



## The Corporation of the District of Saanich

# Report

**To:** Mayor and Council

**From:** Harley Machielse, Program Director, Permit and Application Modernization

**Date:** October 03, 2024

**Subject:** Credit Card Service Fee Bylaw

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### RECOMMENDATIONS

That Council give three readings to the Credit Card Service Fee Bylaw No. 2024 - 100995.

### PURPOSE

The purpose of this report is to recommend to Council a new Credit Card Service Fee Bylaw to introduce a credit card service fee for online ecommerce and in person payments.

### BACKGROUND

Credit cards are a widely used and preferred payment method for many customers. However, the District has historically not accepted credit card payments for several services, including permits, due to the transaction fees charged by credit card merchants.

This limitation has caused frustration among customers when they are unable to use credit cards for District services. In line with the District's modernization efforts to meet the evolving needs of its citizens, Saanich is working towards enhancing online services, including offering digital payment options. The implementation of online permit services will streamline processes, reduce wait times, and provide customers with the option to pay using credit cards. One of the remaining challenges in moving to a fully digital process is enabling credit card payments.

While allowing more payments via credit cards would improve customer convenience, it would also significantly increase costs to the District due to credit card merchant fees. Without a service fee, these additional costs would ultimately need to be covered by taxpayers, potentially leading to property tax increases.

District customers have expressed a strong preference for the convenience of paying for permits by credit card, with benefits such as extending payment periods and earning loyalty points. To enhance customer service and improve internal processes, staff have been exploring options to accept credit card payments while minimizing the financial impact on the District.

The District has acquired a software module that can recover a credit card service fee. The fee is passed on directly to the payee should they elect to use a credit card. This means municipal tax dollars will not be used to pay merchant fees and credit card users will not be subsidized.

## **ANALYSIS**

As part of a class action lawsuit settlement, Visa and MasterCard have agreed to allow merchants to pass on the cost of accepting credit cards to customers. Legislation permits organizations to charge an additional fee of up to 2.7% at the point of sale. Since American Express was not a signatory to the Federal agreement, it is not a credit card that can be accepted with a credit card service fee.

Under Section 194(1)(a) of the Community Charter, Council may, by bylaw, impose a fee for municipal services, which includes a credit card service fee. This allows the District to offer enhanced services, such as additional payment options, without imposing extra costs on taxpayers.

Several lower mainland and comparable municipalities have already implemented credit card service fees ranging from 1.75% to 2.40%. Based on an analysis of credit card merchant fees, the staff have recommended implementing a 2.4% credit card service fee.

This change will provide greater flexibility for developers, builders, and other stakeholders to submit applications and pay associated fees online, offering time savings and reducing the administrative burden on staff who would otherwise process payments in person.

While the update to the Fee Bylaw will allow the implementation of a credit card service fee for all District services, the primary focus will be on the permitting process. Existing services that already support credit card payments will be reviewed on a case-by-case basis, with any proposed changes brought forward to Council's Finance Committee for consideration.

## **COUNCIL OPTIONS**

1. That Council approve the recommendation as outlined in the staff report.
2. That Council provide alternate direction to Staff.

## **FINANCIAL IMPLICATIONS**

Staff to review the fee annually to ensure the recovery matches actual costs incurred as closely as possible.

## **STRATEGIC PLAN IMPLICATIONS**

This initiative aligns closely with Council Strategic Plan goals of Organizational Excellence:

- We base financial decisions on predictability, consistency, prudence, and long-term sustainability.
- We ensure continuous improvement to support robust and modern internal processes.

## **CONCLUSION**

Implementing a credit card service fee will allow the District to meet customer demands for more convenient payment options without burdening taxpayers with additional costs. By enabling credit card payments for permit services and other municipal transactions, the District can streamline processes, reduce wait times, and enhance overall customer service. The recommended 2.4% fee ensures that the cost of credit card transactions is borne by those who choose to use this payment method, aligning with the District's goals of modernization and fiscal responsibility.

Approved by: Harley Machielse, Program Director, Permit and Application Modernization

Attachments: Credit Card Service Fee Bylaw No. 2024 - 100995

## **ADMINISTRATOR'S COMMENTS:**

I endorse the recommendation from the Program Director, Permit and Application Modernization.

Brent Reems, Chief Administrative Officer