REPORT TO COUNCIL
City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent Report
April 10, 2008

Honorable Mayor and
Members of the City Council

Title: Utility Bill Pay Station Services Agreement

Location/Council District: Citywide

Recommendation: Adopt a Resolution authorizing 1) the City Manager to execute a Non-Professional Services Agreement with Check Processing Inc. for the collection and processing of utility bill payments from authorized pay station locations within the City for an amount not to exceed $201,000 through June 30, 2011, and 2) payment in the amount of $80,423.46 to Check Processing Inc. for services rendered after their prior contract expired.

Contacts: Gary Reents, Director of Utilities, 808-1433;
Jamille Moens, Business Services Division Manager, 808-5988

Presenters: N/A

Department: Utilities

Division: Business Services

Organization No: 3352

Description/Analysis

Issue: The City provides convenient options for utility bill customers to pay their bill, which includes local authorized neighborhood pay stations. The City's agreement with Check Processing Inc. (CPI) to provide for the collection and processing of utility bill payments made at the authorized pay stations expired in February 2007.

The City conducted a competitive bid process in December 2007 for a new contract for the collection and processing of utility bill payments at authorized pay stations, with CPI being the sole bidder. Execution of a new agreement with CPI will provide for the continued utility bill payment collection and processing for a period of 3 years at an estimated total cost of $201,000. During the period of time after the prior contract expired, CPI continued to provide these services for the Department, generating unpaid invoices in the amount of $80,423.46.

Policy Considerations: This recommendation is in accordance with the Mayor and City Council mission to protect, preserve, and enhance the quality of life for present and future generations by providing more options for residents to conduct City

business in their local community. The recommendation also supports the citywide operating principle of getting the customer to success as it assists those customers who may have transportation limitations, difficulty accessing online payment options or other constraints to more traditional payment methods.

Environmental Consideration: The report concerns administrative activities that do not constitute a "project" as defined in section 15378 of the California Environmental Quality Act (CEQA) Guidelines and is otherwise exempt pursuant to section 15061(b)(3) (no significant effect on the environment) of the CEQA Guidelines.

Rationale for Recommendation: The execution of this agreement is an important step in the continued efforts to provide convenient and alternative access and options for utility customers to pay their bill, with a focus on the following highlights:

- The City provides the convenience of having local neighborhood pay station access at no additional cost to customer.
- Providing multiple alternatives for utility bill payment ensures the City is accommodating all customers, including those with special needs and limited resources (disabled, low income etc.)
- Since the mid 1990's, the sole bidder, CPI has collected and processed utility bills from our pay stations, and the City is satisfied with CPI's service and performance.

The Department recommends payment for the services provided by CPI after the prior contract expired because City staff did not become aware of the need for a new agreement until after expiration of the prior agreement, and CPI's continued provision of services kept the pay station service functioning during the time period required by the City to develop and bid the new agreement.

Financial Considerations: No additional funding is requested. Funding is available in the Department of Utilities' operating budget. The agreement has a three-year term extending until June 30, 2011, for a total cost not to exceed $201,000. Additionally, CPI has submitted invoices for services provided during 2007, after the prior contract expired, totaling $80,423.46. The Department of Utilities recommends payment for these services provided while a competitive bid process was underway to develop and execute a new contract for these services.

Emerging Small Business Development (ESBD): Only one bid was received. Check Processing Inc. is not a qualified ESBD at this time.

Respectfully Submitted by: _____
Jamille Moens, Division Manager

Approved by: _____ for Gary Reents
Gary A. Reents, Utilities Director

Recommendation Approved:

Ray Kerridge
City Manager

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Attachment 1

Background

The Department of Utilities recognizes that it provides services to certain customers on limited incomes, who are disabled or have limited transportation, and who may have difficulty mailing in a payment or utilizing online services to make a payment for their City utility bills. Utility bill pay stations were established approximately 20 years ago to support these customers, providing them the convenience of paying their utility bill at a neighborhood store.

In August 2004, the City entered into an agreement with Check Processing Inc. (CPI) to collect and process utility bill payments received at authorized pay station locations such as Bel Air and Cooks Hardware. CPI has provided services to collect payments, deposit funds and transmit a payment file to the City for update to accounts in the City's utility billing system since the use of authorized pay stations began.

The most recent contract with CPI to perform these services expired in February 2007. However, CPI continued to provide services after expiration of the contract agreement, during which time a competitive bid process was being developed and executed. Invoices submitted for payment of services provided during the prior contract were not submitted by CPI until after expiration of the agreement, at which time the City identified the need for a new bid and began the process to award a new contract, which took approximately six months. CPI's continued provision of services prevented our pay station services from being interrupted. CPI was the sole bidder on the new contract. The new contract will allow CPI to continue performing utility bill payment collection and processing for the City of Sacramento for a period of 3 years at an estimated total cost of $201,000. The Department of Utilities recommends payment for the services provided to the City after the prior contract expired, in the amount of $80,423.46.

Residents who are property owners or tenants who pay a City of Sacramento Utility Bill have five convenient locations throughout the City where they can choose to walk-in and pay their utility bill with any form of payment method. The pay station locations are listed on back of the customer's monthly utility bill, as well as being advertised within the authorized stores accepting City Utility bill payments. The locations are as follows:

- Bel Air Market – 6231 Fruitridge Road
- Bel Air Market – 7465 Rush River Drive
- Roscoe D. Cook, Inc – 2125 Del Paso Blvd.
- City Hall – 915 I Street
- Department of Utilities – 1395 35th Avenue

In addition to the above pay station locations, the City offers additional utility bill payment options to customers as follows:

- Express Pay: A quick and easy way to make a one-time payment online via a checking account or credit or debit card.
- Auto Pay: Sign-up option to allow for automatic transfer of payment from a checking

or savings account.

- Call Customer Service: One-time payments using a credit card, debit card, or bank account can be made over the phone.
- Mail: Payments can be mailed using the enclosed business reply envelope included with the utility bill.

Attachment 2

RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVAL OF AN AGREEMENT WITH CHECK PROCESSING INC. TO PROVIDE COLLECTION AND PROCESSING OF UTILITY BILL PAYMENTS AT AUTHORIZED PAY STATION LOCATIONS, AND APPROVAL TO PAY UNPAID INVOICES

BACKGROUND

1. The City provides convenient options for utility customers to pay their bill, which includes local authorized neighborhood pay stations. The City's agreement with Check Processing Inc. (CPI) to provide for the collection and processing of utility bill payments made at the authorized pay stations expired on February 28, 2007.

2. The City conducted a competitive bid process in December 2007 for a new contract for the collection and processing of utility bill payments at authorized pay stations, with CPI being the sole bidder. Execution of a new agreement with CPI will provide for continued utility bill payment collection and processing for a period of 3 years, at an estimated total cost of $201,000.

3. During the period of time after the prior contract expired, CPI continued to provide these services for the Department of Utilities, generating unpaid invoices in the amount of $80,423.46, and the Department has recommended payment of these invoices.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Manager or authorized designee is authorized to execute a three year agreement, expiring June 30, 2011, with Check Processing Inc. for the collection and processing of utility bill payments from authorized pay stations for a total amount not to exceed $201,000.

Section 2. The City Manager or authorized designee is authorized to pay Check Processing Inc. the amount of $80,423.46 for collection and processing services provided to the Department since February 28, 2007.