



Report to: General Committee

Date Report Authored: May 25, 2012

SUBJECT: Payment Acceptance Policy
PREPARED BY: Mark Visser, Senior Manager, Financial Strategy & Investments
Fred Rich, Senior Business & Risk Analysis

RECOMMENDATION:

- 1) THAT the report entitled “Payment Acceptance Policy” be received;
- 2) AND THAT Council approve the Payment Acceptance Policy;
- 3) AND THAT existing “Credit Card Acceptance Policy” be replaced by the attached “Payment Acceptance Policy”;
- 4) AND THAT the maximum credit card transaction limit be increased to \$5,000;
- 5) AND THAT during the next CPI fee increase all user fees within the current Markham Fee Bylaw (2002-276) be increased by 0.5% in addition to the CPI increase;
- 6) AND THAT the projected merchant fee cost be incorporated into the 2013 Planning Applications Fee Bylaw (211-83) and the Building Permit Fees Bylaw (2011-62) updates;
- 7) AND THAT all future Markham fees incorporate the cost of Credit & Debit Card Merchant fees;
- 8) AND THAT staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain Council approval of the Payment Acceptance Policy. This policy replaces the Council approved “Credit Card Acceptance Policy” dated June 5, 2000.

BACKGROUND:

In 2000, Council approved a Credit Card Acceptance Policy setting transaction limits for credit cards payments for Markham services. The implementation of the Portal in 2011 has provided new opportunities to expand on-line services to the public and provided new on-line payment methods including credit cards and debit card payments. As such, it is recommended that the attached “Payment Acceptance Policy” replace the existing “Credit Card Acceptance Policy”.

OPTIONS/ DISCUSSION:

Phase 2 of the Portal implementation includes the posting of on-line forms and the expansion of on-line payments. To oversee the implementation of on-line forms and payments, a sub-committee of the Portal steering committee was developed. The sub-committee consists of staff from ITS, Financial Services, Building Services & Legislative Services.

Currently Markham processes Recreation Program Registrations online and Parking Violation and Theatre Tickets are processed by a third party. Both Theatre and Parking will continue to be processed by a third party for the time being.

Expanding on-line service payments will improve customer service to citizens and businesses that are able and willing to complete the services on-line. In addition to improved customer service, some efficiencies should be gained by departments currently providing and processing these services in-person. As these efficiencies are difficult to predict at this time, staff will monitor the efficiencies over time.

The expanded on-line payments will include various new services that are expected to be on-line in 2012:

- Animal License (new and renewal)
- Business License (new and renewal)
- Parking Permits
- Minor variances
- Consent for land severance (Committee of Adjustments)
- Money donations (Museum, Theatre, Art Gallery)
- Memberships (new & renewals for Art Gallery, Museum)

In 2013/2014, it is expected property taxes and other services will be available to be paid on-line through the Portal.

To accommodate the expanded services being offered on-line, the portal sub-committee recommends increasing the maximum on-line credit card transaction limit from \$1,500 to \$5,000. This limit will allow the Building Services customers the ability to process simple building permits online. This recommended increase has been included in the attached "Payment Acceptance Policy". This policy will replace Markham's current "Credit Card Acceptance Policy" and has been updated to reflect the new on-line payment opportunities provided through Markham's new Portal.

FINANCIAL CONSIDERATIONS AND TEMPLATE:

Processing services online will increase the third party costs (debit and credit card merchant fees), as it is expected credit card usage will increase, as well on-line debit merchant fees are significantly higher than in-person debit merchant fees. Based on Markham's current credit & debit card merchant fee schedule, financial services staff in conjunction with the portal sub-committee project the incremental increase in merchant fees to be approximately

\$150-175,000/year. (Development Fees \$50-55,000, Non- Development User Fees \$100-120,000)

Options to address incremental cost & maintain online services

1. Absorb the incremental \$160,000 cost
 - Easy to implement
 - Would have a potential impact on the tax rate
2. Implement a User Fee for on-line payments
 - May act as a deterrent for on-line payments, especially for lower dollar transactions e.g. animal licenses
 - Does not take into account that accepting payments in person can be more costly
3. Increase all fees by a standard percentage
 - Minimal increase to all fees
 - Standard increase to in-person and on-line payments

To assist in the recovery of the third party costs Staff recommend Option 3, that all user fees within the current Markham Fee Bylaw be increased by 0.5%.

The 2011 revenue generated through the Markham Fee Bylaw was approximately \$23 million. Therefore a 0.5% increase on \$23 million would generate \$115,000 in additional revenue. (\$23 million x 0.5% = \$115,000). Based on this calculation, the additional revenue would generate the necessary funds to recover the increased credit & debit card merchant fees associated with the non-development user fees. This 0.5% increase will be combined with the next CPI fee increase.

The projected \$50-55,000 related to Development Fees, will be incorporated into the 2013 Development Fee Bylaw update, to be completed in November 2012.

It is further recommended that all future Markham fees incorporate the cost of credit & debit card merchant fees.

BUSINESS UNITS CONSULTED AND AFFECTED:

All departments effected have been consulted.

RECOMMENDED BY:

01/06/2012

31/05/2012

X 

Joel Lustig
Treasurer

X 

Dennis Flaherty
Acting Commissioner, Corporate Services

ATTACHMENTS:
Payment Acceptance Policy