



Legislation Details (With Text)

File #: 20-233 **Version:** 1 **Name:**

Type: Contract **Status:** Multi-Year Contract

File created: 4/17/2020 **In control:** City Council

On agenda: 7/8/2020 **Final action:**

Title: Authorize the Interim City Manager to execute a multi-year contract addendum between the City of Cocoa and First Mobile Trust, LLC, for credit card settlement and utility bill printing, mailing, and online presentment. The expenditure for the bill printing and postage is pending the Approval of the FY2021 Budget. (Finance Director)

Sponsors:

Indexes:

Code sections:

Attachments: 1. City_of_cocoa_ext_4_20_2020.pdf, 2. First Amendment to Master Services Agreement.pdf, 3. 10_24_17 Master Services Agreement-fully executed.pdf

Date	Ver.	Action By	Action	Result
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CITY COUNCIL AGENDA ITEM

Memo Date: April 17, 2020
Agenda Date: July 8, 2020
Prepared By: Jessica Dovale, Utility Support Service Manager
Through: Rebecca Bowman, Finance Director
Requested Action:

To authorize the Interim City Manager to execute a multi-year contract addendum between the City of Cocoa and First Mobile Trust, LLC, for credit card settlement and utility bill printing, mailing, and online presentment. The expenditure for the bill printing and postage is pending the Approval of the FY2021 Budget.

BACKGROUND:

The City currently contracts with First Mobile Trust, LLC, formerly First Billing Service, LLC, to provide credit card payment settlement, utility pay by text, utility bill statement printing and mailing, utility e-bill presentment, interactive voice recording platform, and a call center with live agents to assist with payment taking. These services, with the exception of utility bill statement printing and mailing, have been implemented at no cost to the City of Cocoa. The cost of bill printing and postage for mailing amounts to about \$498,000 per year.

An additional \$7,500 has been budgeted for routine bill insert expenses, should an insert be needed in FY2021, as well as \$5,000 for any system interface or bill redesign programming expenses should they be necessary.

The credit card payment aspect on the contract includes a Convenience Fee Program, which was implemented in 2014. This Convenience Fee (Interchange rates and banking fees) is passed on to

the customers who choose to pay by credit card. The credit card companies charge a percentage fee on every credit card transaction, which can range from 2% or higher. The City charges the convenience fee for every credit card paying customer in the regional utility system, which includes customers with service addresses in Brevard County, Viera, Cape Canaveral, Cocoa Beach, Merritt Island and other areas outside of the City. At this time, approximately 4% (1,440) of the City's utility credit card payments are made by Cocoa citizens. In 2014, the City of Cocoa paid the fees instead of passing the cost on to the customers who choose to pay their utility bill via a credit card. At that time, the cost to the City was \$250,000 annually. The cost of these fees is an estimated \$564,000 annually today based on the usage.

Customers who choose not to pay this convenience fee benefit from the on-line bill presentment and e-billing features and have the following options to pay at no cost: mail-in lockbox service, ACH withdrawal or electronic check through their banking institution. Should the convenience fee be absorbed by the enterprise utility, the credit card percentage fee cost would then be spread over all customers through the annual rate making model since it is an operational cost.

The existing three (3)-year contract expires October 30, 2020 and includes a two (2) year renewal option. Staff is requesting Council to authorize the City Manager execute a two (2) year renewal addendum to the contract.

STRATEGIC PLAN CONNECTION:

N/A

BUDGETARY IMPACT:

Budgeted Yes

Estimated FY2021, pending Council approval of budget

Amount Requested \$5,000 (bill enhancement or system interfacing)
Account Number 001-1510-536-34-00
Account Name Contract Services

Amount Requested \$114,000 (bill printing estimated \$9,500/month x12)
Account Number 001-1510-536-34-00
Account Name Contract Services

Amount Requested \$384,000 (bill postage estimated \$32,000/month x12)
Account Number 001-1510-536-42-00
Account Name Freight & Postage

Amount Requested \$7,500 (bill inserts)
Account Number 001-1510-536-42-00
Account Name Freight & Postage

Estimated FY2022, pending Council approval of budget

Amount Requested \$5,000 (bill enhancement or system interfacing)
Account Number 001-1510-536-34-00
Account Name Contract Services

Amount Requested \$114,000 (bill printing estimated \$9,500/month x12)
Account Number 001-1510-536-34-00
Account Name Contract Services

Amount Requested \$384,000 (bill postage estimated \$32,000/month x12)
Account Number 001-1510-536-42-00
Account Name Freight & Postage

Amount Requested \$7,500 (bill inserts)
Account Number 001-1510-536-42-00
Account Name Freight & Postage

PREVIOUS ACTION:

On October 15, 2018, Cocoa City Council approved the City Manager to execute and Assignment and Assumption of the Master Service Agreement with First Billing Services, LLC to First Mobile Trust, LLC effective through October 24, 2020.

On October 24, 2017, Cocoa City Council approved the City Manager to negotiate and sign a 36 month contract with First Billing, a Billing and Payment Solutions Company expiring October 30, 2020.

On April 21, 2016, Cocoa City Council approved a multi-year contract renewal to participate in a cooperative purchase agreement for printing, sorting, stuffing and mailing billing for monthly water customers, utilizing the City of Melbourne, service agreement number 12-133-0-2012 expiring May 31, 2018.

On December 9, 2014, Cocoa City Council approved the City Manager to negotiate and sign a 36 month contract with First Billing, a Billing and Payment Solutions Company expiring December 12, 2017.

RECOMMENDED MOTION:

To authorize the Interim City Manager to execute a mutli-year contract addendum between the City of Cocoa and First Mobile Trust, LLC, for credit card settlement and utility bill printing, mailing, and online presentment. The expenditure for the bill printing and postage is pending the Approval of the FY2021 Budget