



County of Los Alamos

Los Alamos, NM 87544
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Council Meeting Staff Report

January 5, 2021

Agenda No.:	A.
Indexes (Council Goals):	* 2020 Council Goal - N/A
Presenters:	Bob Westervelt
Legislative File:	AGR0731-20

Title

Approval of Amendment No. 7 to Services Agreement AGR16-4289 with Paymentus Corporation in the Amount of \$75,000 for a Revised Total Agreement Amount of \$325,000, plus Applicable Gross Receipts Tax for the Purpose of Credit Card and Electronic Bill Payment Services

Recommended Action

I move that Council approve Amendment No. 7 to Services Agreement AGR16-4289 with Paymentus Corporation in the amount of \$75,000.00 for a revised total contract value of \$325,000.00 plus applicable gross receipts tax.

Utilities Manager's Recommendation

The Utilities Manager recommends that Council approve as presented.

Board, Commission or Committee Recommendation

The Board of Public Utilities recommends that Council approve as presented.

Body

In June 2020 Amendment 6 to this contract was executed which increased the funding to \$250k with the expectation that funding would be sufficient to carry us for the remaining term of the current contract. However, with Covid and the renewed emphasis on contactless payment alternatives, plus the addition of Paymentus as an option for citizens to make donations to the Utilities Assistance Program, we have seen a sharp increase in usage of the credit card payment alternative and resulting fees. This proposed additional funding amount is based on the most recent usage data and again is expected to be sufficient to cover us for the remaining term of the current contract.

Background: For years, the Utilities Department had a "convenience fee" model for accepting credit card payments for utilities bills. Under the old 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 from 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. Although that application has since been retired, we did learn that strong support for credit card payments was going to be essential for successful deployment of any type of replacement mobile or "customer self-service" application.

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 at the time 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, the 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 almost five years now under the program, we have received very favorable customer feedback. We are still seeing increased utilization as more customers become familiar with and utilize its functionality and convenience. Through amendment #3, the contract term was extended in 2018 for a six-year term running through December 27, 2021, but funding was not at that time increased. Later that year, through amendment #4, funding was increased to \$195,000. In February 2020 amendment #5 was executed to increase the limit for a single transaction from \$2,400 to \$99,999, reducing the department's exposure to multiple minimum transaction fees for customers wishing to make larger payment. As noted previously, In June 2020, amendment #6 was executed increasing the funding to \$250,000.

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 current contract term running through December 27, 2021 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, the plan is to solicit proposals from qualified offerors and procure similar services in accordance with the Los Alamos County Procurement Code.

Alternatives

If Council elects not to approve this amendment, we will cancel the current contract when funding runs out and initiate solicitation for replacement services to avoid any lapse in this payment option for our customers. This action may result in a different fee structure, or a return to the old “convenience fee” model as we were previously under.

Fiscal and Staff Impact/Planned Item

The increase of \$75,000 can be covered with existing funds budgeted in the FY2021/22 budgets. There is no staff impact as this is for continuation of an existing service.

Attachments

A - AGR16-4289-A7

B - AGR16-4289 Original and Amendments 1-6