Report – Executive Policy Committee - November 29, 2006

Item No. 3 Increase in Fee for Returned Payment Items to The City of Winnipeg File GL-5.8.1

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 29, 2006, the Executive Policy Committee concurred in the administrative recommendation and submits the following to Council:

1. That the fee for returned payment items to the City be increased to $25.00 per item from the current level of $20.00 per item, effective January 1, 2007, to more closely reflect the average charged for this type of service.

2. That the Proper Officers of the City be authorized to do all things necessary to implement the intent of the foregoing.

Report – Executive Policy Committee - November 29, 2006

DECISION MAKING HISTORY:

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

On November 29, 2006, the Executive Policy Committee concurred in the administrative recommendation and submitted the matter to Council.

RE: INCREASE IN FEE FOR RETURNED PAYMENT ITEMS TO THE CITY OF WINNIPEG

FOR SUBMISSION TO: EXECUTIVE POLICY COMMITTEE

ORIGINAL REPORT SIGNED BY: ACTING CHIEF FINANCIAL OFFICER

REPORT DATE: October 30, 2006

RECOMMENDATION:

That the fee for returned payment items to the City be increased to $25.00 per item from the current level of $20.00 per item, effective January 1, 2007, to more closely reflect the average charged for this type of service.

Report Summary

Key Issues:

Involves the approval of an increase to an existing fee charged by the City when a payment item is returned from a financial institution.

Implications of the Recommendation(s):

General Implications

( ) None

( ) For the organization overall and/or for other departments

(X) For the community and/or organizations external to the City

( ) Involves a multi-year contract

Comment(s): Individuals or organizations who have payment items returned to them will now pay a higher fee to the City for the processing of the returned item.

Policy Implications

(X) No

( ) Yes

Comment(s):

Regulatory Implications

(X) None

( ) Eliminates or reduces regulatory impact

( ) Proposes regulatory impact

Comment(s):

Environmental Implications

(X) No

( ) Yes

Comment(s):

Human Resources Implications

(X) No

( ) Yes

Comment(s):

Financial Implications

(X) Within approved current and/or capital budget

( ) Current and/or capital budget adjustment required

Comment(s):

The recommendation involves increasing an existing fee, the revenue for which is dependent upon the number of occurrences of returned items.

Report

REASON FOR THE REPORT:

The City Organizational By-law provides that Council must approve the fixing of fees and charges for civic services, except as specifically delegated.

HISTORY:

Council last approved a change to the fee for cheques returned to the City in April, 1996. At that time, the fee was raised from $16.00 to $20.00 which represented the approximate cost to the City of processing a returned cheque as well as the cost being charged by the majority of organizations the City had contacted at that time.

DISCUSSION:

The City continues to accept cheques as a form of payment, although in recent times the number of payments received via Pre-Authorized Payments (PAP) has increased dramatically. When a payment is returned to the City from a financial institution the amount of work involved to process the returned item, whether a cheque or a PAP, is essentially the same. Therefore, while the previous reports on this subject dealt mainly with returned cheques, this report encompasses PAP as well, which is more reflective of the banking environment the City currently operates within.

Since the last change to this fee, which was in April, 1996, the City has continued to annually canvass a number of government as well as private sector organizations to determine where the City's fee for this type of service was relative to these other organizations. While the canvassing process turned up minor changes now and again, it was not until this years' process where it was determined an increase was warranted.

As a result of our canvassing this year, it was determined that $25.00 is the average charged by other municipalities as well as private sector organizations. The fees ranged from a low of $10.00 to a high of $37.50. A $10.00 fee would not cover the cost of handling a returned item. It was felt that setting the fee at the average amount charged would be reasonable. The City will continue to monitor this fee on an annual basis and adjustments will be recommended when deemed appropriate.

Financial Impact Statement — Date: October 30, 2006

Project Name: — **First Year of Program** 2007

Increase in Fee for Returned Items to the City of Winnipeg

	2007	2008	2009	2010	2011
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: The recommendation involves increasing an existing fee, the revenue for which is dependent upon the number of occurrences of returned items.

original signed by

Manager of Finance & Administration

IN PREPARING THIS REPORT THERE WAS:

Internal Consultation With and Concurrence By:

Legal Services Division, Corporate Services Department

External Consultation With:

THIS REPORT SUBMITTED BY:

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