program

| Rates | |
|---|---|
| Monthly fee | \$59.95 |
| In person (qualified swiped) transactions* | 1.99% + 35¢ per transaction |
| Online, phone, and mail order transactions* | 2.79% + 35¢ per transaction |
| Refunds (full or partial) | (1.99%) + 35¢ per transaction |
| Card reader (optional) | \$4.95/month (rent) or \$89.95 (purchase) |

No hidden fees, no start-up costs, no minimum volumes.

| What's Included |
|--|
| Web Store and Dashboard, hosted by RevTrak |
| Ability to issue refunds (full or partial) and voids |
| Merchant account** |
| Integrations with other software programs |
| Training for your staff |
| Full service setup of your RevTrak ® Web Store |
| Full service support (Monday through Friday, 7 a.m. – 5 p.m. CT) |
| Credit cards accepted:    |

| How To Get Started |
|--|
| <p>Step 1: Call your RevTrak sales representative to request an application package.</p> |
| <p>Step 2: Return your completed application. Your application will be processed within 2 weeks.</p> |
| <p>Step 3: A RevTrak Business Development team member will coordinate the building of your Web Store.</p> |
| <p>Step 4: A RevTrak support specialist will install your integration (if applicable).</p> |
| <p>Step 5: A RevTrak Business Development team member will train your staff.</p> |

***Surcharges:** There are occasional cards or situations to which Visa/MasterCard applies a surcharge. The non-qualified transactions are 3.49%. The most common non-qualified transactions are corporate credit cards, some rewards cards, and credit cards issued in a foreign country.

****Merchant Account:** A merchant account provides the financial account to electronically process your payments and identifies your entity name to your customers. Visa requires each entity to maintain a merchant account in their name for the settlement of credit and debit card transactions. The gross amount of your transactions is sent to your bank daily by ACH on the 2nd business day after the batch is closed. Fees are billed and drafted from your account at the beginning of the next month. Your entity will receive a statement detailing activity from the previous month and all fees deducted.