OSSEO CITY COUNCIL
REGULAR MEETING MINUTES
January 23, 2023

1. CALL TO ORDER

    Mayor Duane Poppe called the regular meeting of the Osseo City Council to order at
    7:00 p.m. on Monday, January 23, 2023.

2. ROLL CALL

    Members present: Councilmembers Juliana Hultstrom, Harold E. Johnson, Mark Schulz,
    Alicia Vickerman and Mayor Duane Poppe.

    Staff present: City Administrator Riley Grams, Community Management Coordinator
    Joe Amerman, and City Attorney Mary Tietjen.

    Others present: Becky Weidenbach, City resident.

3. PLEDGE OF ALLEGIANCE

    Poppe led the Pledge of Allegiance.

4. APPROVAL OF AGENDA [Additions - Deletions]

    Poppe asked for additions or deletions to the Agenda.

    **A motion was made by Hultstrom, seconded by Vickerman, to accept the Agenda as
    presented. The motion carried 5-0.**

5. CONSENT AGENDA

    A. Approve January 9 Council Minutes
    B. Approve MCMA Conference Training Request for City Administrator
    C. Authorize Election Equipment Lease Agreement with Hennepin County
    D. Receive December American Legion Gambling Report
    E. Receive December Fire Gambling Report
    F. Receive December Fire Activity Report
    G. Receive December Lions Club Gambling Report
    H. Receive December Hockey Association Gambling Report
    I. Approve American Red Cross 2023 Blood Drive Rental Fee Waiver
    J. Receive 2022 YTD Donation Report

    Schulz commented he did not generally support fee waivers at the Community Center
    but stated he would be able to support the fee waiver for the American Red Cross.

    **A motion was made by Hultstrom, seconded by Vickerman, to approve the Consent
    Agenda. The motion carried 5-0.**

6.   MATTERS FROM THE FLOOR – None

7.   SPECIAL BUSINESS

A.   ACCEPT DONATIONS

Grams stated the City has received the following donations:

Donor	Amount/Item	Designated Fund
American Legion Post 172	$10,000	Music and Movies in the Park

Staff recommended the Council accept the donations.

A motion was made by Hultstrom, seconded by Vickerman, to adopt Resolution No. 2023-6, accepting a donation from the American Legion Post 172.

Hultstrom thanked the American Legion for their generous donation to the Music and Movies in the Park.

The motion carried 5-0.

8.   PUBLIC HEARINGS – None

9.   OLD BUSINESS – None

10.   NEW BUSINESS

A.   DISCUSS CREDIT CARD TRANSACTION FEES

Amerman stated like all merchants, the City incurs credit card fees when accepting payment by credit card. Across all industries these fees generally average between 1.5% and 3.5% of the transaction itself. For any particular transaction the credit card fee incurred by a merchant can vary, because the total credit card fee is the sum of three smaller fees, each of which change depending on a number of variables. These smaller fees are known as:

- Interchange Fee – a fee paid to the bank that issues the credit card. For example, if you have a visa credit card issued by Chase Bank, chase receives the interchange fee. This is generally the largest portion of the total fee. This fee is generally between 1.39%-3.29% of the total.

- Assessment Fee – The payment network receives this fee, in the example above, Visa would receive the assessment fee. This is generally between 0.13% and 0.16%

- Processing Fee – The amount paid to the payment processor. Examples include PayPal, Square, and Intuit.

Amerman reported depending on the payment network, cardholder bank, and the processor, the card fee changes from transaction to transaction. The cost can also be

influenced by the tier of card in use, though this isn't technically a fee. To defray the costs of these fees, merchants are allowed to add a surcharge or 'convenience fee' to the cost of the transaction, which is paid by the customer. This surcharge is capped at 4% of the transaction.

