Source: Finance

Agenda Item No: REP 167-13

To: City Council
From: City Manager and Staff

Council Meeting Date: December 2, 2013

Re: To provide information regarding the payment methods available to pay utility bills.

EXECUTIVE SUMMARY:

There are five free payment options for paying utility bills in addition to the convenience fee options charged on payment methods using the city website and phone system which charge a $4.60 convenience fee.

DISCUSSION:

- **February 20, 2012** - B39-12 was introduced to amend the language in the ordinance to allow the Finance Director to provide a discount to large utility customers. Council approved an amendment to the proposed bill to remove the discount language and to change it to a service fee and tabled it until the March 5, 2012 meeting.
- **March 5, 2012** - B39-12A was passed allowing the Finance Director to move forward with implementation of the fee.
- **October 2, 2012** - Council passed R173-12 authorizing the City Manager to enter into a contract with Tele-Works, Inc. (TWI) for their Summation 360 Solution Suite which incorporated a $4.60 convenience fee for those customers who pay on-line or via the telephone.
- City staff did a write up in the November 2012 and February 2013 City Source newsletter, which is sent with the utility bill, in efforts to communicate to customers that the fee would be implemented.
- Implementation of the convenience fee was delayed until September 16, 2013, due to a contractual amendment that was needed for Tele-Works to be able to move forward with the processing of the e-checks.
- The credit card fees were $462,649 in FY 2011 and $512,000 in FY 2013 (increase of $49,351).
- Alternative payment options, with associated cost for each, provided in Exhibit 1.
- Other graphs are provided to show activity and for comparison.

Enhancements and savings provided as a result of implementing the Summation 360 Suite:

- Hosted Solution - City is not required to maintain a server, no hardware maintenance, no dedicated phone line, and no annual software maintenance (savings $26,350 annually). This also allows for TWI to provide hosted PCI compliant software, mitigating much of the City's PCI efforts.
- Reduction of the credit card fees currently paid by the City.
- No upfront cost to the City for technology development. TWI bares the cost and it is recouped based on the usage activity.
- Integrated with HTE and provides customers real time information regarding their utility bill.

- System is ADA Compliant.
- Improved outbound calling system and statistical tracking information.
- Actual bill images are used and 13 months of usage provided.
- Ability to pay bills with or without creating an online profile.
- Integrated Paperless billing (available mid-December 2013).
- Ability to schedule payments in advance (available in Jan. - Feb. 2014).
- Mobile friendly version (available spring 2014).
- Migration to Advance Utility (or any other product) at no cost.
- The Finance Department has reached out to Tele-Works, Inc. and has requested that the fee be re-evaluated based on the activity and average payment amount since implementation. While the review was to occur at the 6 months, Tele-Works is willing to take the time to re-evaluate it based on current activity and based on the average bill size (approx. $170); we are hopeful that the fee will be reduced as the original estimate was based on an estimate of $210.

We have also discussed other potential alternatives:

- Removing the ability for commercial customers to pay using the web/phone. TWI is reviewing the specifications and integration points that would be necessary to implement. When allowing for the commercial customers, the risk is higher.
- We will be exploring the opportunity of moving to TWI's service model approach. This model is expected to be out late December or early January.
- Amending the contract to extend the term which in turn would allow TWI to lower the cost associated to risk and recovery of technology expenses.

FISCAL IMPACT:

The convenience fee was introduced to reduce the $512,000 in credit card fees charged the city in FY2013.

VISION IMPACT:
http://www.gocolumbiamo.com/Council/Meetings/visionimpact.php

SUGGESTED COUNCIL ACTIONS:

