SUBJECT: Connect Hamilton – Create Community (“CHCC”) Project
myhamilton.ca Community Convenience Fee Review (FCS03057(f))
(City Wide)
Audit and Administration Committee Outstanding Business Item E

RECOMMENDATION:

(a) That the convenience fee of $1.50 including applicable taxes, continue to be imposed per the following e-commerce transactions on the myhamilton.ca Community Portal:

- Restaurant and Personal Service Licence Renewals
- Zoning Verification Application
- Dog Licence new and renewal

(b) That Report FCS03057(f), an outcome of the 2006 review of City e-commerce convenience fees collected, be received for information; and

(c) That outstanding Item E referred from the Committee of the Whole meeting of August 10, 2005, be removed from the Outstanding Business List.
EXECUTIVE SUMMARY:

The purpose of this report is to present the findings of a review of the convenience fee referred to in recommendation (e) of Report FCS03057(e) and to provide the Audit & Administration Committee and Council with updated information on the City’s on-line convenience fees, specifically those e-services implemented as part of the portal project.

The myhamilton.ca community portal relates specifically to the Connect Hamilton – Create Community Project. This report supplements previous Connect Hamilton - Create Community (CHCC) reports: FCS03057 on February 19, 2003; FCS03057(a) on September 10, 2003; FCS03057(b) for Vendor Selection on January 22, 2004; FCS03057(c) Collaborative Seniors’ Portal Network on January 12, 2005; FCS03057(d) Project Update; and FCS03057(e) Portal Management.

As part of report FCS03057(e), a convenience fee of $1.50 per transaction was approved. A review of 2006 gross revenue from convenience fees for the myhamilton.ca e-commerce services reveals a total of **$4,744.50**. The net profit, after processing fees (i.e. bank and credit card) is **$1,227.78**.

This report does not include a review of convenience fees for the Culture & Recreation Program on-line registration. Staff in Culture & Recreation and the Community Services Department will instead, in their own time, be going through a process to assess and review the CLASS registration program and on-line service to determine how best to handle fees going forward. It is important to note that this service was available to citizens prior to the launch of the community portal. The related recommendation in report FCS03057(e) deferred any convenience fee for the Culture & Recreation Program Registrations until January 1, 2006.

BACKGROUND:

The myhamilton.ca community portal officially launched on **Tuesday, September 13, 2005**. Prior to the launch of the portal, the City of Hamilton’s web site did afford users the ability to pay municipal parking fines and Provincial Offence Act (POA) infractions on-line. Each of these services included a convenience fee, $1.50 for parking tickets and $3.00 for POA tickets. As these services have always been outsourced, the convenience fee is paid directly to the vendor.

As part of the launch of the myhamilton.ca Community Portal, three new City e-commerce transactions were made available to citizens:

- Restaurant & Personal Service Licence Renewals
- Zoning Verification Application
- Dog Licence new & renewal
To align with the parking fine and POA transaction fees for on-line services, staff recommended that the $1.50 convenience fee be set for these new on-line services.

At that time and even more so today, it is acknowledged that organizations delivering on-line services often add a “transaction” or “convenience” fee. Accepting that said fee is used to offset the costs of delivering the on-line service including such costs as bank and credit card fees. Back in August 2005, it was pre-supposed that any net profit might ultimately contribute to portal sustainability in other areas. While the financial outcome for 2006 does not allow for substantial funds to be redirected to infrastructure renewal, processing costs for delivering these services via this relatively new channel have been off-set. This, in itself, is positive.

At present, community e-commerce transactions are not offered on the myhamilton.ca Community Portal. This may or may not change in the future.

**ANALYSIS/RATIONALE:**

While current e-services remain but a few and uptake numbers reflect adoption, in its’ infancy, it is hoped that, in the future, net funds might be used to partially offset infrastructure expenses including servers, software, maintenance, support, future enhancements and equipment/software refreshment.

For some, the notion of an additional fee will forever remain unpalatable. However for the more avid internet users and on-line consumers, paying nominal fees for the ability to conduct business at their convenience is something more people are fast becoming accustomed to. It remains to be seen if this trend will continue.

