

Request for Decision United Townships of Head, Clara & Maria Council

Type of Decision									
Meeting Date	Thursday, April 25, 2019				Report Date	Tuesday, March 26, 2019			
Decision Required		Yes	X	No	Priority	X	High		Low
Direction	X	Information Only			Type of Meeting	X	Open		Closed
<h2>Report #25/04/19/1302 - Payment Options</h2>									

SUBJECT: Payment Options

RECOMMENDATION:

That Council accepts this report as information only, with a decision to be made at the May meeting.

BACKGROUND/EXECUTIVE SUMMARY:

Staff and Council have been requested by ratepayers to research and consider alternate methods of payment. The current Square payment options are limited because debit cards can only be accepted if they have been set up to allow “tap” payments and often at a limit of \$100. That is problematic to many residents who want to pay their property taxes.

Staff have been asked to look into having the Township set up as a payee through financial institutions so ratepayers can make their tax payments online; similar to paying a utility or phone bill online. We have also been asked to research debit machine terminals. There are many different companies that provide many different types of credit and debit card terminals.

Financial Considerations/Budget Impact:

Scotiabank has provided costing estimates to allow residents to add the municipality as a payee through their bank.

A	B	C	D	E	F	G	H	I
		Scotia	BMO	CIBC	TD	RBC	Nationale	Desjardins
Non EDI								
Set up Fee		\$125.00	\$125.00	\$125.00	\$125.00	\$125.00		
Monthly Fee		\$5.00/\$15.00	\$25.00	\$15.00/\$25.00	\$15.00/\$25.00	\$15.00/\$25.00	\$25.00	\$25.00
Transaction Fee				0.055	\$10.00/100	(1-100) \$0.065 (101-1000) \$0.60 (1001+) \$0.055		
Reporting Fee		\$1.50/\$2.50	\$2.00	(CSV) \$2.00 (PDF/FAX) \$1.25		\$1.25		

The set up fees are one time only. There are no monthly fees to provide this service to Scotiabank customers, but every other bank will charge the township a monthly fee of \$25.00. CIBC, TD and RBC charge transaction fees on top of monthly fees. The reporting fee is daily, so for example with BMO, on a regular 20 business day month the township would be charged \$40, plus the \$25 monthly fee, for a total of \$65 per month. There are many options, from choosing not to provide this service for any other financial institution than Scotiabank to providing the service for all financial institution users.

To provide the service to all users of the financial institutions listed, it would cost:

\$425 for set up fees – one time;

\$150 regular monthly fee;

\$90 monthly reporting fee; and

transaction fees based on usage – at least \$10 per month if a TD payment is processed.

That is a potential monthly cost of a minimum of \$240 for services that are not guaranteed to be used.

There is a potential for public input to see if any of the financial institutions could automatically be eliminated due to lack of use, or council could make that decision solely based on cost and pick the most local and/or frequented institution(s) in our area. It would be beneficial to determine if there are any institutions not used by ratepayers in order to reduce spending set up and monthly fees on a service that will not be used.

There have been many requests for a debit machine in the office to accept property tax and other payments. **NPS Canada** is a company that provides debit/credit machine terminals. They have offered us a corporate rate:

VISA		MasterCard	
Classic, Gold, Platinum	1.1800%	Core	1.2000%
Infinite	1.3700%	World	1.4500%
Infinite Privilege	2.1500%	World Elite	1.7000%
Visa Debit	0.5000%	MC Debit	0.5000%
Business	2.0000%		
Business Infinite	2.2000%		
Consumer Pre-Paid	1.1800%		
Commercial Pre-Paid	2.0000%		

There is a monthly administration fees of \$5.00, tax included.

Their rate is guaranteed (0.20%) and locked in for 4 years and never fluctuate.

The application fees are waived for a lease plan or it is **\$100.00** for rental applications.

This company provides the option of leasing or renting the equipment. After 48 months of leasing the equipment, the township would own the equipment outright and would only pay the \$5.00 monthly administration fee. There is a lifetime warranty on the equipment.

Scotiabank referred us to **Chase Payment Solutions**, who have provided the following information:

length of contract: three years from when the first transaction is processed;

the point of sale equipment is rented from Paymentech, and rental rate is \$20.95 per month; and

contactless payments are accepted for Visa, MasterCard, Amex and Interac.