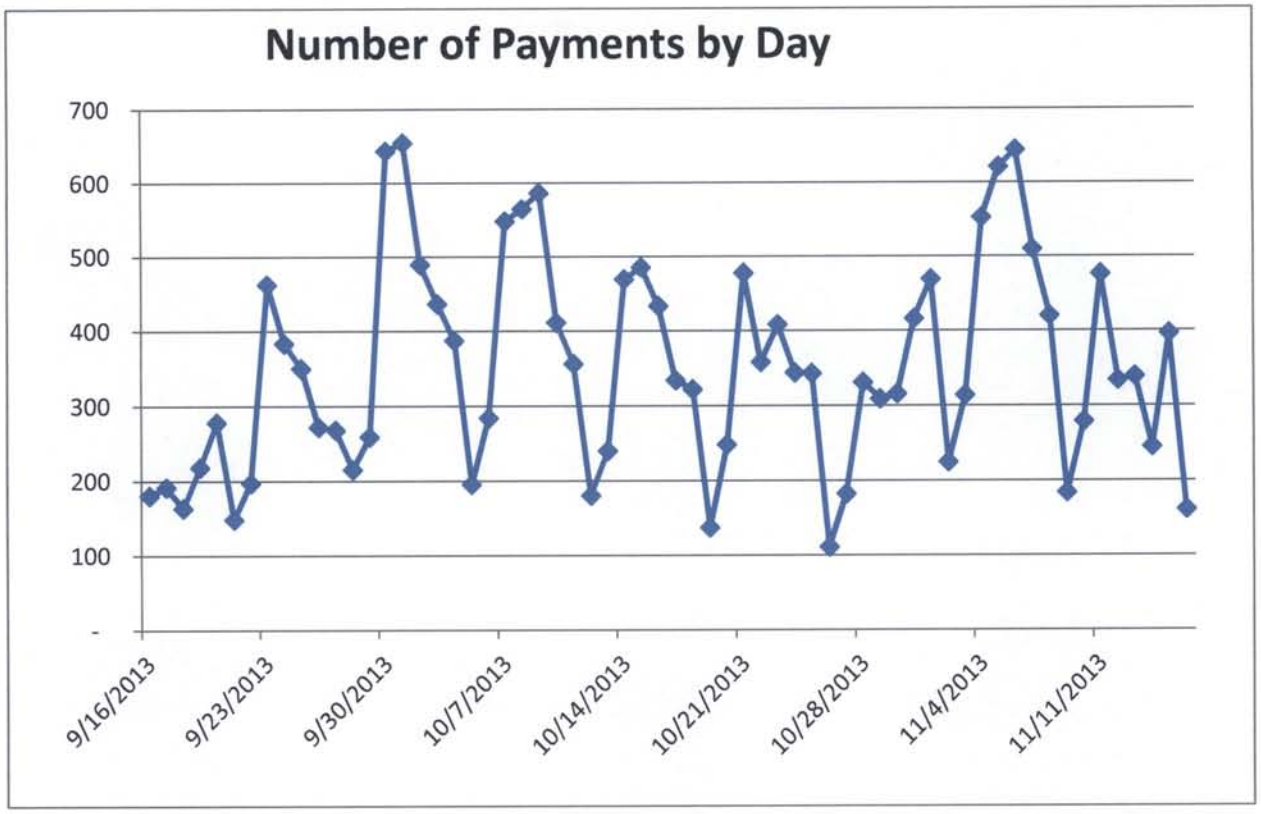
For informational purposes only.

FISCAL and VISION NOTES:					
City Fiscal Impact Enter all that apply		**Program Impact**		**Mandates**	
City's current net FY cost		New Program/ Agency?	No	Federal or State mandated?	No
Amount of funds already appropriated		Duplicates/Epands an existing program?		**Vision Implementation impact**	
Amount of budget amendment needed		Fiscal Impact on any local political subdivision?		Enter all that apply: Refer to Web site	
Estimated 2 year net costs:		**Resources Required**		Vision Impact?	
One Time	$0.00	Requires add'l FTE Personnel?	No	Primary Vision, Strategy and/or Goal Item #	10.1.8
Operating/ Ongoing		Requires add'l facilities?		Secondary Vision, Strategy and/or Goal Item #	
		Requires add'l capital equipment?		Fiscal year implementation Task #	

		Payment methods accepted						EXHIBIT 1	
City of Columbia Utility Payment Options	**City's fees**	Cash	Check	E-Check	Credit or debit card	Direct Bank Draft	**e credit to utilities account**	**Customer picks date of payment**	
City's website	$4.60			Y	Y		Yes	Yes	
City's automated phone system	$4.60			Y	Y		Yes	Yes	
City's Automatic bank drafting	Free					Y	Yes	No	**
Mail	Free		Y				No	Yes	
Drop box behind City Hall building	Free		Y				Next morning	Yes	
In person at City Hall - Cashier's office	Free	Y	Y		Y		Yes	Yes	
Local business sites	Free	Y	Y				No	Yes	

