

City Council – Action Request Form

Date: August 9, 2021

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Johnnie Taylor, Assistant City Manager
Thomas Kureczka, Chief Information Officer

Council Action Requested:
Resolution Approving a Contract with Paymentus Corp. for Electronic Payment Solution

Strategic Focus Area: Service Excellence
Strategic Objective: Ensure Service Delivery Efficiency and Effectiveness
Strategic Plan Action Item: Maintain City’s Financial Strength
Key Work Item: Electronic Payments, Interactive Voice Recognition, and Reconciliation Project



Summary of Information:

Payments received by the City for services are managed by a variety of systems and processes, creating inefficiencies for city residents and vendors attempting to make payments and unnecessary complications and delays in revenue reconciliation processing. Staff released a Request for Proposals (RFP) to identify potential third-party solutions to address these needs.

Paymentus Corp. was selected by staff to provide a comprehensive solution that addresses identified security vulnerabilities in the current and unsupported Interactive Voice Recognition (IVR) system, is in compliance with new PCI regulatory requirements, interfaces with the new Advanced Metering Infrastructure (AMI) platform, and introduces a variety of enhancements to the customer experience through expanded billing and payment options and increased self-service accessibility to account information. Further, the implementation of Paymentus will allow the City to market and collect revenue payments for seasonal or temporary projects in methods unavailable with the current system. The RFP document, response evaluation, vendor selection, and statement of work has been a collaborative effort between Information Systems, Finance, and Utilities.

Committee Action:

Committee	Finance 8/9/2021	Action	Approval
For	Unanimous	Against	
Remarks:			

Scope of Work

The Electronic Payments Systems (EPS) project scope includes: the replacement of the current in-housed developed and aged web payments processing system (WPR), replacement of the current IVR phone payment system, integration with the ongoing intelligent water meter (AMI) Utilities project, enhancements to the cashier and revenue account management system, and enhancements to current banking services. Adoption of a new EPS will provide an increased number of points of sale by which payments to the city can be made. Additionally, the implementation of a single system of record will address many internal inefficiencies and process problems affecting the receipt and reconciliation of city funds.

Enhancements to customer facing revenue collection channels and improving customer service and account communications are anticipated to increase customer engagement with electronic payments by 5% each year.

Selection

The City published a Request for Proposals and received six responsive bids. Responses were scored based on the vendor's perceived ability to meet the functional requirements, price, experience/methodology, M/WBE status, and local business status. The table below represents the combined scores from the evaluation panel for all vendor responses.

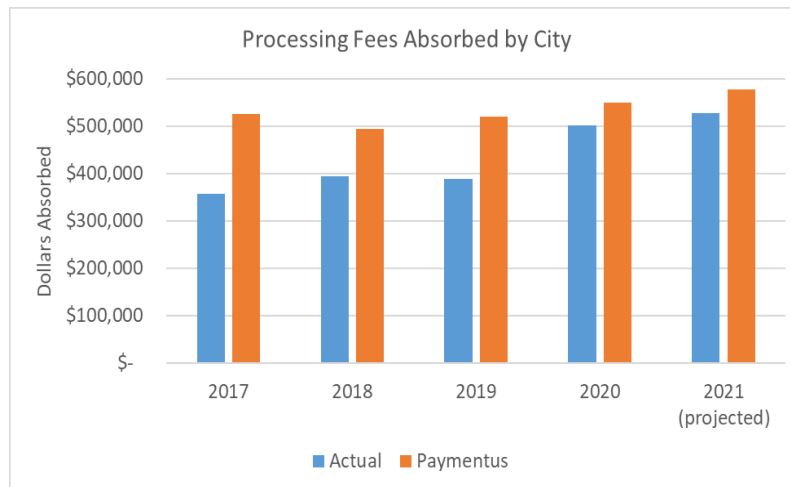
Evaluation Criteria	Weight	Paymentus	PayIt	JetPay	Point&Pay	Municipal Services Bureau	SouthData
Experience/Methodology	5	21.79	14.11	11.61	13.39	7.50	8.57
Functionality	50	250	231.25	200	200	150	0
Price	5	25	0	15	10	20	5
M/WBE	20	0	0	0	0	0	0
Local Vendor	20	0	0	0	0	0	0
Final Score		296.79	245.36	226.61	223.39	177.50	13.57

Cybersecurity features and the ability to maintain continued compliance with PCI regulatory requirements were critical when evaluating each vendor's solution. Paymentus' response scored 17% (51.4 points) higher than the next highest rated vendor, and was the unanimous selection by the evaluation panel.

Financing

Paymentus transactional service fees are determined by criteria related to payment type and volume. Projected costs have been estimated based on historical customer electronic adoption data and the anticipated 5% annual future adoption rate as a result of proposed service enhancements. Service costs are determined by a combination of invoiced service type (utilities vs non-utilities), the customer's selected payment method (credit/debit card vs ACH/draft), and the volume of transactions processed.

The table below compares actual processing fees absorbed and paid by the City across all payment types (blue bars) with how processing fees would have been assessed under the Paymentus pricing model (orange bars).



The table illustrates that for calendar years 2020 and 2021 the Paymentus model results in a cost increase of approximately \$50,000 each year. This increase of \$50,000 should be viewed with the following considerations:

- We will eliminate the annual cost of \$17,000 for the existing IVR system.
- We will reduce the staff time invested to maintain the IVR and web payments processing (WPR) systems. Staff spends hundreds of hours each year performing this support work. With the Paymentus system, the majority of system upgrades and support activities will be performed by Paymentus staff.
- As shown in the table, as the volume of transactions increased year-by-year, the gap in the actual versus the Paymentus model was reduced. With the anticipated growth in electronic payments, this trend will continue.
- Paymentus will implement all required cybersecurity and PCI upgrades, reducing City staff time invested and minimizing the time duration for upgrades to be installed. While it is difficult to assign an actual cost value to this work, not performing it in a timely manner brings associated risks and more potential costs.

There are no initial configuration or upgrade costs to be charged to the City by Paymentus. Paymentus has reviewed the current integrations and environment and expects no upgrade costs to be required to interface with existing systems. Paymentus will absorb all development, integration, professional services, and product delivery costs to interface with all City systems as a part of the proposed project workflows. Additionally, there are no ongoing annual maintenance, upgrade or support costs associated with this pricing model.

Approval is requested to enter into a contract with Paymentus Corp. Funding is available in the FY 21-22 operating budget. It is further requested that authorization be provided to renew for three consecutive one-year terms.

Exhibit A includes workforce demographics for Paymentus Corp.