



County of Los Alamos

Los Alamos, NM 87544
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Council Meeting Staff Report

January 19, 2022

Agenda No.:	6.B.
Indexes (Council Goals):	DPU FY2022 - 2.0 Achieve and Maintain Excellence in Financial Performance
Presenters:	Heather Garcia
Legislative File:	AGR0825-21

Title

Approval of AGR22-930 with Paymentus Corporation in the Amount of \$120,000 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 Services Agreement AGR22-930 with Paymentus Corporation in the amount of \$120,000.00 plus applicable gross receipts tax and forward to Council for consideration.

Staff Recommendation

Staff recommends that the Board approve the motion as presented.

Body

DPU is seeking approval for AGR22-930 with Paymentus Corporation for credit card and electronic bill pay services. For the past 7 years, Paymentus Corporation has provided these services to DPU customers successfully. AGR16-4289 expired at the end of December and DPU must solicit for a replacement for these services. AGR22-930 is a one-year term contract to allow DPU staff to complete the procurement process without interrupting this popular service to customers. These services were planned into FY2022 budgets and will not create any significant impacts to budget, and we remain confident the service provides good value for the department and our customers in terms of payment ease and flexibility. Once the procurement process has been completed this contract will be cancelled and replaced with a long-term contract for the services.

Covid and the renewed emphasis on contact-less payment alternatives, has increased the usage of credit card payment alternatives and the resulting fees.

Additional background on DPU's history with Paymentus Corporation, previously presented to the BPU, is repeated here for clarity and ease of reference: 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 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 needs.

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 history to gauge success of the absorbed fee model. 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 seven years now under the program, we have received very favorable customer feedback. We continue seeing increased utilization as more customers become familiar with and utilize its functionality and convenience.

As previously stated, AGR22-930 is a one-year term contract, expiring December 31st, 2022, for \$120,000 with Paymentus Corporation for credit card and electronic bill pay services. This AGR will provide the popular and customer focused payment option to customers while plans to solicit proposals from qualified offerors and procure continuing similar services in accordance with the Los Alamos County Procurement Code are completed.

Alternatives

If the Board elects not to approve this agreement, we will move forward with the solicitation of a replacement without electronic bill pay options for customers in place.

Fiscal and Staff Impact

The services agreement of \$120,000 can be covered with existing funds budgeted in the FY22. There is no staff impact as this is for continuation of an existing service.

Attachments

A - AGR22-930 Paymentus Corporation.