

Council Meeting Staff Report

October 17, 2018

Agenda No.:	6.B
Indexes (Council Goals):	BCC - N/A
Presenters:	Bob Westervelt
Legislative File:	AGR0594-18

Title

Approval of Amendment No. 4 to Services Agreement AGR16-4289 with Paymentus Corporation in the Amount of \$96,000.00 for a Revised Total Agreement Amount of \$195,000.00, plus Applicable Gross Receipts Tax for the Purpose of Credit Card and Electronic Bill Payment Services

Recommended Action

I move that the Board of Public Utilities approve Amendment No. 4 to Services Agreement AGR16-4289 with Paymentus Corporation in the Amount of \$96,000.00 for a Revised Total Agreement Amount of \$195,000.00, plus Applicable Gross Receipts Tax for the Purpose of Credit Card and Electronic Bill Payment Services.

Staff Recommendation

Staff recommends that the Board approve as presented.

Body

For years, the Utilities Department had a “convenience fee” model for accepting credit card payments for utilities bills. Under this model, customers were charged \$4.95 per transaction with a transaction limit of \$450.00. The department received substantial customer feedback that this model was unacceptable in the modern business world. We also got similar indications from trade shows and publications to which we subscribe. Finally, to successfully deploy our Smart Customer Mobile application, it was apparent that we needed to better support credit card payments.

In response to these inputs, Department staff reached out in 2015 to the then current provider, Paymentus Corporation, and to several other potential providers, to look at their fee models and structure. The Procurement Officer determined that such services were exempt from the competition requirements of the Los Alamos Procurement Code, so no formal request for proposals was issued, but staff did conduct extensive “due diligence” to ensure we were obtaining best value for the Department and our customers. After careful consideration, it was determined that Paymentus provides the most cost-effective model, most flexibility, and the best service for our requirements.

Having not had experience with the “absorbed fee” model, staff had little information on which to base an estimated total contract cost. We also wanted to limit our exposure until we had that history, and could gauge success of the program. Thus, we initially funded the contract for only \$49,000. In 2017, funding was increased to \$99,000, which was projected as and which was adequate for the remainder of the initial contract term based on historical usage and growth.

With nearly four years now under the program, we have received very favorable customer feedback. We are still seeing increased utilization, especially as the Mobile App has been deployed and as more customers become familiar with and utilize its functionality and convenience. Through amendment #3, the contract term was extended to the maximum term provided for in the initial contract, but funding was not at that time increased. DPU is now seeking additional funding authority to support this popular and customer focused payment option. we are anticipating that the proposed funding will be adequate for the remainder of the revised contract term and remain confident that the

service provides good value for the department and our customers in terms of payment ease and flexibility. At the expiration of the current contract term, the plan is to solicit proposals from qualified offerors and competitively procure continuing similar services.

Alternatives

If the Board elects not to approve this amendment we will cancel the current contract when funding runs out and begin negotiations for a different fee model, or return to the “convenience fee” model we were previously under.

Fiscal and Staff Impact

The increase of \$96,000 was budgeted for in the FY2019/20 budgets. There is no staff impact as this is for continuation of an existing service.

Attachments

A - AGR16-4289-A4