

## Council Meeting Staff Report

January 16, 2019

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<b>Agenda No.:</b>	6.B
<b>Indexes (Council Goals):</b>	BCC - N/A
<b>Presenters:</b>	Bob Westervelt
<b>Legislative File:</b>	AGR0609-19

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### Title

Approval of Services Agreement AGR19-27 with Los Alamos National Bank in the amount of 142,800.00, plus New Mexico Gross Receipts Tax, for the Purpose of Lock Box Services.

### Recommended Action

**I move that the Board of Public Utilities approve agreement AGR19-27 with Los Alamos National Bank in the amount of 142,800.00, plus New Mexico Gross Receipts Tax, for the Purpose of Lock Box Services.**

### Staff Recommendation

Staff recommends that the Board approve the agreement as presented.

### Body

In early fiscal year 2012 the Utilities department solicited for “lockbox payment processing services”, whereby a vendor would receive mailed in payments and provide local payment options for Utilities Department customers to pay their utilities bills. Property tax payments are also received on behalf of the County Assessor’s office through the lockbox agreement. Los Alamos National Bank was the successful bidder and has been providing services since February 1, 2012. That contract expires January 30, 2019 and all available extensions have been exercised. In November the department solicited in open competition for lockbox services. Los Alamos National Bank (LANB) was the only offeror, but the evaluation committee has determined that their proposal was responsive. There is no cost escalation from the existing fee in this new proposal, and no escalation for the term of the proposal.

In fiscal year 2016 46,114 transactions were processed through the lockbox. While more recent statistics are not readily available, lock box activity has been fairly consistent for many years and this level of activity is still representative. At even only one minute per transaction, which is a very conservative estimate, it would take at least an additional ¼ FTE to process this volume, if that FTE did nothing else, uninterrupted, and without any errors or anomalies to stop and deal with. Realistically, staff feels it would take at least one full additional FTE, at a fully loaded and burdened cost of approximately \$65,000/yr., to handle the tasks and workload currently covered through the Lock Box Agreement. At \$20,400/yr, this contract is clearly economically beneficial to the Department.

In addition to the simple economics, there are several customer service and logistical benefits. Customers are able to make payments 24 hours a day at several automated teller machines in Los Alamos County or during normal business hours at staffed LANB locations. Payments are posted directly to our account when processed, instead of through a separate deposit made by staff the next day. Not only does the cash reach our bank account sooner, but risk of loss, theft, error, or fraud is substantially reduced.

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The contract is for a four-year term with the option for three one year extensions.

### **Alternatives**

Should the Board not approve this agreement the existing services will terminate January 31, 2019. The Department would need to resolicit for the services in hopes of getting additional or different proposals or make a decision to perform the services with County staff and resources, which may require additional staff.

### **Fiscal and Staff Impact**

There is no fiscal or staff impact as this service has been ongoing and is already incorporated into our budget and work plan.

### **Attachments**

A - AGR19-27