

Mayor and Council Communication

DATE: 06/09/26

M&C FILE NUMBER: M&C 26-0424

LOG NAME: 06FY2026 CREDITCARDFEEREV

SUBJECT

(ALL) Adopt Appropriation Ordinance to Enact Budget Adjustments and Recognize Unbudgeted Operating Revenues and Expenditures Associated with Credit Card Service Fees, Authorize All Necessary Transfers and Amend the Fiscal Year 2026 Adopted Budget in the Amount of \$255,420.86

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the General Fund in the amount of \$255,420.86, from initial credit card service fee receipts, for the purpose of paying those amounts to the merchant processors;
 2. Authorize all necessary transfers to affect the appropriations identified above; and
 3. Amend the Fiscal Year 2026 Adopted Budget.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions to bring the General Fund into balance by recognizing revenues and expenditures that were not initially anticipated to run through the fund at the time of the annual Operating Budget adoption.

At the beginning of Fiscal Year (FY) 2026, the Development Services Department began charging the Credit Card Service Fee as allowed by state law, City ordinance 27978-09-2025, and the FY2026 budget. The department expected the merchant processor banks who impose these fees to retain them rather than remitting them to the City for the City to then pay the merchant processor, as such that revenue was not budgeted in the General Fund.

Implementation of the technology and process for the merchant processor bank to directly receive the fee was completed in March 2026. During the period of implementation prior to that point, \$255,420.86 of revenues accrued in the General Fund and are owed to the merchant processor bank. This M&C adopts an ordinance that increases estimated receipts in the Development Services Department by \$255,420.86, from newly recognized revenues and will increase appropriations in the Development Services Department, General Operating & Maintenance category, by \$255,420.86 to fund bank charges and allow the department to pay those fees through to the bank.

Funding is budgeted in the Credit Card Fee account within the General Fund for the Development Services Department.

Per Ordinance No. 27979-09-2025 Section 1, the General Fund adopted budget for FY2026 was \$1,105,348,789.00. M&C appropriations of \$12,572,643.53 throughout the year resulted in an adjusted budget of \$1,117,921,432.53. This M&C recommends an increase in appropriations of \$255,420.86, for an adjusted budget of \$1,118,176,853.39.

This serves ALL COUNCIL DISTRICTS.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are currently available within the General Fund and upon approval of the above recommendations and adoption of the attached appropriation ordinance, funds will be available as appropriated. Prior to an expenditure being incurred, the Development Services Department has the responsibility of verifying the availability of funds.

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