

City of Mississauga
Corporate Report



<p>Date: June 24, 2020</p> <p>To: Mayor and Members of Council</p>	<p>Originator's files:</p>
<p>From: Gary Kent, CPA, CGA, ICD.D, Commissioner of Corporate Services and Chief Financial Officer</p>	<p>Meeting date: July 22, 2020</p>

Subject

Cashiers Services – Elimination of Cash Transactions

Recommendation

That the report of the Commissioner of Corporate Services and Chief Financial Officer dated June 24, 2020 entitled “Cashiers Services – Elimination of Cash Transactions” be received for information.

Report Highlights

- Cash transactions account for approximately two percent of the total annual revenue processed at Cashiers.
- Cash transactions are primarily for the payment of property taxes, there are several other methods available for payment of property taxes including by cash at financial institutions.
- There are alternative payment options for all cash transactions processed at Cashiers.
- There is a trend to fewer cash transactions naturally.
- Eliminating cash transactions promotes a healthier work environment for staff and the public, will reduce foot traffic through City Hall and reduces the risk of theft and counterfeit transactions.
- Other municipalities are trending towards digital payment options and away from cash.
- This would also result in cost savings for the armoured car service and cost avoidance in staff time for balancing and preparing deposits.
- The elimination of cash transactions has been endorsed by the Leadership Team.

Background

The Cashiers counter located on the ground floor of the Civic Centre accepts payments and sells products as shown in the table below.

Service	Acceptable Form of Payment		
	Cheque / Money Order	Cash / Debit	Credit Card (MasterCard, VISA, American Express)
Property taxes	Yes	Yes	No
Parking tickets and penalty	Yes	Yes	Yes
Region of Peel water bill	Yes	Yes	No
Accounts receivable invoices	Yes	Yes	Yes
Region of Peel appliance pick-up requests	Yes	No	No
Garbage tags	Yes	Yes	Yes
Employee / public parking permits	No	Yes	Yes
Carassauga tickets / passes	No	Yes	No
Mississauga street guide	Yes	Yes	Yes

C Café collaborates with Cashiers for their deposit pick up and coin exchange. Cashiers processes payments for nearly all City divisions located in the Civic Centre; primarily Revenue, Business and Lottery Licensing, Planning and Building (depositing cheques for Development Charges), Mobile licensing, Finance and Clerks.

Cash transactions account for approximately thirty percent of the transactions and only two percent of the total revenue processed by Cashiers on an annual basis. The majority of the transactions processed are for property taxes. The majority of the revenue processed at Cashiers is for Development Charges and for Revenue (property taxes, A/R invoices, MAT, etc.). Details of the transactions and revenue processed in 2019 have been provided in the memo titled "Transactions and Revenue Processed at Cashiers in 2019" at the closed session on July 22, 2020.

Cash transactions are balanced and a deposit prepared on a daily basis. This deposit is then delivered to the bank through an armoured car service. Cheque payments are deposited directly to the bank using eDeposit at Cashiers, therefore not part of the armoured car bank deposit. There are alternative payment options for all transactions processed at Cashiers.

Comments

Almost half of all transactions processed at Cashiers are for property taxes. During the current COVID-19 pandemic Cashiers has been closed to the public. Notwithstanding the property tax deferral, some property owners have opted to continue to make payments based on the original

due dates with most opting for on-line banking as their method of payment. There are a number of payment methods available for property owners to pay their property taxes. These include:

- Cash, cheque or debit at Cashiers;
- At financial institutions by teller or ATM including cash;
- On-line or Telephone banking;
- Pre-authorized payment plans for direct debit from their bank accounts; and
- Post-dated cheques, mailed, dropped of in-person or in the after-hours drop box.

The handling of cash requires the use of bill counters, counterfeit detection machines, daily balancing and deposit. There is a risk of theft and of counterfeit transactions. Globally, the trend in payment behaviour is moving away from cash in favour of electronic payments. This trend to reduce cash is also in an effort to reduce tax evasion and money laundering. Electronic payments provide additional levels of convenience, the ability to monitor payment activities and control risks.

The armoured car services are the responsibility of the Treasury section in Finance. Prior to the pandemic Cashiers required daily armoured car services for deposits, this has been reduced to weekly since the closure of the Civic Centre. The armoured car service provider has been significantly impacted by the pandemic due to the overall reduction in armoured car service needs; as a result the cost per collection has tripled.

Some of the benefits of discontinuing cash transactions include:

- Promotes electronic payment methods that can be received and deposited faster;
- Reduces foot traffic through City Hall;
- Reduces the risk of theft;
- Promotes a healthier work environment as it eliminates the handling of cash;
- Eliminates the risk of counterfeit bills;
- Eliminates the need for armoured car services; and
- Reduces administrative functions for cash balancing, petty cash, preparing cash deposits and coin exchange.

