STAFF REPORT – CITY COUNCIL MEETING

August 21, 2024

TO:　　　　　Honorable Mayor and City Council Members

FROM:　　　　Tabatha Miller, Finance Director

PREPARER:　　Tabatha Miller, Finance Director

DATE:　　　　August 13, 2024

TITLE:　　　　**Approve Contract with Invoice Cloud for Web-Based Invoice Presentment and Processing; and Authorize the City Manager to Execute all Applicable Documents.**

RECOMMENDATION:

It is recommended that the Council:
1) Approve contract with Invoice Cloud for web-based invoice presentment and payment processing; and
2) Authorize the City Manager to execute all applicable documents.

INTRODUCTION:

Every month the Finance Department process approximately 6,800 Water/Wastewater bills. In addition to the Utility Bills, the City bills retirees for health benefits, stormwater assessments, rents, miscellaneous services and will soon start servicing and processing loan payments for first-time homebuyers, home rehabilitations and business assistance programs.

BACKGROUND:

The City of Arcata's current electronic bill presentation and payment system gateway has been phased out by the City's financial and utility billing software system Springbrook. Arcata is one of less than a handful of their customers who still using the old gateway with limited support and ongoing challenges. Continuing with the current gateway is simply not an option going forward.

During and after the pandemic, the City experienced an increase in the number of customers who pay their bills online. This form of self-service is much more efficient than the traditional process of mailing monthly statements, customers returning checks and payment stub through the mail or in person, with city staff or a lockbox processing the account payment. While the City has experienced an increase in online payment, it is also clear that the current gateway is limited in flexibility and options, requires mores steps to complete the transaction and does not have additional communication options available in more current gateways.

DISCUSSION:

Under the current gateway, through Springbrook, the City does not have a direct relationship with the transaction processing vendors. This and the fact that the gateway is no longer supported and is being phased out has created challenges for staff trying to resolve billing/payment discrepancies with the vendor(s). Transitioning the bill presentation and payment system gateway will improve service levels.

Improving the customer experience and providing a better gateway for the customer is a priority for staff in this transition. One feature that stood out for staff with InvoiceCloud versus other systems was the ability to login to the system and see the same view as the customer. The ability to walk a customer through account inquiry, making payment, scheduling payment, signing up for autopay and other actions is extraordinarily helpful for providing better service to customers requesting assistance.

Using the InvoiceCloud platform, customers will have several options s to make payment, and the choice to register or continue as a guest. InvoiceCloud offers up to 3 automated reminders via email or text to customers who have not paid their monthly bill by a date certain. Those communications have built-in links for easy payment. One of the most difficult tasks for both the Finance Department Staff and customers is shutting off water service for nonpayment of delinquent bills. While the City sends multiple account statements sent showing past due amounts and follow up with a letter indicated when delinquent payments must be made to avoid shut off, a phone call and an email, there are still customers who miss that deadline. Adding past-due reminders using texts and making it easier to pay the bill can only help reduce the number of weekly service shut-offs.

The system is also built to encourage signing up for monthly autopay and for customers to forego receiving paper bills through the mail. Autopay is the most efficient payment method for staff and the least costly in transaction fees. Paperless enrollment saves money for the City on postage, paper and printing costs and is more environmentally friendly. Approximately 62% of customers make online or automated payments - up from 42% pre-pandemic. However nearly 79% of customers still receive paper bills through the mail. By encouraging paperless enrollment, the City's goal is to reduce printed bills by 50%, so that less than 40% of customers receive paper copies in the mail. That would save the City approximately $22,000 a year.

BUDGET/FISCAL IMPACT:

The City spend approximately $170,000 in printing, mailing and payment processing fees. Printing and mailing costs $.78 per bill. Although the cost of processing a transaction can vary significantly depending on the payment method and type of card used, the approximate average cost is $2.46. To encourage online payment of water/wastewater bills and to qualify for the reduced utility transaction fees, the City absorbs these costs and does not pass them on to customers.

The fees charged are projected to be comparable to what the City is currently paying, although if more customers opt in to online payment not using the autopay, the total cost is likely to increase. As mentioned above, any increase in volume should be offset by reduced costs for printing and mailing of bills.

ATTACHMENTS:

   A. InvoiceCloud Contract   (PDF)
   B. ICloud Presentation Arcata CA   (PDF)