Going forward, the City should endeavour to examine and truly understand the drivers of satisfaction across all service delivery channels. In the future, as new e-services are considered, it may be that financial outcomes in areas of cost avoidance or service cost reductions can eventually be realized. On the other hand, the City of Hamilton, like other municipalities, may eventually consider the future of these on-line “transaction” or “convenience” fees and subject them to scrutiny in the context of ‘the costs of doing business today’.

**ALTERNATIVES FOR CONSIDERATION:**

There are but three options to consider:

1. Status Quo
2. Increase Convenience Fees
3. Decrease or Remove on-line Convenience Fees
In consultation with staff from the affected business units, it was unanimous. All agreed that citizens and portal users would not be amenable to an increase in convenience fees at this time. Staff would also not recommend removing or even decreasing this fee as it has successfully served as a cost recovery mechanism to offset processing fees for these on-line transactions.

For this reason, it is proposed that City Council receive this update and approve the recommendation contained in this report.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

Financial Implications

**2006 e-commerce Transaction Figures:**

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th># of Trans.</th>
<th>Gross Value</th>
<th>Convenience Fees (incl. GST)</th>
<th>Net Value</th>
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</thead>
<tbody>
<tr>
<td>Dog Licenses</td>
<td>2,962</td>
<td>92,833.20</td>
<td>4,443.00</td>
<td></td>
<td>88,390.20</td>
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<tr>
<td>Eating Establishment Licenses</td>
<td>35</td>
<td>10,267.50</td>
<td>52.50</td>
<td>10,215.00</td>
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<tr>
<td>eStore (Dundurn Castle Gift Store)</td>
<td>5</td>
<td>312.43</td>
<td>7.50</td>
<td>304.93</td>
<td></td>
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<tr>
<td>Zoning</td>
<td>161</td>
<td>17,361.50</td>
<td>241.50</td>
<td></td>
<td>17,120.00</td>
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<tr>
<td><strong>Totals</strong></td>
<td>3,163</td>
<td>120,774.63</td>
<td>4,744.50</td>
<td></td>
<td>116,030.13</td>
</tr>
</tbody>
</table>

**2006 Revenue and Fees:**

Actual revenue is based on the Convenience Fee Total of $4,744.50 less, GST including rate changes), refunds and Moneris refund fees.

| 2006 Revenue (less GST & refunds) | 4,303.59 |
| 2006 Bank Expenses               | 3,075.81 |
| Net Profit                       | 1,227.78 |

**Note:** Fees are charged directly to the department which incurred the revenue. Revenue received for the transaction fee charged, less GST Payable, is provided to the IT dept.

**Staffing Implications**

Feedback from the business units delivering the programs as to the impact in the area of service delivery, including to staff supporting these on-line services, is mixed. In the area of Dog Licensing for example, staff acknowledge that the on-line workflow has dramatically reduced the application processing time by approximately 80%. Thus, the almost 3,000 dog licenses that were applied for and or renewed via this new self-service
in 2006, through successful integration into the division’s back-end systems, resulted in substantial process improvements.

This is not the case however in the areas of zoning applications and restaurant and personal service licensing where the function and tasks related to on-line processing of applications has not been assigned to the front line staff serving clients. Therefore while the frontline / counter staff may be benefiting from a slight reduction in workload, others have experienced an increase in workload having assumed responsibility for this new work.

Going forward it will be important to learn from current practices and experiences. Developing strategies and business cases for programs that have specific service delivery objectives and ensure measurable outcomes should be the priority.

Legal Implications

There are no Legal implications pertaining to this information report.

POLICIES AFFECTING PROPOSAL:

Supporting and maintaining the City’s web presence as part of the myhamilton.ca community portals, continues to be done in accordance with existing City policies.

RELEVANT CONSULTATION:

Those business units directly responsible for these programs / service delivery have been consulted. They include:

- Finance Division
- Building Department
- Culture & Recreation Division

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
The availability of on-line services complements existing channels of service delivery (over the counter, fax, mail, phone) providing alternatives to residents who find it inconvenient to do business with the City during normal business hours.

Environmental Well-Being is enhanced. ☐ Yes ☑ No
Economic Well-Being is enhanced. ☑ Yes  ☐ No

The myhamilton.ca Community Portal serves as another tool to assist in growth of the community and in attracting tourists and businesses to the area.

Does the option you are recommending create value across all three bottom lines?

☐ Yes  ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?

☐ Yes  ☑ No