

City of Coral Gables City Commission Meeting
Agenda Item F-4
November 12, 2024
Police and Fire Headquarters
2151 Salzedo Street, Coral Gables, FL 33134

City Commission

Mayor Vince Lago

Vice Mayor Rhonda Anderson

Commissioner Melissa Castro

Commissioner Ariel Fernandez

Commissioner Kirk Menendez

City Staff

City Attorney, Cristina Suárez

City Manager, Amos Rojas, Jr.

City Clerk, Billy Urquia

Public Speaker(s)

Jackson Rip Holmes

Agenda Item F-4 [1:56 p.m.]

Discussion regarding credit card processing fees.
(Sponsored by Commissioner Castro) (Sponsored by Commissioner Fernandez)

Mayor Lago: Moving onto item F-4. I guess we'll take this item before we move onto the 2 o'clock.
Item F-4, discussion regard credit card processing fees.

Commissioner Fernandez: We have staff in the room. Finance Director.

Commissioner Castro: Hi Diana, how are you.

Commissioner Fernandez: Its easier here, they don't have to run up the stairs.

Finance Director Gomez: Good afternoon, Diana Gomez, Finance Director. This item is a discussion item as a result of a discussion item a couple of Commission meetings ago regarding recouping the or not paying the credit card fees when people pay for their bills online with a credit
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card. So, I had written a memo at the end of October and for the most part went through and explained how much we currently are paying and absorbing as part of the transaction fees, and the different payment systems that we currently use. The city uses about seven different systems and each one of them has their own merchant processors, and so, in order for us to consider if the city were to consider started charging the fees to the customers who decide to pay with a credit card. The most part two ways to go about doing that. The city could determine a rate, an average rate, based on the transactions that we have, as well as the types of bills that we put out, and pick a rate and then make sure – and tack that rate or that surcharge onto the person who is making a payment via credit card. In that case, we'd have to pick one rate, so therefore there will always be some amount that we will still be absorbing, because we won't get it right every single time. And the other option, which I think is probably the preferred option is that we allow our payment processors to analyze our records and determine what rate we can mutually agree on, a rate based on the activity, the type of charges, the number of transactions, so forth, and then they assume any under or overage having to do with that. And so, if we were to do a charge of \$1,000, we get 100 percent of our fee, and so that, we would work with the different payment processors and have them provide us the rate that they would be charging, and for each payment system it would be different, but it's one rate that they would tack on, and then we would get the 100 percent of the fee. One thing to consider is, whether or not we want to allow for a free to the customer option of paying with a debit, like a bank routing and banking number, so e-checks is what its called, and so we could choose to continue to absorb that. Typically, that is always a flat dollar amount per transaction, so its not a variable, its not based on the amount, its just a flat rate that is charged. And so, typically that's somewhere between a dollar, two dollars, depending on the different merchant processors and we could still absorb that, so that way there isn't a free option for the customers to still pay online. We don't have to absorb it, we could just make that as part of the transactions for doing, for paying electronically. So, there are different options, so if the will of the Commission is to move forward in trying to work towards these having the credit card processing fees and/or the e-check processing fees tacked onto the customer, then we would work towards doing that. We would have to work with our processors. It will take a few months for us to get there. We would have to work with them, negotiate the rates, make sure that the agreements are legally sufficient, things like that and then we can move forward to that. So, it would be a couple of months and then we would obviously want to advertise and let our customers know that beginning on this date or at some point, we will start passing that along if they want to, and then obviously when you are paying the credit card, you will see it at the time of making the choice. So, if that is the direction of the Commission, we can definitely move in that direction and that would be the recommended choice, to allow the payment processors to do all of it, so that way we don't absorb, we don't continue to absorb any of the credit card fees.

Commissioner Castro: I would like to provide some direction with the consensus, obviously of the Commission, to do an analysis of our accounts and let the vendor figure out the rate. However,

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leave the e-checks for the city to absorb. I know that's a very minimal charge for me. I'm very comfortable when the resident or contractor has the option to not pay a credit card fee, that to me is very important, and granting them the e-check option is a way that we can obtain that.

Finance Director Gomez: Sure.

