Appendix B: Moneris transaction processing and administration service fee projection

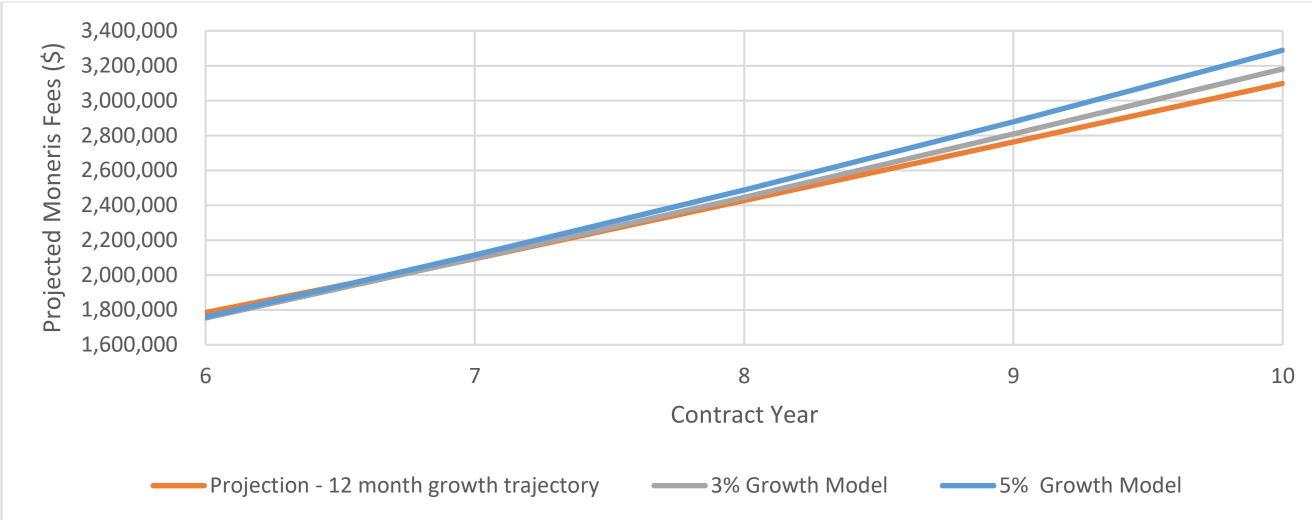
It is being requested that the contract with Moneris be amended so that the cap on the fees that the City is authorized to incur is only extended towards Moneris transaction processing and administration services fees. These are the fees Moneris earns and are based on protected rates per the contract. The fees that will no longer be accumulated towards the contract maximum are the flow-through fees, interchange and brand fees, which were 94% of card processing fees that the City incurred.

Similar to the methodology in Appendix A, the total fees that would be incurred to the end of the contract was projected under Moneris' advisement on trends in this payment card industry. Projection to the end of the contract was completed using the City's most recent 12 month growth trajectory and the 3% to 5% growth that Moneris typically sees in its clients (See Figure B.1). Upward of $3.3M of Moneris transaction processing and administration service fees have been projected to be incurred to the end of the ten-year contract.

A contract maximum of $4M over the ten-year life of the contract is being requested for Moneris transaction processing and administration services fees. As this report is also requesting that the Controller be granted the authority to amend the contract for new service offerings required to maintain card holder security and protect the City against possible card fraud, this $4M recommendation has built-in room for the cost of additional services. The purchase order that will be issued after this amendment will reflect the value of $4M less Moneris fees incurred at that point in time (approximately $1.7M at the time of this report writing). Note that the City is under no contractual obligations to meet the maximum, services will be assessed for value before implemented and costs are incurred as services are requested.

Figure B.1: The City's Moneris fee projection to the end of the ten-year maximum contract term

Requested Contract Value	$4,000,000 (without tax)
Current Cumulative Moneris Fees (October 2022)	$1,673,320
Total Fee Projection Based on Current 12-month Growth Trajectory	$3.1M
Total Fee Projection Based on 3% - 5% Growth Model	$3.2M - 3.3M



Assumptions:

- Forecasting for the 12 month growth trajectory was determined using linear average growth patterns with a constant fee amount applied to future projections.
- Forecasting for the 3% and 5% growth models were determined by applying the growth percentage to the annual fees each year