While some of the challenges that may result from discontinuing cash transactions include:

- Acceptance by the general public;
- Increase in time processing electronic payments depending on the type of payment and increase in volume; and
- Increase in volume of payments requiring research if payment is sent through a financial institution or on-line banking with incorrect account information.

Municipal Survey

Most municipalities provide the same payment options to their taxpayers as the City does for our taxpayers. Some municipalities are also accepting on-line credit card payments through third-party providers such as Plastiq, Paytm and Paymentus. The fees associated with these services are paid by the taxpayer. While the City does not promote the use of credit card

payments for property taxes, taxpayers can opt to use these third-party payment providers and the payment is received by the City as a payment through their financial institution.

A survey of other municipalities indicates that there is some interest in moving towards digital payment options and away from cash and cheque. Municipalities are finding that there is a trend to fewer cash transactions naturally. The Cities of Brampton and Markham have opted to eliminate cash transactions. The table below indicates the responses received when asked if they are considering discontinuing cash payments.

Municipality	Eliminating Cash	Comments
Markham	Yes – January 1, 2020	Corporate report, part of digital payment initiative, eliminated both cash and cheque payment options.
Oakville	Recommending	Was recommending to eliminate cash as of January 1, 2021, now recommending immediately.
Toronto	No	Currently planning to provide the same counter services as pre-pandemic as have not received Council direction to change service level.
Brampton	Yes – January 1, 2021	Corporate on June 24, 2020 to change acceptable payment methods for Property Tax and Building Division Fees.
Caledon	Considering	Report presented to Senior Management on June 4, will continue to accept cash and will discourage cash in favour of other methods of payment.
Pickering	Considering	
Peterborough	Considering	Currently preparing additional research on cashless options.
Whitby	No	Believes cash transactions will naturally lessen
Thunder Bay	No	Will likely accept cash when they re-open, but since there are so many different ways to pay besides coming into the office, they are not in a rush to open cashiers to the public.
Parry Sound	No	Have seen an increase in people signing up for pre-authorized payments since the office has been closed and an increase with online banking. When the office does open again will accept cash payments.
Windsor	No	Trending towards cashless.

As part of the re-opening of the Civic Centre, cash payments will not be accepted for any transaction processed at the Cashiers counter. Contactless transactions are perceived as being healthier for both staff and the customer. This will also reduce the foot traffic at the Cashiers counter with customers using other payment options.

Revenue staff have communicated with the internal divisions that utilize Cashiers for their transactions. Finance has indicated that all their payments through Cashiers are by cheque.

Enforcement has indicated that most licence applications are mailed with cheque payment; applications brought to the counter can be paid by credit or debit so cashless transactions would not have a significant impact. Approximately ten percent of the transactions for Clerks are by cash; debit and credit payment options are also provided for these transactions. Clerks have indicated their support of cashless transactions for the initial recovery stages. C Café will continue to accept cash transactions and would still need to make bank deposits.

The elimination of cash transactions was presented to the Leadership Team on June 11, 2020 and received full endorsement.

A further review of all services provided by Cashiers and cash transactions for all City services is being conducted. This review will focus on operational efficiencies. The findings of this review will be reported this fall. As cash is legal tender some areas may wish to continue to accept cash transactions such as C Café and Clerks. The operational changes to other program areas currently supported by Cashiers and the handling of their deposits will be included in this review. Armoured car services would be required for any cash deposits.

A communication plan will be developed prior to the re-opening of the Civic Centre. This communication plan will include notices on the City's website, signage posted at the Civic Centre and social media messaging. Future tax billings will also indicate that cash payments will not be accepted at the Civic Centre.

Financial Impact

If Cashiers were to resume daily use of armoured car services then the annual cost is anticipated to be \$7,000 higher than budget for 2020 and the 2021 budget would need to be increased by \$18,000 to accommodate the new costing of this service. Discontinuing the need for a daily armoured car service results in a savings of approximately \$8,000 in 2020 and a budget reduction of \$10,700 in 2021. These savings would be mitigated depending on the needs for cash deposits by other program areas.

As cash transactions account for approximately 30% of the transactions processed at Cashiers, there would also be some cost avoidance in reducing the cash activities required by staff at Cashiers. This would be offset by servicing counter payments through other payment options and the increased time in processing of additional electronic payments. A full analysis of any savings will be included in the detailed review of Cashiers services.

Conclusion

As part of the re-opening of the Civic Centre, Cashiers will discontinue accepting cash payments. Cash transactions processed by Cashiers represent less than two percent of total revenue processed. Cash payments for property taxes can be made at any financial institution. Other forms of payment are accepted for all transactions processed at Cashiers.

Finance, Enforcement and Clerks are in support of Cashiers discontinuing cash transactions through the initial stages of the recovery. C Café may need to continue to accept cash transactions. A further review of Cashiers services and cash transactions for all City Services is being conducted. This review will focus on operational efficiencies including the operational changes to other program areas currently supported by Cashiers and the handling of their deposits. The findings of this review will be reported this fall.

Attachments

N/A



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