

## WATER WORKS

### POLICY FOR THE ACCEPTANCE OF DEBIT/CREDIT CARDS OR ELECTRONIC TRANSFER FOR PAYMENTS OF UTILITIES AND RELATED SERVICES

Issue Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_

This policy applies to all departments that accept or may accept debit or credit cards for payment of utilities and related services.

Section 6-10-1.2 NMSA provides that a local governing body may accept payment by credit card or electronic means and may charge a uniform convenience fee to cover the approximate costs imposed by a financial institution that are directly related to processing a debit/credit card or electronic transfer transaction.

Debit/Credit Card customer information is not subject to Public Records Disclosure. Debit/Credit Card customer information will not be subject for use for commercial purposes.

Water Works ( ) Board of Utility Commissioners Resolution 2019-02 allows Water Works ( ) to accept payments in an electronic format.

#### **A. Authorization to Open all Credit and Debit Card Accounts**

The Board of Utility Commissioners passed Resolution 2019-02 to accept payment of utilities and related services by debit/credit card or electronic transfer transaction. The Bookkeeper after consultation with the City Treasurer must approve and open all debit card accounts and merchant credit card accounts.

#### **B. Accepting Debit/Credit Card or Electronic Transfer Transaction Subject to Convenience Fee**

The Board of Utility Commissioners passed Resolution 2019-02 to accept payment of utilities and related services by debit/credit card or electronic transfer transaction with the provision that will not accept payment by debit/credit card or electronic transfer without charging a convenience fee to the customer to do so.

#### **C. Definitions**

1. "Automated Clearing House" or "ACH" means an association of depository institutions that process financial transactions electronically through the Federal Reserve Bank.

2. “Convenience Fee” means a fee that is charged to a customer for the convenience of making an electronic payment. A convenience fee charged to a customer typically covers all or a portion of a payment vendor’s transaction costs, as well as any other additional fees that are charged by an agency to recover direct costs associated with an electronic payment.
3. “Credit Card” means a card indicating that the holder named on the card has obtained a revolving line of credit from the financial institution issuing the card up to a certain dollar amount valid to a specified date shown on the card. A credit card may be used to pay for goods and services from merchants or organizations participating in the corresponding credit card program.
4. “Debit Card” means a card indicating that the holder named on the card has an open account in a financial institution shown on the card that the holder named on the card is authorized to pay for purchases of goods and services from participating merchants so long as the account is valid and has adequate funds to cover the cost of either goods or services, or both, at the time of the transaction.
5. “Customer” means a person who is purchasing / utilities or related services with an electronic payment, such as a credit card, debit card or electronic check.
6. “Electronic Check” or “e-check” means an ACH debit that is initiated by the customer or agency on the internet against an open account in a financial institution that is authorized for use to pay for purchases of goods and services from participating merchants so long as the account is valid and has adequate funds to cover the cost of either goods or services, or both, at the time of the transaction. This is also known as an internet check.
7. “Electronic Payments” means any financial transaction by which funds are transferred to / through any type of electronic payment option or method. The electronic payment options include, but are not limited to; Internet payment processing, point-of-sale payment processing, and interactive voice response (telephone payments). The methods of payment include, but are not limited to: automated clearing house (ACH), credit cards, debit cards, ACH debit processing and wire transfers.
8. “Electronic Payment Services” means any service provided by a vendor who acts as an intermediary in processing an electronic payment, including, but not limited to: merchant banking services, credit card payment processing, ACH debit processing, and internet payment gateway services. Depending on how contracts with third party vendors are established, electronic payment services may be coordinated by a single vendor or multiple vendors.
9. “Electronic Payment Processing Protocol” means the standard processes used by / when accepting electronic payments from customers, including, but not limited to, contracts with financial service providers and business procedures.

10. **“Interactive Voice Response System”** (IVR) means a system that allows users to pay for services over the telephone or other audio-signal carrier using a credit card.
11. **“Internet Payment Gateway Service”** means a service provided by a vendor that directs an internet payment transaction to the appropriate third party payment processor who facilitates the transfer of funds from a specific financial institution.
12. **“Merchant Banking Service”** refers to the designated bank or banking service that processes an electronic payment.
13. **“Payment Vendor”** means a service provider who is involved with the electronic payment transaction, including, but not limited to; merchant bank, credit card issuer, credit card association, internet payment gateway, ACH or credit card payment processor.
14. **“Personal Financial Information”** means the information provided by the customer in the course of completing a payment transaction with RWW through an electronic transfer of funds, including, but not limited to credit card number, debit card number and bank account number.
15. **“Point-of-Sale”** or POS is a payment option that performs a real-time payment authorization of a customer’s account when the customer presents their credit card (or other payment method) in-person at the time of sale.
16. **“Transaction Fee”** means the same as “transaction cost” and refers to the cost incurred by a payment vendor for executing an electronic payment. If an agency passes all or a portion of this transaction cost on to the customer, then the resulting fee to the customer is typically called a “convenience fee” (see definition above).

#### **D. Policies**

may accept electronic payments for utilities and related services pursuant to Board of Utility Commissioners Resolution 2019-2 and Section 6-10-1.2 NMSA 1978.

must comply with the electronic payment processing protocol and procedural steps as set forth in these administrative policies and procedures.

##### **1. Electronic Payment Processing Protocol and Privacy**

, with technical assistance and equipment if necessary, shall establish and maintain the protocol for electronic payment processing, including, but not limited to, contracts for electronic payments, convenience fees, and standard business processes and procedures.

- a. [redacted] shall not store a customer's personal financial information in a database accessible to the public. If [redacted] has a legal and justifiable business need to store personal financial information obtained from customers during an electronic payment transaction, [redacted] is required to provide written procedures and policies for the safekeeping of such personal financial info. Such written procedures and policies shall include the names of [redacted] employees who will have access to such personal financial information. Such procedures and policies shall be forwarded to the General Manager for written approval before storing personal financial information in a database accessible to [redacted] employees.

## 2. Contracts

- a. The [redacted] Bookkeeper after consultation with the City Treasurer, shall establish and administer contracts with vendors for the acceptance and processing of electronic payments, including, but not necessarily limited to: merchant banking services, internet payment gateway services, and third party electronic payment processors.

## 3. Convenience and Transaction Fees

- a. A convenience fee greater than the cost of a payment vendor's transaction fee may be charged to the customer for an electronic payment. Convenience fees may be calculated to recover all of a payment vendor's transaction costs, as well as any additional direct costs borne by [redacted].
- b. Use of a convenience fee and the methodology used in calculating it must be in accordance with the contracts [redacted] has established with its payment vendors.

## E. Procedures

1. [redacted] employees may obtain information from the [redacted] Bookkeeper on its electronic payment processing protocol, contracts for electronic payments, transaction fee structure and standard business processes and procedures.
2. [redacted] Bookkeeper will provide to the City Treasurer, information pertaining to set up of accounts which may include, but is not limited to, the following:
  - a. Checking account for electronic payment deposits.
  - b. Merchant bank account and credit card issuer accounts for credit card payment processing.
  - c. Internet payment processing and third party payment processor accounts.
3. [redacted] Bookkeeper or its appointed designee is responsible for tracking, researching and recording all credit/debit card transactions or electronic transfer for reconciliation purposes.

4. Acceptance of debit/credit cards or electronic transfer from the internet shall be done in a secure fashion and on a secure system.
5. Debit/Credit card payments will only be accepted in person by POS or through the internet payment gateway. Debit/credit card payments will not be accepted by telephone (unless utilizing IVR), mail or e-mail.