

Case Study

How the City of Peoria Stopped Absorbing Card Fees — Without Sacrificing Digital Adoption

ABOUT THE CITY OF PEORIA

Peoria, Arizona is a full-service municipality serving approximately 200,000 residents. Its finance department oversees a broad range of revenue operations — utility billing, tax collection, business license, and other city services — all increasingly supported through digital payments.

THE CHALLENGE

For years, Peoria absorbed 100% of credit card processing fees across all departments. As digital payment adoption grew, so did the cost of supporting it — and the burden fell entirely on the city's enterprise fund.

- Annual card processing costs approached \$1M and were still climbing
- Years of internal discussion had stalled on three concerns: resident backlash, the complexity of updating city code, and the need for cross-departmental alignment

Without a change, absorbing those costs indefinitely wasn't just a budget problem — it was becoming an equity problem. Why should residents paying by cash or check subsidize the cost of someone else's credit card rewards?



“If it's a concern — budget constraints or rising costs — I'd say just pull the trigger. The folks that want to use a credit card will continue to do so, and those who don't want to pay a fee have a free ACH option. It works.”

Raymond Nelson
Revenue Manager, City of Peoria



THE SOLUTION



The Model

- In 2024 introduced a percentage-based service fee for credit card transactions, so costs scale proportionally with payment size
- Preserved a no-fee ACH (eCheck) option, which the city continues to absorb, ensuring every resident still has a free way to pay digitally
- Took a citywide approach, pooling transactions across departments to optimize pricing and establish a single, consistent fee structure



Making the Case Internally

Before launching the new fee structure, the team navigated operational requirements that had previously kept the change off the table:

- Updated city code and fee schedules to support the new structure
- Built the case for city council around two arguments that ultimately proved decisive: financial sustainability and fairness to residents who don't pay by card



The Rollout

Partnering with InvoiceCloud's complementary Marketing services, Peoria paired the fee model change with a proactive, multi-channel communication strategy designed to get ahead of resident questions before go-live:

- Bill messaging and inserts
- Lobby signage and in-office notifications
- City council communications and public meetings
- Early and sustained outreach well ahead of the transition date

THE RESULTS

The transition went smoothly, and the outcomes matched what the finance team had hoped for:

- Card processing costs shifted off the enterprise fund, removing a growing and unpredictable budget line entirely
- Digital adoption held steady: no increase to in-person or manual payment methods
- The city received unanimous council approval with minimal public resistance, validated by the proactive communication strategy
- Residents adapted naturally: some moved to ACH to avoid the fee, while many continued using credit cards for convenience and rewards
- Peoria now has a standardized, scalable payment framework — one that can expand to new departments and services without revisiting the fee structure from scratch