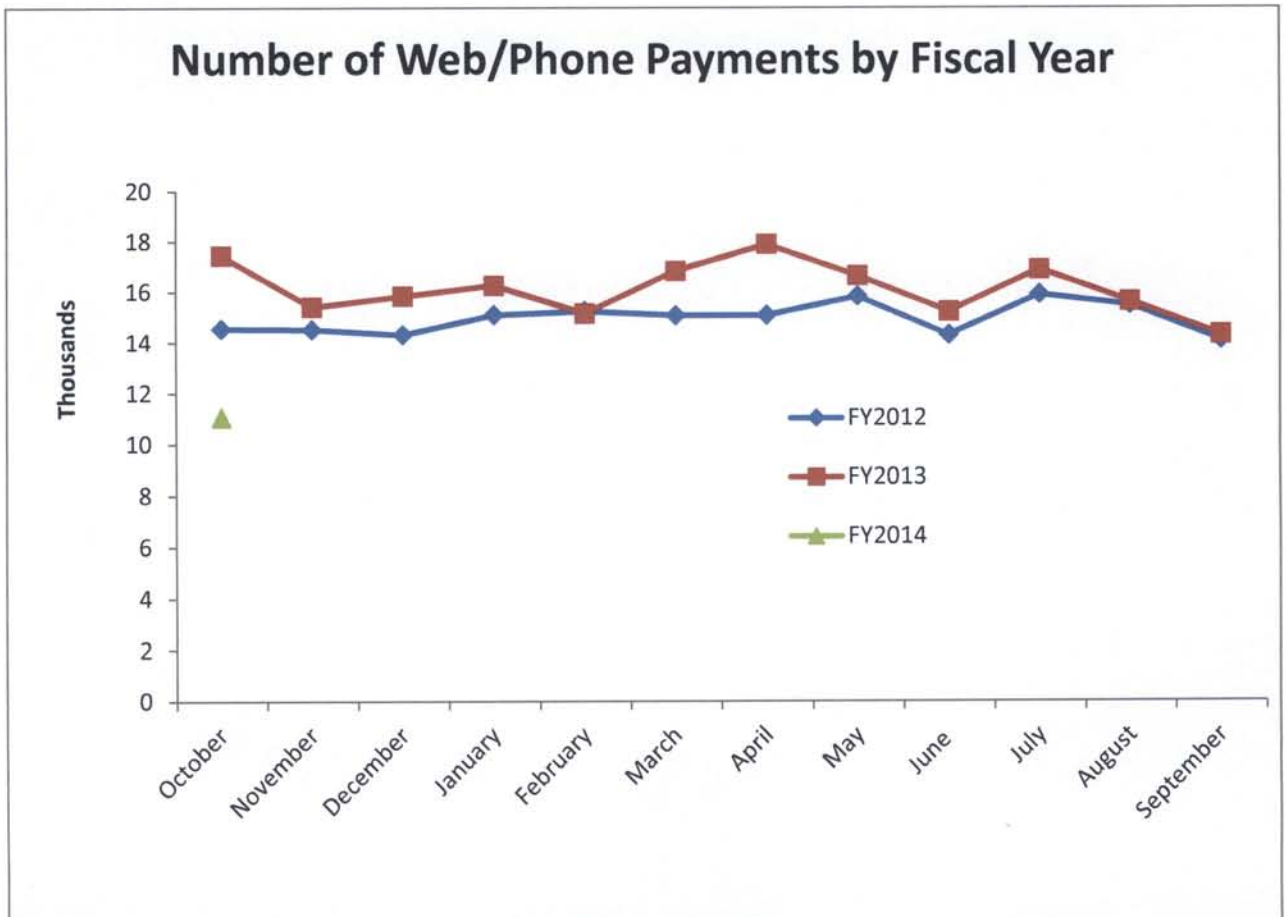
Local Business Include:
Gerbes at 2900 N Paris Road
Gerbes at 1729 W Broadway
HyVee at 405 E Nifong
Merchants & Farmers Bank at 4000 Rangeline
Schnucks at 1400 Forum (only within 10 days from billed date)
All three local Wal Mart Stores

