# Implementation of
# Online Bill Pay Program for
# Utility Customers &
# Council Policy Direction for
# Payment of Transaction Fees

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# Objectives

➤ The objectives of an Online Bill Pay Program are two-fold:

➤ Enhance Customer Services Utilizing Modern Technology
- Convenience (no postage, no trips to the office, 24/7 access)
- Modern approach to payments
- A variety of options to make payments
- Secure method of payment

➤ Simplify Staff workload and Improve Efficiency
- Improved cash flow
- Reduce staff time needed for manual handling and processing time
- Reduce late payments, lost checks, and avoid returned checks
- Reduce customer management issues, expensive staff time to shut off/turn on late accounts, and fewer phone calls

# Recommended Program Vendor

➢ An ideal online bill pay program needs to provide full integration capability with the City's current utility billing software (Springbrook)

➢ The Value of Full Integration:
- Real-time transaction
  - When payment is submitted, the utility billing records in Springbrook is immediately updated.
- No daily uploading of customer data or payment file transfers
  - Eliminate lag-time between payment submission and customer records update
  - Reduce staff time
  - Eliminate dual entry

➢ Recommended Program Vendor
- CivicPay Program by Springbrook

# CivicPay Program Features

➢ **Online: Access real time account data 24/7**
- Citizen dashboard (account & consumption history, balance due, current charge, notifications, etc.)
- View & Pay eBills
- Automatic Payment Set-up Capability
- Elect paperless billing option
- Email notifications
- Multiple choice of payment methods.

➢ **PayPad: Stand-alone counter terminal (making payment in person)**
- Integrated to Springbrook utility billing system

➢ **Voice (over the phone) – Interactive Voice Response (IVR)**
- Does not involve a city staff intervention
- Two-way communications between the City and citizens
  - Inbound – a citizen call in to make payments
  - Outbound – City calls the citizens (i.e. shut-off notification, late notices, and other messages
- Fully integrated to Springbrook utility billing system (no manual entry)

# Fee Discussion

➢ Costs associated with the program:

- One-time costs for implementation – none
- Annual subscription service – Appx. $4,000
- Payment Transaction Fees - Made up of fixed amounts per item and % of payment amount. It also depends on:
  - Type of cards used (standard cards vs. premium cards with rebates and mileage etc.).
  - Whether convenience fee is charge or not

➢ Policy decision needs to be made whether the City would pay for the transaction fees as cost of doing business or pass the fees, in part or in whole, to customers, prior to implementation of this program.

# Fee Discussion - Continued

➢ There are three(3) types of fees allowed by card companies:

➢ **Surcharge:** % based fees. Only allowed for credit card transactions, **NOT** on debit transactions. (difficult to implement and not practical)

➢ **Service Fee**: % based fees. **NOT** allowed for utility payments.

➢ **Convenience Fee**: Flat fee. **NOT** allowed for over-the-counter payment or any type of recurring auto pays.

  ❖ If the City DOES NOT apply surcharge or convenience fee, it can utilize a Utility Rate Merchant Account, which allows utility payments to be assessed a cheaper interchange rate than other government payments

# Fee Discussion - Fiscal Impact

➢ The following table shows the estimated annual cost with the following assumptions:

- The City pays the transaction fees (**No** customer convenience fee)
- About 7,542 bills (30% of total bills) are paid through the Civic Pay Program
- Transaction fees at utility interchange rate based on non-premium debit/credit cards.

| Service | Price |
|---|---|
| CivicPay Online annual subscription (based on 3,700 utility account) | $2,220 |
| CivicPay Voice (IVR) subscription (based on 3,700 utility accounts) | $1,480 |
| Equipment charge for CivicPay Pad (terminal with printer) – 2 units at no cost | $0.00 |
| Subtotal for annual subscription service | $3,700 |
| Plus 8.2% sale tax | $303 |
| Estimated transaction fees (about 7,572 transactions @average payment of $300) | $23,380 |
| Total estimated annual cost | $27,380 |

# Fee Discussion - Recommendation

➤ Online Bill Pay Program provide convenience to customers and to city staff.

➤ If more customers utilize the online bill pay services, the City would reduce the cost of printing and mailing all paper bills and staff time for processing paper bills and payments.

➤ This could offset a portion of the transaction fees.

❖ **Therefore, it is recommended that the City pay for transaction fees for all utility payments.**

❖ **Implementation Time Line:** 8 to 10 weeks upon signing of a service agreement. Potentially go live in January or February 2020 time frame.

# Recommendation

➢ **It is recommended that the City Council authorize the City Administration to enter into an agreement with Springbrook to subscribe to the CivicPay service and implement the CivicPay program and further authorize the City's utilities to pay the convenience fee as a cost of doing business to increase efficiency and improve customer service.**

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