Commissioner Castro: The other thing is that simultaneously, I would also like, and I know that I've spoken to the Parking Director to work on a resident rate for parking, that way we can continue to have our residents engage in our local downtown. How does the rest of the Commission feel about that?

Commissioner Fernandez: I think that's something that I had talked about with Kevin Kinney when he was here. I know there were issues with potentially the use of Pay-by-Phone, which the city uses and there may be new technology that was being put into the Minorca Garage that might work differently and give us the option of doing that, but I agree, I think if we are looking to attract our residents to downtown, I think one of the biggest question marks always is, well, you know the parking. If we offer a discounted rate for our residents, I think we are providing an opportunity for residents to engage and support our local businesses, which are a part of our community. I agree with your, if you are making a motion on the fees, I'd be happy to second. I agree. I think we should pass on the credit card fees. I was inclined to also pass through the e-check fee, but I think you're right. I think if you have a free option, if it's a nominal fee.

Finance Director Gomez: So, I don't know exactly, because we don't know how many people will use the e-check, but I did an average based on transaction counts from this past year, so I'm assuming a \$2 dollar transaction fee and I'm saying that if 33 percent of people, the same volume would use e-check, it would be about just under \$100,000, if 75 percent of the people would start using e-check, it would be like \$225,000, so somewhere in that range, because its per transaction at this point.

Commissioner Fernandez: Refresh my memory on the number that we have right now that the city is paying on...

Finance Director Gomez: Yes. For this past year, credit card fees all in were about \$2.17 million dollars.

Commissioner Fernandez: That's big chunk of change.

Finance Director Gomez: Absolutely.

Vice Mayor Anderson: Through the Mayor, I have a few comments. Whether you are using an e-check or real check, which we don't charge for, it does take staff time to do regular checks, but we are not charging for those, so I don't think we should charge for the e-checks, and it would

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encourage the money to come directly from the bank. It's the person's choice whether they want to use a credit card or not, and we should not be absorbing all those fees when people need to pay for it on a credit card. So, I'm in favor there. As far as resident parking, I do think we need to encourage residents to use the parking garages, as opposed to the street parking. It is a lower rate, so we need to look at that and hear from our Parking Director as to real financial impact on that and then take that up as a separate issue at a separate time.

Commissioner Castro: Before we decide the prices, make sure you are closely working with her so that we can balance our budget when it comes to the parking.

Finance Director Gomez: As far as the parking, I'm not sure if that would only work with like the Pay-by-Phone app, because I don't know if at a meter you can't do discounted rates.

Commissioner Castro: She's done this in Miami Beach, and we are very, very blessed to have her here as our Parking Director and to be able to mimic some of the great things that the Beach has done.

Parking Director Beltram: Thank you very much. Monica Beltram, Parking Director, Parking and Mobility Services Director. So yes, there are a few things to be discussed about this, but can we do a resident rate? – we can, but there may be the caveat that you can only do it through an app, because our meters don't have the capacity, some of them don't have the capacity to do that. So, you need a software change, and it would include, it would require a resident to sign up for the discount and then that creates a different pot in the app and when you enter your tag, it will direct you there and will apply the correct rate. However, I do think that an analysis of the impact should be done. I also think I agree that possibly to drive more people into the garages, because on-street parking is still the most desirable followed by lots, so to drive some people into our garages, and we would have to expand the app into all garages. So there has to be a little technology adjustment, but is it doable? – I believe it is.

Commissioner Castro: And we have the best IT Department, so.

Parking Director Beltram: We do.

Commissioner Castro: I have complete faith we will make this happen.

Parking Director Beltram: I think in our Parking Department, we are ready for new and better technology, and we are moving towards that. So, this would just be another step, can it be done, and again, whatever is determined, it should serve to drive people where we most need parkers or where we most have availability and also a rate that doesn't hurt us.

Commissioner Castro: Absolutely.

Commissioner Menendez: I have a quick comment, observation. I know when residents go to register, let's say at the Youth Center, and they want to get the resident rate they have to show utility bill, things like that. I just want to make sure that down the road if we are able to implement this, that there is that kind of protection in the system to make sure that they actually are residents.

