

Clause 7 in Report No. 12 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on June 18, 2015.

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Renewal of Non-Cash Payment Processor Agreement with Moneris Solutions

Committee of the Whole recommends adoption of the recommendation contained in the report dated June 3, 2015 from the Commissioner of Finance:

1. Recommendations

It is recommended that:

1. Council approve the renewal of the contract with Moneris Solutions (Moneris) for the provision of a non-cash payment processor for debit and credit cards for a five year period at a total estimated price of \$325,000, excluding taxes.
2. The Commissioner of Finance be authorized to execute all documents necessary to effect the foregoing.

2. Purpose

This report seeks approval from Council in accordance with Sections 9.1(a) and 9.2 (Direct Purchases) of Purchasing Bylaw 2014-53, to enter into an agreement with Moneris for a period of five years (September 1, 2015 to August 31, 2020) to support the following services:

- Purchase of York Region Transit/Viva fare media (i.e., tickets/passes) from machines installed at terminals and at Viva stops;
- The ability to use a debit or credit card to load his/her Presto card and;

- Full integration of weigh scale and payment processing for three waste management facilities.

A “Request for Proposal” was not issued as there is only one entity reasonably capable of providing the required service.

3. Background

A non-cash payment processor is required to process transactions using debit and credit cards and to load Presto cards

York Region Transit (YRT) and Viva riders can pay fares with cash, tickets, passes or the Presto card. Customers can use cash, debit or credit cards to purchase tickets and passes. Debit and credit card purchases for YRT and Viva fares are processed through a non-cash payment processor for all 146 fare machines located in various bus shelters and terminals.

Customers can also transfer money from their bank account, debit card or credit card through a point of sale device to load their Presto card. A non-cash payment processor supports each point of sale device. Customers can also choose to load their Presto card via online banking through the Presto website.

Customers using the waste management facilities in York Region can pay fees for their waste disposal with cash. McCleary Court Community Environmental Centre, Elgin Mills Community Environmental Centre and Georgina Waste Transfer Station offer customers the option of paying with debit or credit cards. A non-cash payment processor is required to process those transactions.

Moneris has been the non-cash payment processor for York Region Transit and Viva services

On April 21, 2005, Council approved the selection of Moneris as the non-cash fare payment processor for the YRT/Viva fare machines for a period of three years. As Moneris was the only non-cash payment processor certified to interface with the fare machine software, a call for bids was not undertaken. The agreement was executed for an initial period of three years and it continued for an additional two years.

On September 23, 2010, Council approved the selection of Moneris as the non-cash fare payment processor for the YRT/Viva fare machines for a period of five years. The agreement had an effective date of September 1, 2010, with an initial

term of two years and an automatic renewal of additional three one year terms. Once again, Moneris was selected as it was the sole payment processor compatible with the Region's fare machines.

Moneris supported a fully integrated weigh scale software solution

Historically, TD Merchant Services (TD) was the non-cash payment processor at the Region's three Waste Management facilities. Once payments were processed through the TD machine, scale operators were required to manually enter the non-cash fee payment value into the Region's scale software, which was inefficient and had the potential for inaccurate data entry.

In 2013, Waste Management staff determined that the Region would benefit from a fully integrated weigh scale software solution. The software would enable Regional staff to weigh the waste, with the software automatically calculating a disposal fee. A non-cash payment processor would then process the credit/debit transactions to the bank.

Research was undertaken to identify integrated solutions that would be ideally suited for the Region's waste management facilities. In accordance with the purchasing bylaw, a request for bids was not necessary, as purchases under \$50,000 may be authorized by the Commissioner without a call for bids. Moneris proved to be the preferred option for the following reasons:

1. Only two companies were found to be certified with the equipment's existing software. Other companies were ruled out as the amount of work and testing that would be required for these companies to obtain certification was unknown.
2. Moneris was the technically preferred solution of the two certified companies, allowing for a seamless transition to an integrated system.
3. The Region had an existing contract with Moneris for YRT and Viva services, so the Region could avoid additional setup costs.

As a result, a fully integrated Moneris scale software system was implemented at three waste management facilities in June 2014 and is working well.

The current contract with Moneris expires on August 31, 2015.

4. Analysis and Options

Moneris is still the only certified interface compatible with the YRT/Viva fare machines

Other banking institutions were contacted to determine whether their non-cash payment processors could be used to support the YRT/Viva fare machines and the waste management facilities. It was established that the banks were not certified to integrate with the existing software being used by the Region. Indeterminate testing and a minimum of \$15,000 in additional costs would have to be incurred to have other non-cash payment processors attempt certification, with no guarantee of a positive outcome. This does not include any software writing, internal information system consultation or training.

The Purchasing Bylaw allows direct purchases where the compatibility of a purchase with existing equipment, facilities or service is the paramount consideration.

As Moneris is the only certified non-cash payment processor compatible with the existing software installed in the Region's fare transit machines, a renewal of the Moneris contract by direct purchase is recommended.

Link to Key Council-approved Plans

This report is consistent with the 2015 to 2019 Strategic plan objective to ensure a fiscally prudent and efficient Region.

5. Financial Implications

In 2014, Regional non-cash payment processors processed \$5.7M in revenue

The following table summarizes the number of transactions and corresponding Regional revenue processed in 2014 through a non-cash payment processor.

Table 1
2014 transactions processed

Processed through Regional non-cash payment processors	# of Transactions (Thousands)	# of Transactions (percentage)	\$ Processed (Millions)
YRT/Viva fare payment machines ¹	325	88	4.27
Presto card ²	5	1	0.40
Waste Management facilities ³	40	11	1.06
Total	370	100	5.73

Notes:

- 1 Activity for 146 fare machines processed through Moneris
- 2 7 Point of Sale devices processed through Moneris
- 3 3 Waste Management Facilities processed through TD Trust during the months from January – June and Moneris during the months from July - December

The Region paid fees of \$65,000 for the use of non-cash payment processors for the 370,000 transactions processed in 2014.

Moneris proves to be less costly than other banking institutions

In addition to the certification fees that would be incurred with other providers, fees were estimated to be approximately \$20,000 higher per year with other providers than it would cost to continue to use Moneris.

Table 2 compares non-cash payment processing fees between Moneris and other banking institutions.

Table 2
2014 Non-cash payment processing fee comparison

Payment Type	Moneris fees (\$ thousands)	Other Banking Institutions fees* (\$ thousands)
Credit Card	45.5	58.0
Debit Card	19.5	27.0
Total Fee	65.0	85.0

- Fees are estimated

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The Purchasing Bylaw 2014-53 says that direct purchases exceeding \$100,000 are subject to Council approval.

As the total fees for a five year contract with Moneris has been estimated to cost \$325,000, Council approval is required for the renewal of this contract.

The processing fees charged by Moneris are included in the corresponding Transit and Waste Management operating budgets.

6. Local Municipal Impact

Providing non-cash revenue payment options to customers will maintain high quality service to customers throughout York Region.

7. Conclusion

As Moneris is the only firm that provides a fully tested and certified option for use with YRT/Viva fare payment machines, it is recommended that the Region renew the agreement with Moneris for a five year period.

For more information on this report, please contact Warren Marshall, Director, Controllershship Office, at Ext. 71601.

The Senior Management Group has reviewed this report.

June 3, 2015

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