

STAFF REPORT

City Council Business Item

DATE: October 21, 2024

TO: Honorable Mayor and Council Members

FROM: Aaron Felmlee, Finance Director

THROUGH: Amy Nilsen, Interim City Manager

SUBJECT: **Approve Contract with Invoice Cloud and Authorize the Interim City Manager to Execute all Applicable Documents**

STAFF RECOMMENDATION:

Approve contract with Invoice Cloud and authorize the Interim City Manager to execute all applicable documents.

EXECUTIVE SUMMARY:

The Finance Department processes approximately 4,600 Water/Wastewater bills each month. Out of this total amount of bills approximately 4,000 bills are sent in the mail with the remaining 600 sent via email. Out of the 4,600 bills approximately 3,200 are paid either in person at City Hall, via a check sent in the mail, or over the phone. All three of those payment methods require staff time to manually input the payment information into our utility billing software. Currently, the City has about 1,400 payments that are paid through the City's online payment website, Municipal Online Payments. This type of payment method requires very little staff time as the payments are input into our utility billing software in one bulk upload.

City staff have identified two areas of opportunity, the first is to transition more customers to e-billing which sends the bills to an email and not through the mail. This saves an average of \$0.80 per bill as the City saves on postage, paper, folding, and staff time. The second area of opportunity is to transition more customers to paying automatically through our online payment website. This area of opportunity is a bit more difficult to quantify but would save staff time which would allow staff to focus on other areas of priority within the department.

Finance staff have been working diligently to educate and encourage customers to sign up for e-billing and paying through our online website. One thing that staff have become aware of through this effort to convert more customers to e-billing and online payments is that the current payment website is difficult to use for customers and does not offer a wide-range of payment options. Staff contacted our current online payment provider to inquire about simplifying the payment process and adding more payment options with little to no progress. This led staff to investigate if other online payment providers would be able to provide a better service to our customers.

Through this research staff came across the InvoiceCloud platform. InvoiceCloud offers several options to make payments including, e-Check, PayPal, Apple Pay, Google Pay, and others which are not supported by our current online payment system. 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 including paying by text. Another feature of InvoiceCloud 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.

The City pays for any payment fees our current software charges and will continue to do so with the Invoice Cloud payment fees that are broken down in the attached contract.

FISCAL IMPACT:

The City spends approximately \$110,000 in printing, mailing, and payment processing fees. Printing and mailing costs approximately \$0.80 per bill. The credit/debit card fee rate is comparable to our current provider but with the added e-Check option the City could recognize processing fee savings as e-Checks are less expensive than credit/debit card fees. As a reminder the City absorbs the fees and does not pass these onto customers.

The City could recognize as much as \$30,000 in annual savings if we are able to convert 20% of our customers to paperless billing and e-Check adoption.

RECOMMENDED COUNCIL ACTION:

1. Receive staff presentation and review Council questions
2. Open Public Comment
3. Close Public Comment
4. Motion to approve contract with Invoice Cloud and authorize the Interim City Manager to execute all applicable documents. Voice vote.

ATTACHMENTS:

- InvoiceCloud Contract
- InvoiceCloud Presentation