CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: January 26, 2016

TO: Mayor and Councilmembers

FROM: Treasury Division, Finance Department

SUBJECT: Professional Services Agreement For Online Payment System For Utility Bills

RECOMMENDATION:

That Council:

A. Approve and authorize the Finance Director to execute a professional services agreement with Invoice Cloud, Inc., for a term of three years with two optional two-year extensions, for electronic bill presentment and payment services for the City's Advanced Utility Systems CIS Infinity software and Infinity.Link online payment application; and

B. Approve and authorize the Finance Director to execute the third party payment and credit card processing agreements and merchant agreements with Sage Payment Solutions for a term of three years with two optional two-year extensions.

DISCUSSION:

Background

The Finance Department bills and collects revenue for City water, wastewater, and solid waste services. In 2007, Council approved a software implementation contract for utility billing with Advanced Utility Systems for their CIS Infinity software, which went live in 2008. In 2012, the City implemented the Infinity.Link online payment application, which, for the first time, allowed customers to view and pay their water, wastewater, and solid waste bill online. Since 2012, the City has partnered with TransFirst, LLC, a payment processing company that was able to integrate its payment processing system with the Infinity.Link online payment application.

While the current payment platform is functional, the City identified several additional features that have become common in the marketplace—features that our customers have come to expect as standard in an online payment processing application. Examples of such features include the following: (1) the ability to accept payment from

multiple types of platforms, devices, and web browsers; (2) the ability to pay by either credit card or e-check (also known as Electronic Funds Transfer); (3) the ability to schedule payments in the future, and store bank or credit card information; (4) the ability to pay by phone, text, or email; and (5) receiving due date reminders and payment receipts by email or text.

Last year, a project team was formed to explore the various alternatives in the marketplace. The team issued a request for proposals (RFP) in March 2015 and four proposals were received in May 2015. The proposals were reviewed, references checked, and, after several in-person demonstrations, Invoice Cloud, Inc. was unanimously chosen as the best solution for online bill presentment and payment processing services based on cost, level of service and system reliability.

Selection of Invoice Cloud, Inc.

During contract negotiations, Invoice Cloud offered a no-cost implementation. Similar to other payment processing contracts at the City, Invoice Cloud charges a combination of per-item and gross-charge fees that cover all maintenance support costs, and interchange fees. With a similar volume of payments, costs are estimated at approximately $65,000 annually. Included in these costs are fees that will be paid to Sage Payment Solutions through secondary agreements with the City for payment and credit card processing. Sage Payment Solutions is the third party payment and credit card processor for Invoice Cloud.

The Invoice Cloud application addresses all the limitations of the current system, but also provides other features needed by the City to conduct its business. Some of these are as follows:

- It is a system developed, maintained, enhanced, and supported by the vendor.
- It matches all current payment processing functionality and more—including the ability to pay on multiple platforms and devices, the ability to pay by phone, text, or email; and the ability to store payment information and schedule future payments.
- The ability to send email alerts, bill reminders, and payment receipts by email or text.
- The latest behind the scenes technical architecture that allows for single sign-on capability and a "Pump engine" that eliminates the risk of dropped payments.
- It provides easy-to-use reporting tools for non-technical staff.
- Information is easily transferred to Microsoft Word and Excel for custom reporting and analysis.

Based on several vendor demonstrations, reference checks and a thorough review of the four proposed solutions, staff is confident that Invoice Cloud offers the most reliable and complete online payment application of the four options. Invoice Cloud has integrated over 30 billing platforms, including existing real-time integration with Advanced CIS Infinity, the City's current billing software.

The company has over 400 clients and specializes in utilities and local government electronic bill presentment and payment solutions. All of the clients that staff surveyed consistently gave Invoice Cloud high marks for quality service delivery, customer service and responsiveness to client needs.

Project Implementation Timeline

The project implementation is scheduled to begin in February 2016 with a "go-live" date in spring 2016. Staff plans to return to Council upon implementation to provide a live demonstration of the online payment system.

BUDGET/FINANCIAL INFORMATION:

The City budgets payment processing fees in the "credit card fees" accounts for each department that processes credit cards. Currently, for utility bills, these charges are paid out of the Water, Wastewater, and Solid Waste operating funds. The City has already budgeted $79,117 related to credit card fees for Fiscal Year 2016. As outlined above, staff expects ongoing costs to total approximately $65,000 annually at current processing levels. However, processing costs will increase as more customers move from in-person payments and payments via mail in favor of online payments. Staff believes that existing appropriations will cover the costs of the project.

SUSTAINABILITY IMPACT:

With a more user-friendly and flexible online payment management system, staff expects that online bill presentment will become a more popular feature among utility customers. Increased e-bill and online payment adoption will reduce bill printing and mailing costs, as well as the processing and storage of physical checks.

PREPARED BY: Julie Nemes, Treasury Manager

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office