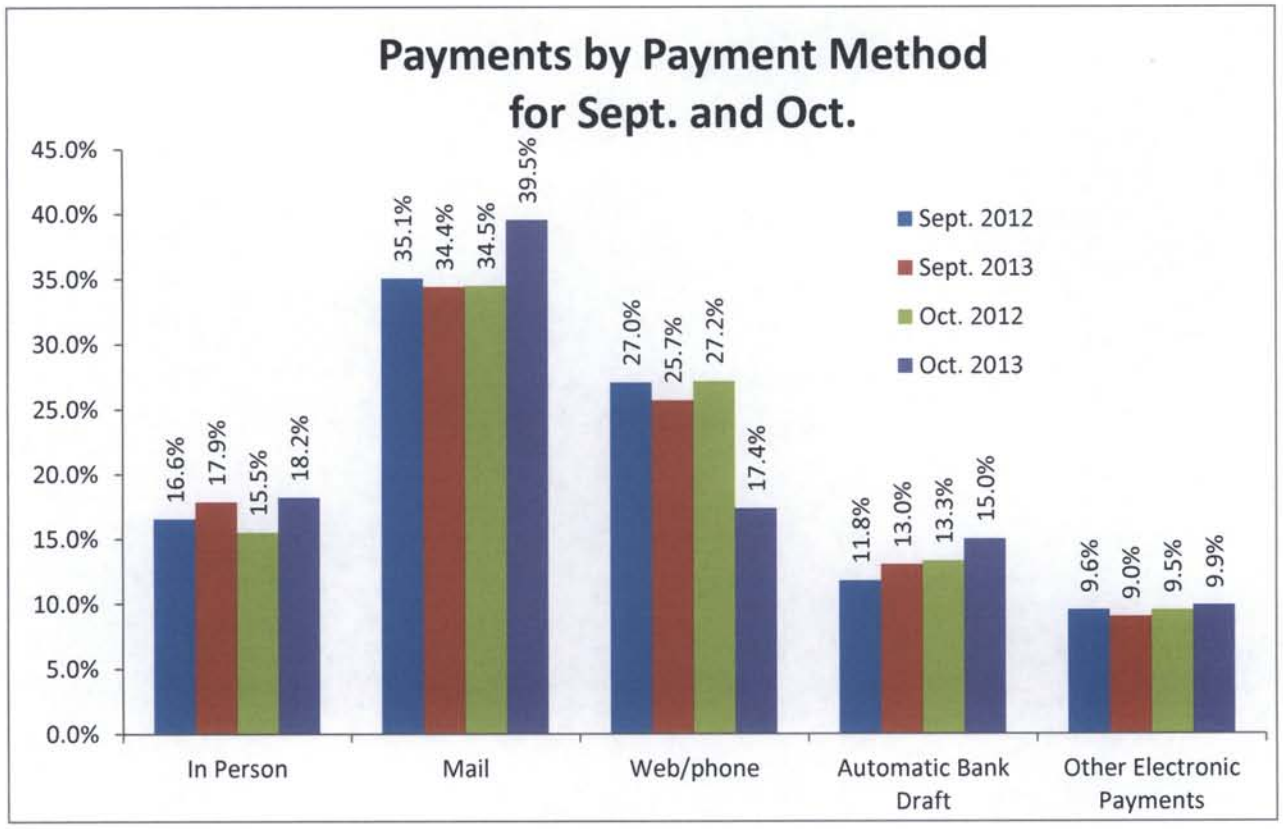
**** This will be an option with the new Utility Billing Software.**



This graph shows the number of payments made daily using the web and telephone for the period of September 16, 2013 through November 16, 2013.

This graph shows the number of payments made monthly via web and telephone for fiscal years 2012, 2013, and 2014.





This graph shows the method for which utility payments are received. Other electronic payments are from customers that use their bank's online bill pay feature that are then transmitted through one of the three major payment processors through an electronic interface vs. the paper check.