Parking Director Beltram: That's how you create the resident list or tags is, you need to register your tag, and you need to prove that you are a resident, very much like when you register for a residential permit. So, you'd have to prove that and then you create a separate list and when you enter your tag, the correct rate is applied.

Commissioner Menendez: Thank you.

Commissioner Fernandez: Follow up question on that. Is there any way to link directly to the vehicle registration system, which is linked to an address, so automatically if, once you register, you can do it through the registration system and if the person moves out, they are automatically purged from the list, so it just doesn't.

Parking Director Beltram: So, we do have a system that we could access, but typically we don't unless certain people only have access for privacy, etc. So, it's really more your desire to do that and provide proper I.D. information in order to get a benefit.

Commissioner Menendez: I think, again, using other ways that we register people as residents, every year you have to renew and just reconfirm that you are still a resident, just like we do with everything else in the city.

Parking Director Beltram: Correct.

Commissioner Menendez: You've got to bring back the documents to prove.

Parking Director Beltram: And sometimes you can do it online, etc., but like I said, we need to take our technology a little further. We are a little behind in some things as you know, but we are working on that.

Commissioner Castro: I think the other option was also to include the other app to Pay-by-Phone, the one, I think.

Parking Director Beltram: Right. So, we are working on that. Looking to see if we can have more than one app, so that if you have Park Mobile and you enter Miami Beach, you don't have to download the Pay-by-Phone and visa-versa. So, if you have at least two, and by the way, I've had some conversations with them, and they would pay for the signage and everything and actually there are many ways that we could activate that.

Commissioner Castro: Thank you so much.

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Parking Director Beltram: My pleasure.

City Manager Rojas: Going back to the credit card fees because we went off into parking. We are talking about a flat \$2 dollar rate.

Finance Director Gomez: The e-check amount will be a flat rate. I don't know yet what its going to be, something that we have to negotiate with each of the individual payment processors, so it may be for one system its \$2, for the other system it may be \$1.85, for the other one it may be \$2.15. I don't know until we start those conversations with those companies, to know exactly what the rate's going to be, but it will be a flat per transaction for the e-check, and then the rate would be a percentage that will be added based on the amount that you are doing it, but again, the vendor or the payment processor will absorb any overages or anything or if the rate is not quite enough, they bear the risk of it and we don't absorb any of it.

Commissioner Castro: Do you feel you have direction or there's a motion and a second.

Finance Director Gomez: I think there was a motion.

Commissioner Castro: There's a motion and a second.

City Attorney Suarez: So just to be clear. The motion was to direct staff to explore this option with the individual vendors and come up with kind of an implementation plan.

Commissioner Castro: Do an analysis of our accounts and let the vendor figure out the rate. However, leave the e-check to the city to absorb and simultaneously work on a resident rate...

Finance Director Gomez: For parking.

Commissioner Castro: Yes, for parking, so that we are able to balance what's coming in and what's coming out in an appropriate manner.

City Clerk Urquia: Before voting, I have members of the public who requested to speak on this. First speaker is Mrs. Maria Cruz. Jackson Rip Holmes.

Mr. Holmes: Thank you very much. As you all may know, I have a retail, I'm a mom-and-pop retail landlord on Miracle Mile, 256, come get your massage, and so if people can't park, they are not going to come spend their money either in my place or along Miracle Mile or for that matter all of the other retail locations. I couldn't actually fully comprehend what, but it sounds to me like we are pushing off expenses to people who would be shopping. Now, I don't know if that's true, but if it is, I oppose it, because it's going to come back on the city anyway. People say, oh, it cost too much parking, its too much of a hassle, this or that, they'll just go somewhere else and then the city will lose the land property values which lower the taxes that the city is able to collect ultimately from shoppers. Thank you.

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Mayor Lago: Thank you.

City Clerk Urquia: That's it, Mr. Mayor.

Mayor Lago: You have a motion and a second.

Commissioner Castro: Yes

Commissioner Fernandez: Yes

Commissioner Menendez: Yes

Vice Mayor Anderson: Yes

Mayor Lago: Yes

(Vote: 5-0)