

## Council Meeting Staff Report

December 13, 2022

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<b>Agenda No.:</b>	B.
<b>Indexes (Council Goals):</b>	DPU FY2022 - 2.0 Achieve and Maintain Excellence in Financial Performance, DPU FY2022 - 3.0 Be a Customer Service Oriented Organization that is Communicative, Efficient, and Transparent
<b>Presenters:</b>	Heather Garcia
<b>Legislative File:</b>	AGR0900-22

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### Title

Approval of AGR23-13 with Paymentus Corporation in the Amount of \$900,000 plus Applicable Gross Receipts Tax for the Purpose of Credit Card and Electronic Bill Payment Services.

### Recommended Action

**I move that Council approve Services Agreement AGR23-13 with Paymentus Corporation in the amount of \$900,000.00 plus applicable gross receipts tax.**

### Utilities Manager's Recommendation

The Utilities Manager recommends that Council approve the motion as presented.

### Board, Commission or Committee Recommendation

The Board of Public Utilities unanimously approved this agreement at their regular meeting of December 7, 2022 and recommends that Council approve as presented.

### Body

DPU is seeking approval for AGR23-13 with Paymentus Corporation for credit card and electronic bill pay services. The County issued a request for proposals (RFP) number 23-13 on June 2, 2022 for electronic payment services. Upon evaluation of the proposals, it was determined that Paymentus provided the most cost-effective model, flexibility, and service for our requirements. The term of this contract will continue seven years, and will not exceed \$900,000, plus applicable gross receipts tax, for the life of the contract.

For the past 8 years, Paymentus Corporation has provided these services to DPU customers successfully. AGR16-4289 expired at the end of December 2021 and AGR22-930, a one-year contract, was put in place to allow staff to solicit for proposals for these services without interrupting this popular service to customers. These services were planned into FY2023 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. AGR23-13 will replace AGR22-930 and electronic payment services will continue to be available to customers.

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,

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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 eight 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, AGR23-13 is a seven-year term contract, expiring November of 2029, for \$900,000 with Paymentus Corporation for credit card and electronic bill pay services. The anticipated yearly costs for this service is approximately \$128,500 per year. This AGR will provide the popular and customer focused payment option to DPU customers from a qualified offeror and was selected in accordance with the Los Alamos County Procurement Code.

#### **Alternatives**

If the Council elects not to approve this agreement, DPU will reissue solicitation of a replacement for electronic payment services without electronic bill pay options for customers in place.

#### **Fiscal and Staff Impact**

The not to exceed amount of \$900,000 is the total for all seven years of the contract. This roughly equates to approximately \$128,500 per fiscal year. These services are budgeted in FY23 and can be covered with existing funds. There is no staff impact as this is for continuation of an existing service.

#### **Attachments**

A - AGR23-13 Paymentus Corporation