

THE CORPORATION OF THE MUNICIPALITY OF MISSISSIPPI MILLS

STAFF REPORT

DATE: Date of meeting

TO: Committee of the Whole

FROM: Zack Moshonas, Environmental Compliance Coordinator
Cindy Hartwick, Administrative Assistant

SUBJECT: Garbage Bag Tag Third Party Sale Discount

RECOMMENDATION:

THAT Committee of the Whole direct Council to authorize a \$0.10 discount per bag tag sold through wholesale means to cover electronic payment processing fees borne by third-party retailers that sell bag tags on behalf of the Municipality.

BACKGROUND:

Mississippi Mills provides curbside garbage collection to all residences and some Industrial Commercial & Institutional (IC&I) sources in the Municipality. Users are permitted to dispose of approved bag/container per week at the curbside – additional bags or containers must have a valid bag-tag affixed to be collected. Garbage bags/containers over the one bag limit that do not have a tag affixed are tagged with an “Oops” sticker that informs the resident that a tag is required for extra bags to be collected.

Bag tags are sold at a cost of \$2.00 per tag through two streams – one is directly from the Municipality at the Municipal Office, and the other is through third-party retailers. The Roads and Public Works department provides bag tags to participating retailers and collects the full revenue from the sale of the bag tags. The following retailers currently sell bag tags in Mississippi Mills:

1. ACE Country & Garden Almonte
2. Clayton General Store
3. Nicholson's Sundries

Concerns have been raised by retailers that with the cost of processing credit and debit card transactions, the sale of bag tags on behalf of the Municipality is a cost to the retailer. The Retail Council of Canada reports that Canadians pay some of the highest ‘swipe fees’ in the world. They report that the average rate per transaction (i.e., cost to the retailer) is about 1.5%.

DISCUSSION:

Since 2020, Mississippi Mills sells 7,500 to 11,000 bag tags per year. The percentage of tags sold by retailers in the community ranges from 50% in 2020 to 57% in 2022. In January of 2023 alone, third party retailers sold 71% of all tags.

In 2022, retailers sold approximately 5328 bag tags resulting in a revenue to the Municipality of \$10,656.00. It should be noted that not all tags sold at retailers are paid for by electronic payment means. Over time, the cost to retailers adds up and may deter retailers from continuing to sell bag tags. A discount applied to the wholesale of bag tags will provide retailers with relief from electronic payment processing fees and also provide a small monetary incentive to sell bag tags.

OPTIONS:

1. Authorize a \$0.10 wholesale discount per tag sold to retailers to cover fees associated with electronic payment processing and to provide a financial incentive for retailers to sell bag tags. This is the recommended option.
2. Continue with the status quo and offer no discount to third party retailers that sell bag tags on behalf of the Municipality.

FINANCIAL IMPLICATIONS:

The Waste Management budget includes revenue generated from the sale of bag tags. The below table outlines the projected revenue amounts versus the actual revenue received through the sale of bag tags. The final column of the table displays what the actual revenue would be should a discount have been applied for previous years.

Year	Revenue from Municipal Office Sales @ \$2.00 per bag tag	Revenue from Retailer Sales @ \$2.00 per bag tag	Total Revenue @	Resulting Total Revenue (with discount) @ \$1.90 per bag tag ¹
2020	\$7,608.00	\$7,800.00	\$15,408.00	\$15,018.00
2021	\$7,926.00	\$13,650.00	\$21,576.00	\$20,893.50
2022	\$8,042.00	\$10,656.00	\$18,698.00	\$18,165.20

¹The discounted rate applies only for bag tags sold to retailers. Tags sold at the Municipal office will continue to receive the full \$2.00 per bag tag.

The revenue generated from the sale of bag tags is less than what is planned in the annual budgets, therefore the potential discount will not result in a deficit for planned bag tag revenue.

SUMMARY:

Staff wish to continue to foster positive relationships with local businesses and understand that fees imposed by electronic payment processors can be a burden to businesses. Staff recommend this discount on the wholesale cost for bag tags sold to retailers to alleviate any financial burden that may be passed along to the retailer for selling bag tags on behalf of the Municipality. The retail cost of bag tags will remain the same – costing \$2.00 per tag. The discount will only be applied for the wholesale of tags to retailers.

Respectfully submitted by,

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Co-Submitted by:

Cindy Hartwick,
Administrative Assistant

Reviewed by,

Cory Smith,
Director of Roads and Public Works

Reviewed by:

Ken Kelly,
Chief Administrative Officer