

THE TRANSFER OF CASHIERING SERVICES TO THE CITY

Recommendation

The Commissioner of Finance/City Treasurer and the Director of Financial Services recommends:

That the operation and administration of the cashiering services currently provided by PowerStream Inc. under the Joint Services Agreement, which includes two full time equivalents (2 FTE's) be transferred to the City of Vaughan.

Economic Impact

The impact of transferring the cashiering function to the City based on the same staffing level is estimated to save approximately \$45,000 annually. These savings will be partially reflected in the 2012 operating budget and fully reflected in the 2013 operating budget. The details of the financial and other considerations on the transfer of the cashiering operation are detailed below.

Communications Plan

Council direction will be communicated to PowerStream Inc. and City departments as applicable.

Purpose

To recommend the transfer of the cashiering services located at City Hall from PowerStream Inc. (provided under the Joint Services Agreement) to the City. The provision of this service is to be placed under the Finance Department within the Financial Services area.

Background - Analysis and Options

The cashiering service located on the main floor of the City Hall is currently administered by PowerStream Inc. through a Joint Services Agreement (JSA) with the City. Staff from both the City and PowerStream have recently reviewed and updated the JSA agreement in terms of the services provided and the related costs.

City staff undertook a further review of the cashiers' service area due to the size of the operation and the fact that there are plans to introduce a new "Point of Sale" automated system in the near future. The cashier's area services residents, businesses, City departments for a wide range of City services by receiving, processing payments via cash, cheque, credit cards and debit card. These services mentioned above include payments for property tax bills, water bills, recreation program services, licensing, various permits, etc. and hydro utility payments.

Under the Joint Services Agreement, PowerStream currently provides three services to the City: 1) Payroll services; 2) Water/wastewater billing/collection services; 3) Cashiering services (City Hall location only). Payroll and water/wastewater billing/collection services are significant operations for both entities. For these two operational activities a joint service arrangement provides economies of scale and synergies that produce cost efficiencies to both organizations through shared support services.

However, the cashiering service is a much smaller operation by comparison and therefore does not offer the same economies of scale or operational efficiencies as does the payroll or water/wastewater billing/collection operations noted above. After reviewing the cashier's area from a service and cost perspective it was determined that bringing this service back to the City

would not only provide cost savings but would also provide additional flexibility in terms of future technology, service provision and administration.

Future Technology Solution

As mentioned above there are plans in the near future to provide a "Point of Sale" technology solution that will integrate the cashiering and payment management system across the Municipality. This technology will service all of the City's departments and will include the cashiering areas at the City Hall, the Joint Operation Centre and Animal Control Centre. This technology will streamline the financial payment processes, integrate with the City's J.D. Edwards system, provide up-to-date revenue information and provide a more efficient, effective cashiering service to the City's customers.

Financial Impact

The cashiering service as provided by PowerStream has a staffing complement of two full time equivalents and a provision for back-up. Over a three year period the draft JSA cost of this service totals \$765,000. The cost components of the Powerstream charge include direct salary costs (2.5FTEs), benefits, overheads, operating costs, HST and return on investment.

The City's net cost using a similar approach with the same staffing levels would be approximately \$630,000 over a three year period. The City's net costs based on a similar methodology include direct salaries, benefits, overhead, operating costs, one time costs and HST. In addition there will be revenue earned from PowerStream as a result of handling hydro payments. The accumulative three year reduction in total costs results in a net savings of \$135,000 or approximately \$45,000 annually.

Based on the above savings, future technology and the increase in service and administrative flexibility it is recommended that the City assume the cashiering services commencing in the 3rd quarter of 2012. This would allow sufficient time to transition the cashiering service back to the City.

Relationship to Vaughan Vision 2020

Demonstrate Excellence in Service Delivery and Ensure Financial Sustainability.

Regional Implications

Not applicable

Conclusion

It is recommended that the City assume the cashiering function from PowerStream commencing in the third quarter of 2012. The cashiering service as provided under the JSA does not provide significant economies of scale or support synergies due to the smaller size of the operation; therefore it is recommended that this service be transferred back to the City. The transfer would also generate annual savings of approximately \$45,000.

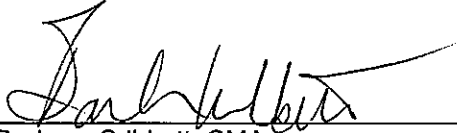
Attachments

Not applicable

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Respectfully submitted,



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