Amerman discussed the Tyler Tech and Open Edge options. He explained one of the benefits of the city's adoption of Tyler Tech was the ability to seamlessly integrate the city's financial software with a credit card processing and cashiering system. This is a massive improvement in efficiency and accuracy, allowing the financial software to automatically and instantly process payments, and break them down into their associated general ledger accounts. However, this requires partnering with a credit card processing system that has the ability to 'talk' back, something the prior partner was not capable of.

Amerman reported at Tyler Tech's recommendation, the City began using Open Edge, a software offering of Global Payments Integrated. Open Edge allows the ity to accept credit card payments of the four major credit cards; Discover, Visa, American Express, and Mastercard. In terms of credit card fees, OpenEdge charges the city 1.7% + $0.13 per transaction, and this is the rate for each of the four major card types. This means that for a $1,000 payment the City incurs $17.13 fee. Through Tyler Tech and Open Edge, the City can add either a flat fee or a percentage fee to credit card transactions. For the time being, in understanding that past City policy has been to avoid revenue loss through credit card fees, Staff asked Tyler to implement a 1.75% surcharge on credit card payments. This number was chosen because it roughly covers the cost of the 1.7% + $0.13 calculation.

Amerman stated while the surcharge at transactions below $300 doesn't cover fees, at the upper end it is more than sufficient. Still, this has only been a temporary measure to prevent loss until the Council makes its determination. For comparison, 'Revtrak', the processing system used by the City until 2021, charged 2.8-3.5% + $0.39 per transaction. This is significantly more expensive than OpenEdge. The system in place during 2021-2022, 'CardX', used a different method in which they essentially charged the customer directly, so we have no figures on how much they were taking in. Although Tyler Tech is not able to implement a 'smart' or 'intelligent' rate system (the system used by CardX), it is able to set different percentage fees for different transaction amounts. So, the city could set a different surcharge rate for a $100 transaction vs a $1,000 transaction.

Schulz thanked Staff for all of their work on this item. He explained he spent hours going over this item and noted his biggest issue was passing the convenience of a credit card transaction onto everyone else in the City. He stated he wanted to find an equitable way to manage this situation. He asked what the subscription fee would be. Amerman reported the subscription fee was $20 per merchant ID. He estimated the City would need seven subscription fees, which would be $140 per month.

Schulz discussed how credit card fees are funded and noted he was skeptical of the proposed numbers. He reported Visa received 1.54% on all in-person charges and 2.5% for over the phone charges. He explained he would like to review the contract documents in further detail in order to better understand the fees that would be charged to the City. He asked if the City has been using Open Edge for a while.

Amerman explained the City has not implemented the going live utility building portion of this program.

Further discussion ensued regarding the fees being charged by credit card companies.

Vickerman recommended the City set its credit card processing fees on the higher end in order to ensure all costs are being covered.

Johnson asked if Staff would be calculating the fees for each credit card transaction. Grams reported the calculations would be completed within the software.

Vickerman questioned what other cities do to manage their credit card transactions. City Accountant Cisewski stated some cities set a percentage and others set a flat fee.

Vickerman recommended the percentage be set at 4%.

Schulz indicated he would like to review the contract with Staff and supported this item coming back to the Council at a future meeting.

Vickerman and Poppe supported this recommendation.

B.   APPROVE ACCOUNTS PAYABLE

Grams reviewed the Accounts Payable with the Council.

A motion was made by Johnson, seconded by Schulz, to approve the Accounts Payable as presented. The motion carried 5-0.

11.   ADMINISTRATOR REPORT – None

12.   COUNCIL AND ATTORNEY REPORTS

Schulz reported over the last several weeks he had a concern expressed to him regarding how difficult it was for the hearing impaired to take part in meetings in the Council Chambers. He requested Staff to see if the City still had the intertwine system in place.

13.   ANNOUNCEMENTS – None

14.   ADJOURNMENT

A motion was made by Schulz, seconded by Hultstrom, to adjourn the City Council meeting at 7:40 p.m.   The motion carried 5-0.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial