## REPORTS

**Minute No. 69** **Red Tape Commission Recommendations –**
**No. 5 - "Easy Pay" Policy**
**File GG-5**

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee laid over consideration of the matter for thirty (30) days.

**Minutes – Executive Policy Committee – December 7, 2005**

DECISION MAKING HISTORY:

Moved by Councillor Magnifico,
That consideration of the matter be laid over for thirty (30) days.

Carried

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On October 19, 2005, the Executive Policy Committee laid over consideration of the matter for sixty (60) days.

On July 20, 2005, the Executive Policy Committee referred to the Chief Administrative Officer for review and recommendation the following first phase recommendation of the Red Tape Commission, said report to be submitted to the Executive Policy Committee for consideration in September 2005, namely:

- Recommendation 5
  Adopt an "easy-pay" policy to offer customers a consistent standard for payment options citywide.

## REPORT

**RE: FINAL REPORT OF THE MAYOR'S RED TAPE COMMISSION – RECOMMENDATION #5 – "EASY PAY" POLICY**

**FOR SUBMISSION TO: Executive Policy Committee**

**ORIGINAL REPORT SIGNED BY:** Robert P. Gannon, Chief Financial Officer

**REPORT DATE:** August 22, 2005

**RECOMMENDATION(S):**

1. That Council endorse an "easy pay" strategy to offer customers a consistent standard for payment options citywide and that the administration report back in 90 days with a recommended policy for approval;
2. That tax and water bills can be payable with a credit card as a cash advance only and that this practice continue for these bills until either favourable commission terms are negotiated, or other measures can be taken to mitigate the costs of accepting credit cards for these bills;
3. That Corporate Finance support departments in their efforts to expand the types of payment options made available; and
4. That Corporate Communications design an "easy pay" graphic for posting at City locations and ensure the "easy pay" message is communicated to the public on an ongoing basis.

## REPORT SUMMARY

**Key Issue(s):**

Involves a response to Recommendation #5 from the Final Report of the Mayor's Red Tape Commission.

**Implications of the Recommendation(s):**

**General Implications**

| | |
|---|---|
| | **None** |
| X | **For the organization overall and/or for other departments** |
| | **For the community and/or organizations external to the City** |
| | **Involves a multi-year contract** |

**Comment(s):**

Depending on the policy that is recommended and adopted, there could be workload and financial implications for certain departments within the City.

**Policy Implications**

[X] **No**
[ ] **Yes**
**Comment(s):**

**Environmental Implications:**

[X] **No**
[ ] **Yes**
**Comment(s):**

**Human Resources Implications:**

[X] **No**
[ ] **Yes**
**Comment(s):**

**Financial implications**

[ ] **Within approved current and/or capital budget**
[**X**] **Current and/or capital budget adjustment required**
**Comment(s):**

Budget adjustments may be required to allow for website development costs, commission expenses, design, production and communication costs related to the “easy pay” graphic or other costs. These costs are not known at this time.

## Report

**REASON FOR THE REPORT:**

At its meeting of July 20, 2005, the Executive Policy Committee received as information the Final Report of the Mayor's Red Tape Commission, dated June 28, 2005. Furthermore, EPC referred to the Chief Administrative Officer for review and recommendation a series of first phase recommendations of the Red Tape Commission, one of which was Recommendation 5, namely:

***Recommendation 5***
*Adopt an "easy-pay" policy to offer customers a consistent standard for payment options citywide.*

It was directed that the report be submitted to Executive Policy Committee for consideration in September 2005.

**HISTORY:**

On November 23, 2004, the Mayor officially established a Red Tape Commission, chaired by Councillor Franco Magnifico, to review City operations and regulations in order to improve customer service while granting administrators more freedom to innovate.

The Red Tape Commission submitted a final report, dated June 28, 205, containing 30 general recommendations, each with numerous more detailed sub-recommendations.

**DISCUSSION:**

The Administration supports the Mayor's Red Tape Commission's efforts to eliminate inconsistencies in payment policies, to offer a full menu of convenient payment options and to make customers aware of those alternatives once available. While at the present time there are concerns about adopting a policy which would include all bills the City issues, it is important for the citizens of Winnipeg to be made aware of the options available to them with respect to making payments to the City. As outlined below, there are some steps that can be taken over the short to medium term to ensure a more consistent approach to payment options as well as informing the public of these options.

### Current Payment Practices at the City:

The current practice at the City is for an individual department to determine what forms of payment they are willing to accept for the services they offer the public. Once a department has determined they would like to offer a specific form of payment, the

Corporate Finance department would make the necessary arrangements through the City's bank, which is currently the Royal Bank of Canada.

The City currently has 83 terminals available in 72 different locations to accept cash, cheque, debit card and credit card payments for a variety of different services. In addition to accepting payments at these locations, some City of Winnipeg bills can be paid from home through internet banking or telephone banking services offered by various financial institutions, at most of these financial institutions, or through the mail. The City accepts credit card payments via the internet through the City's website for Planning, Property and Development programs and is currently working on offering this same service for some of the Community Services programs. In addition, some City services are available at retail and other outlets throughout the city.

The chart on the following page highlights the forms of payment accepted for the various services offered by the City:

| CITY OF WINNIPEG<br><br>ACCEPTED FORMS OF PAYMENTS | City of Winnipeg Locations | | | Online and Telephone | | | Other Locations | |
|---|---|---|---|---|---|---|---|---|
| | Cash/ Cheques | Debit Card | Credit Cards (1) | Personal Banking (2) | City of Winnipeg Website (3) | 3rd Party Services (3) | Financial Institutions | Retail and Other Outlets |
| **Community Services:** | | | | | | | | |
| **-Leisure Guide Activities** | x | x | x | | | | | |
| **-Ice Rentals** | x | x | x | | | | | |
| **-Athletic Field Rentals** | x | x | x | | | | | |
| **-Pools** | x | x | x | | | | | |
| **-Leisure Centres** | x | x | x | | | | | |
| **-Assiniboine Park Zoo** | x | x | x | | | | | |
| **-Museums** | x | x | x | | | | | |
| **-Animal Services SOA** | x | x | x | x | | | x | x |
| **-License Branch** | x | x | x | | | | | |
| **-Libraries** | x | x | | | | | | |
| **Transit:** | | | | | | | | |
| **-Bus Tickets** | x | x | | | | | | x |
| **-Bus Passes** | x | x | | | | | | x |
| **-Chartered Buses** | x | x | | | | | | |
| **Water & Waste:** | | | | | | | | |
| **-Water Bills** | x | x | | x | | | x | |
| **-Landfill** | x | | | | | | | |
| **Police:** | | | | | | | | |
| **-Parking Tickets** | x | x | | | | x (4) | | |
| **-Criminal Record Checks** | x | x | | | | | | |
| **Planning, Property & Development:** | | | | | | | | |
| **- Building Permits, inspections, etc.** | x | x | x | | x | | | |
| **-Golf Courses SOA** | x | x | x | | | | | |
| **-Municipal Cemeteries** | x | x | x | | | | | |
| **Public Works:** | | | | | | | | |
| **-Permits** | x | x | x | | | | | |
| **-Parking Authority SOA** | x | x | x | | | | | |
| **Corporate Finance:** | | | | | | | | |
| **-Realty and Business Taxes (5)** | x | x | | x | | | x | |
| **Fire Paramedic Services:** | | | | | | | | |
| **-Ambulance** | x | x | | | | | | |

(1) Credit Card Payments include Visa, MasterCard and American Express.

(2) Could be either a debit to a bank account or a cash advance on a credit card.

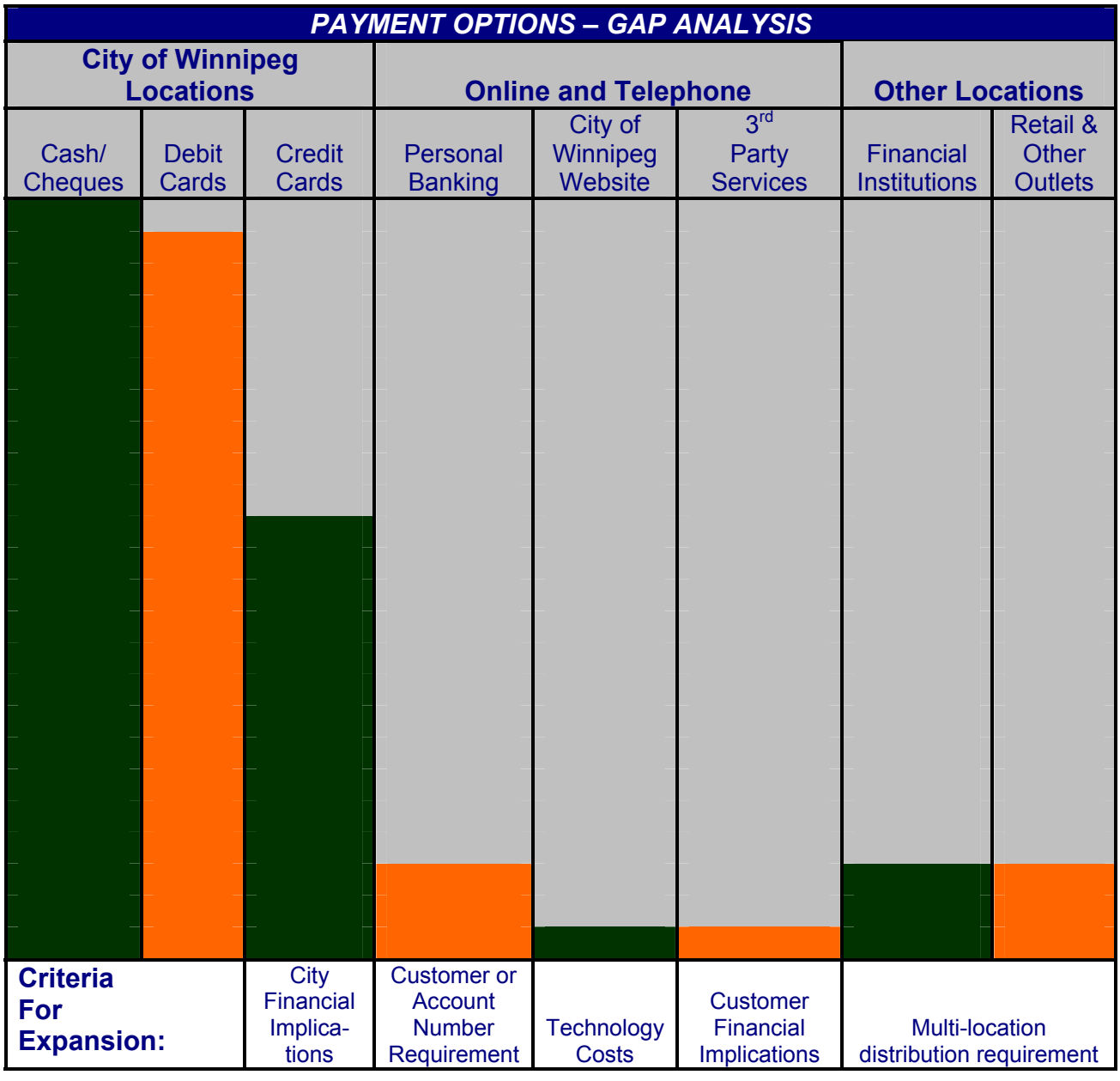
(3) Credit card payments only.

(4) Parking tickets are payable over the telephone with a credit card through a 3rd party service provider.

(5) Taxes can be paid through the City's TIPP (Tax Instalment Payment Plan) through automatic withdrawal from a bank account.

Gap Analysis:

The following graph shows where the City has gaps in offering all forms of payments to customers:



As is indicated at the bottom of the graph, there are a number of criteria to consider before expansion of existing payment options occurs.

With respect to credit cards, there are a number of City bills where credit card payments are not accepted, most notably tax bills and water bills. The reason for this is the credit card commissions on these larger dollar transactions could cost the City millions of dollars in fees each year under existing agreements. As an example, the City collects approximately $800,000,000 in tax revenue each year. (It's not just the City's portion of the tax bill which would be subject to credit card commissions, but the school tax portion as well). For every $100,000,000 paid by credit cards, at an average commission of 2%, the City would need to raise a further $2,000,000 annually in revenues to offset this extra cost. If everyone decided to pay their tax bills with a credit card, the additional cost to the City would be $16,000,000. We are not aware of any city in Canada that currently accepts credit cards for payment of taxes and in fact this point was recognized on page 30 of The Final Report of the Mayor's Red Tape Commission … "The Commission could not find an example of a Canadian city that allowed credit card payment for taxes." In the case of water bills, there is approximately $148,000,000 of revenue collected each year by the Water and Sewer utilities and if every payment was made by credit card, it would mean an additional cost of $2,960,000 to the City. At this time it is not known what percentage of payments may be made via credit cards versus the other forms of payment.

The other bills/services for which the City does not currently allow credit card use are: Transit (bus passes and tickets), Libraries (late fees) and at the Public Safety Building (parking tickets). It should be noted that a citizen can pay a parking ticket via the telephone with a credit card but the service provider charges the citizen a fee plus the commission costs. Based on $36,000,000 of transit revenues collected for bus passes and tickets annually, the Transit department would have incurred $720,000 of commission costs if that revenue had been collected by credit cards instead. In the case of the Libraries, they would have incurred $8,000 of commission costs if their 2004 revenues of almost $400,000 had been collected by credit card instead. Again, it is not known at this time what percentage of payments may be made via credit cards.

In the case of expanding the use of personal banking services there would be costs involved in establishing the required customer or account numbers in order to proceed with this. The development of further website capabilities could involve significant amount of capital and staff time in order to proceed in this direction.

<u>Final Report of the Mayor's Red Tape Commission</u>
<u>Recommendation 5.1:</u>

Adopt as policy the standard that "any citizen should be able to conveniently pay any bills owing to the City of Winnipeg by VISA, Master Card, debit card, cheque, or cash/cash transfer, online or in person." Designate a central agency within the Public

Service to assist other departments and agencies in reaching this standard, and to monitor implementation.

As an interim measure, tax and water bills are payable with a credit card as a cash advance. The Commission recommends that public service staff seek favorable commission terms or design other policies to allow credit cards to be used for all payments.

Administration's Response:

It is important to have a policy standard to work toward, which can be applied consistently across the organization. This report is recommending that Council endorse an "easy pay" strategy to offer customers a consistent standard for payment options City wide and that the administration report back in 90 days with a recommended policy for approval. During this time frame, consultation with departments will occur, research will be conducted, and a recommended policy will be developed. Since there is the recognition, specifically in the case of tax bills and water bills, that "any bills" is not currently practical, it is not recommended that the wording of the policy standard in Recommendation 5.1 be adopted at this time. In developing details of the policy for recommendation, both the convenience provided to customers, as well as the financial implications to the City will be considered.

On an ongoing basis, as is current practice, Corporate Finance will provide the support required to implement acceptance of a new form of payment once it has been determined to accept that form of payment.

Final Report of the Mayor's Red Tape Commission
Recommendation 5.2:

On expiry of existing service contracts, a central agency within the Winnipeg Public Service should be authorized to implement this policy through a broadbased request for proposals for City-wide payment systems. This request for proposals should also allow bidders to propose different models for payment that could include the use of permanent customer accounts, or a "City of Winnipeg customer card" for purchase of City services. Costs, efficiencies (for instance, in the collection of debit fees) and the City's overall banking needs should all be important considerations if a vendor is selected under this alternative.

Administration's Response:

The Corporate Finance Department is responsible for banking arrangements throughout the City. Corporate Finance will continue to research current trends in all aspects of banking, including payment options, and as we become aware of opportunities to offer citizens better and different methods of paying for services or bills we will ensure

departments are made aware of these methods and support departments in changing their payment options. As noted in the recommendation, the City's overall banking needs must be considered before making any changes. In the meantime, the City will develop a Request for Information document by March 31st 2006 to send to various financial services providers to determine if there is a more cost efficient and customer friendly way of offering payment options to citizens.

Final Report of the Mayor's Red Tape Commission
Recommendation 5.3:

The central agency charged with implementing this recommendation should advertise the City's payment options, require other departments to do so, and be given resources to achieve this goal – even where this means re-emphasizing modes of payment that already exist. Wherever city bills are paid, collected or solicited, a common "easy pay" graphic with pertinent information should be published or posted.

Administration's Response:

Since this recommendation involves designing an "easy pay" graphic and communicating a message to the public, the Corporate Communications area at the City should be involved in carrying this out. It is important to note that once developed, the "easy pay" graphic could only be displayed at those City locations where all forms of payment are accepted, (i.e. it would not be displayed at the cashier counter at 510 Main Street since the bulk of payments received there are for either tax or water bills). Departments will be asked to review documents they currently send out where a payment is required to ensure the various forms of payment are easily identifiable to the citizens receiving the documents. This review will include tax and water bills to make sure the online payment methods currently offered as well as the receipt of payment at financial institutions are promoted. It is anticipated there will be some costs involved with the design, production and communication costs related to the "easy pay" graphic. However, these costs are not known at this time.

## Financial Impact Statement Date: August 22, 2005

**Budget adjustments may be required to allow for website development costs, commission expenses, design, production and communication costs related to the "easy pay" graphic or other costs. These costs are not known at this time.**

"Original signed by Carrie Erickson"
Carrie Erickson
Manager of Finance & Administration

**In preparing this report, there was consultation with and concurrence by:**

**This Report Submitted By:**

| | |
|---|---|
| Department: | Corporate Finance Department |
| Division: | Financial Services |
| Prepared by: | Garry Steski, Manager of Financial Services |
| File No. | |