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ITEM #8
FINANCE
08-28-13

MEMORANDUM

August 23, 2013

TO: Finance Committee

FROM: Russ Truell, Asst. City Administrator & Chief Financial Officer
Steve Sims, Business Process Improvement Manager

SUBJECT: Electronic Bill Presentment and Payment

Purpose

The purpose of this memo is to outline recommendations for proceeding with obtaining the services for issuing utility bills electronically and processing electronic payments.

Background

We currently issue utility bills by mail. This is costly and results in lengthy processing time and costly processing. In FY 2013, we spent about \$185,000 to issue those paper bills. Nearly all of the cost was for postage for about 300,000 bills. Our current provider does not have the capability for us to issue those bills electronically (eBill) for those customers who choose the option, thus reducing our costs and speeding delivery.

Currently we accept electronic payments (credit/debit cards) remotely via the web or phone for utility bills, property taxes, yard sale permits and court fees/fines and face-to-face for court fees/fines. Those payments incur a financial transaction fee to process the payment. The Board of Mayor and Aldermen approved an Alternative Payments policy which allows the costs to be borne by the customer or to be borne by the City.

We do not allow electronic payments for other fees, permits and licenses either remotely and in person. The eBill provisions are relatively easy and are not subject to significant legal requirements. However, the payment processing business is subject to significant regulatory requirements and risk to the City. This is not only actual loss of money but exposure to lawsuits due to loss of customer data covered under privacy laws.

Alternatives

Bill Presentment

1. Continue issuing paper bills for utility services
2. Expand to include electronic bills (the current bill presenter does not have this capability)

Electronic Payments

1. We can continue what we are doing
2. We can move to not accept credit/debit cards for payments
3. We can expand to include the acceptance of cards for other fees
 - a. We could modify the existing contract
 - b. We could request proposals for payment processing

Alternatives

Staff recommends obtaining proposals for electronic bill presentment and electronic payment processing approval with the following options:



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1. Proposal for consolidated Electronic Bill Presentment and Payment (EBPP) – This would result in one firm (or a joint venture) to provide the service of issuing bills and processing payments.
2. Proposals to be submitted separately for (1) bill presentment (2) payment processing and/or (3) combined.
3. Do nothing and continue business as is

Alternatives

We are recommending that we obtain proposals using Option 2. This would result in us receiving proposals and evaluation those based on the advantages to the City and its customers.