Fee Disclosure Box		
Merchant Name: 10107289.TOWNSHIPS OF HEAD, CLARA AND MARIA		
Date: 03-27-2019		
Payment Card Type	Processing method	
	Card/Device Present	Card/Device Not-Present
These are the most common types of domestically issued cards and their processing methods. They do not represent all the possible fees and variations that are charged to merchants	Means that the card/device was electronically read (contact or contactless interface or mag-stripe)	Means that the card/device was not electronically read. Generally, the card information is manually key-entered, e.g. mail/telephone order, online, recurring payment)
American Express Cards	2.0700% + \$0.000	2.3700% + \$0.000
American Express Prepaid Cards	2.0700% + \$0.000	2.3700% + \$0.000
Interac Debit Cards	0.0000% + \$0.068 (INTERAC DEBIT)	(INTERAC ONLINE)
Interac Debit Cards - Contactless	0.0000% + \$0.103 (INTERAC FLASH TIER 1/2/3)	
MasterCard Business Cards	2.4474% + \$0.000 (MC COMMERCIAL ELEC)	2.4474% + \$0.000 (MC COMMERCIAL ELEC)
MasterCard Core Cards	1.4474% + \$0.000 (MC CONSUMER ELEC)	1.4474% + \$0.000 (MC CONSUMER STANDARD)
MasterCard Corporate Cards	2.4474% + \$0.000 (MC COMMERCIAL ELEC)	2.4474% + \$0.000 (MC COMMERCIAL ELEC)
MasterCard Debit Cards	0.7474% + \$0.000 (MC DEBIT)	0.7474% + \$0.200 (MC DEBIT ECOMM)
MasterCard Prepaid Cards	1.4474% + \$0.000 (MC CONSUMER ELEC)	1.4474% + \$0.000 (MC CONSUMER STANDARD)
MasterCard World Cards	1.6974% + \$0.000 (MC HS ELEC)	1.6974% + \$0.000 (MC HS STANDARD)
MasterCard World Elite Cards	1.9474% + \$0.000 (MC PHS ELEC)	1.9474% + \$0.000 (MC PHS STANDARD)
Visa Business Cards	2.3404% + \$0.000 (VISA BUSINESS ELEC)	2.4404% + \$0.000 (VISA BUSINESS STANDARD)
Visa Infinite Business Cards	2.5404% + \$0.000 (VI CA ELEC INFINITE CAD)	2.6904% + \$0.000 (VI CA STD INFINITE BUS CAD)
Visa Consumer Credit Cards	1.8604% + \$0.000 (VI CONSUMER ELEC)	1.9604% + \$0.000 (VI CONSUMER STANDARD)
Visa Corporate Cards	2.3404% + \$0.000 (VI CORPORATE ELEC)	2.4404% + \$0.000 (VI CORPORATE STANDARD)
Visa Debit Cards	0.6904% + \$0.050 (VI DEBIT CHIP ELEC)	1.5904% + \$0.000 (VI DEBIT STANDARD)
Visa Infinite Cards	2.0504% + \$0.000 (VISA INFINITE ELEC)	2.1504% + \$0.000 (VISA INFINITE STANDARD)
Visa Infinite Privilege Cards	2.5204% + \$0.000 (VI CA ELEC INFINITE PRIV CAD)	2.8904% + \$0.000 (VI CA STD INFINITE PRIV CAD)
Visa Prepaid Cards	1.8604% + \$0.000 (VI PREPAID ELEC)	1.9604% + \$0.000 (PREPAID STANDARD)

Terms in brackets represent interchange program description as shown in merchant statement.

The rates per Card Type are made up of the following fees: Merchant Discount Rate, Assessment Fees, Processing Fees, Acquirer License Fee, Network Fees, Authorization and Settlement Fees, Transaction Fees, Non-Qualified Interchange, Non-Qualified Transaction Processing Fee, Gateway Fees. Please see the Pricing Schedule A for a full outline of your fees.

Chase Payment Solutions' monthly fee is less, but you never have the option to buy out, or own the equipment.

Global Payments Canada is another debit/credit terminal provider and has given information on a new model of Smart terminals manufactured by Ingenico. Pricing is as follows:

Onetime and Monthly Fees	
Onetime Setup Fee	\$150.00
Monthly Rental Option- \$25.00	Terminal Fees VS Terminal Purchase Option - \$750.00
Monthly Admin Fee	\$5.95
Monthly PCI Fees	WAIVED
Business View Reporting Tool	FREE
Annual Edge Fee (Optional For Next day deposits)	\$50.00

Debit and Credit Discount Rates	
Debit Per Item Fee	7 Cents per Trans
Visa Credit Discount Rate	1.58%*
MasterCard Credit Discount Rate	1.50%*
AMEX/ JCB/ Discover Discount Rate	1.75%*

*The discount rate is applied on basic credit cards issued by the Bank. Keep in mind that Visa and MasterCard and the other credit card brands may have some additional Interchange rates that are applicable on premium, rewards, corporate and international cards.

This company allows the option of purchasing the equipment up-front, without having to have a lease period first. If the equipment were to be purchased instead of lease, the township would only pay the one-time set up fee of \$150, the monthly administration fee of \$5.95 plus the debit and credit transaction fees. They have waived the annual edge fee but will still ensure next day deposits. Global was also willing to negotiate the debit transaction fee to match NPS Canada's 4 cents per transaction, after we received the above quote.

Chase Payment Solutions' monthly fee is the least of all three companies, but the township will never have an option to buy out, or own the equipment.

The cost of paying monthly fees to NPS for 48 months amounts to \$1439.52.

For Chase Payment Solutions, the township will have paid the same amount after 72 months, (or only 37 month for Global Payments), but will not own the equipment and will continue to pay the monthly fee.

Others Consulted:

Ken Lynch, Scotiabank
 Ben Lachman, Chase Payments
 Dave Morris, NPS Canada
 Sal Zaheer, Global Payments Canada

Approved and Recommended by the Clerk

Crystal Fischer,
 Interim Clerk