



Legislation Text

File #: 21-0990, Version: 1

**REQUEST FOR CITY COUNCIL AND
CORONA UTILITY AUTHORITY ACTION**

DATE: 11/03/2021

TO: Honorable Mayor and City Council Members
Honorable President and Board Members

FROM: Utilities Department

SUBJECT:
Master Services Agreement with Paymentus Corporation for electronic processing of utility payments.

EXECUTIVE SUMMARY:

The City of Corona Utilities Department processes utility customer payments for an estimated 44,000 accounts. More than half of the payments collected are processed electronically. The Utilities Department recommends approval to extend the Paymentus Corporation Master Services Agreement from 2016 through June 30, 2023 ("Initial Term") and increase the annual purchase order amount to \$500,000 through Fiscal Year 2023.

RECOMMENDED ACTION:

That the:

- a. City Council approve and authorize the City Manager, or his designee, to reinstate and execute the Master Services Agreement from 2016 with Paymentus Corporation of Charlotte, NC (Paymentus).
- b. City Council approve an extension of the Master Services Agreement from 2016 through June 30, 2023.
- c. City Council authorize the Purchasing Manager to issue purchase orders for Electronic Processing of Utility Payments to Paymentus Corporation of Charlotte, NC for \$500,000 per fiscal year for Fiscal Years 2022 and 2023.
- d. City Council authorizes the General Manager and City Attorney, or their designees, to

negotiate and execute non-substantive extensions, change orders, and amendments up to \$50,000 or 10% of the original contract amount as authorized in the Corona Municipal Code [Section 3.08.060\(J\)](#).

- e. City Council make a determination under Corona Municipal Code [Section 3.08.140\(E\)](#) that competitive bidding is not required for this purchase based upon the reasons provided in the "Basis for Exception to Competitive Bidding" section of this report.
- f. Corona Utility Authority review, ratify, and to the extent necessary, direct the City Council to take the above actions.

BACKGROUND & HISTORY:

The City of Corona Utilities Department (UD) processes utility customer payments for more than 44,000 accounts. UD offers a variety of ways in which utility customers can make their payments, including:

- Online through UD's website - iLink Payment Portal
- Automatic Bill Pay Program (AutoPay)
- By phone with a Customer Care Representative or via the Interactive Voice Response (IVR) system
- In-person at the UD Public Counter
- At the drop box located at City Hall Parking Lot
- By mail
- PayNearMe at 7 Eleven locations
- Western Union

Approximately 63 percent of the payments collected by the UD are processed electronically via Paymentus. The UD transitioned to using Paymentus' services in 2013 with the launch of the online payment portal iLink and expanded Paymentus' services by adding the IVR system in 2014. In April 2016, the City Council approved a Master Services Agreement (Agreement) with Paymentus for an initial 3-year term which ended on April 5, 2019. At the end of the initial term, the Agreement automatically renews for successive one-year periods, unless either party provides written notice with no less than six months before such renewal date to not automatically renew the term of this Agreement. Per Corona Municipal Code (CMC) Section [3.08.060\(K\)](#), there is a six-year term limitation on general service contracts and extensions unless specifically approved by City Council action. This term limitation expires on April 5, 2022.

ANALYSIS:

Paymentus has over 1,500 clients across a variety of industries and close to 127 within the State of California, including agencies such as the City of Santa Monica, City of Chino Hills, City of Brea, City of Orange, Western Municipal Water District, City of Colton, and Contra Costa Water District amongst others.

Paymentus' payment processing services such as process integrations, training, security, licensing, 24/7 live customer support, and IVR system are all-inclusive within their per-transaction rates for the different types of payments processed as listed in the Master Services Agreement Schedule A -

Paymentus Service Fee Schedule. Paymentus now offers additional payment methods such as Amazon Pay, PayPal, PayPal Credit, and Venmo, allowing the UD to offer more convenient and flexible ways for customers to make their utility payments.

Currently, the UD spends approximately \$450,000 in payment transaction fees annually with Paymentus. The amount authorized for Paymentus' Purchase Order (PO) for Fiscal Year (FY) 2021 is up to \$500,000 annually. The UD recommends authorization for Paymentus' PO to be issued for \$500,000 annually through FY 2023 with the ability to process a change order as authorized by CMC Section 3.08.060(J) to ensure there is sufficient room to accommodate growth in the number of accounts and transactions as well as customer's preference in the method of payments.

Basis for Determination of Competitive Bidding:

Staff believes that an exception to competitive bidding is warranted for this purchase pursuant to Corona Municipal Code ("CMC") [Section 3.08.140\(E\)](#), which states as follows:

"When the purchasing agent and the authorized contracting party, with the approval of the City Manager, determine that it is in the best interest of the city and its administrative operations to dispense with public bidding for non-public projects under this chapter."

Paymentus offers a wide variety of payment solutions and the ability to interface with the UD's billing system to allow real-time payment posting, meets Payment Card Industry Data Security Standard (PCI DSS) "Level 1" compliance which requires that credit information is maintained in a secure environment for merchants processing over six million transactions per year and provides comparable pricing that they've maintained since 2016.

The UD staff conducted a survey of several agencies using Paymentus as their payment processor vendor and concluded that the rates offered to Corona are comparable to what other agencies pay, as shown in the table below. The rates vary across agencies due to factors such as the combination of the types of payments received by the agency, the per transaction limit, and volume.

Transaction Rate:	City of Corona	City of Chino Hills	City of Winters	City of El Segundo	City of Colton
Credit/Debit	\$1.90	\$1.53	\$1.92	2.50%	\$1.70
Scheduled ACH/eCheck	\$0.30	\$0.40	\$0.50	0.75%	\$1.00
Non Qualifying Excess Fee	2.50%	2.65%	2.95%	2.75%	2.65%
Charge Backs/Returns (per item)	No Fee	\$9.95	\$9.95	NA	NA

The UD recommends dispensing from bidding this service at this time and requests approving the extension to Paymentus' Master Services Agreement through June 30, 2023. This will allow the UD to evaluate the Utility's Billing System and Customer Payment Portal and prepare a Request for Proposal (RFP) for a payment processing merchant that meets the needs and functionality of those systems. In 2016, the City awarded a contract to Paymentus for \$350,000 based on the competitive process of another agency. Since Paymentus has agreed to maintain the same rates from 2016 through the end of June 30, 2023, it is in the City's best interest to dispense from bidding at this

time while the City finishes its Billing System and Customer Payment Portal analyses.

FINANCIAL IMPACT:

Funding for the recommended action is available in the Fiscal Year 2022 UD operating budget. Funding for future fiscal years will be requested through the budget process.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the commonsense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to approve a master services agreement with a payment processing vendor. There is no possibility that adopting this agreement will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: JACQUELINE ZUKERAN, BUSINESS MANAGER

REVIEWED BY: TOM MOODY, GENERAL MANAGER

Attachments:

1. Exhibit 1 - Paymentus Master Services Agreement