



INDIAN RIVER COUNTY, FLORIDA DEPARTMENT OF UTILITY SERVICES

Date: December 18, 2018
To: Jason E. Brown, County Administrator
From: Vincent Burke, P.E., Director of Utility Services
Through: Cindy Corrente, Utilities Finance Manager
Prepared By: Rita Strickland, Utilities Accountant
Subject: Approval to Use Paymentus for Merchant Services

DESCRIPTIONS AND CONDITIONS:

Indian River County Department of Utility Services (IRCDUS) has recognized the need to advance the technology used in our department to a more digital-friendly environment in order to enhance the customer’s experience as well as streamline the payment and electronic billing process. With our growing community and the digital environment, a more advanced platform is needed to enhance the payment and information experience.

An analysis of the current merchant processing system for credit cards, phone, online, and point-of-sale for customer payments identified the need for a more modern platform. Although we are a relatively small utility compared to AT&T, Comcast, or Florida Power and Light, our customers expect the same level of e-services to be made available to them. Modernizing our features would provide a platform for more payment methods and easier online access to their utility bill.

The analysis involved comparing the advantages and disadvantages of the cost, labor, accessibility, and security needed in the Water and Wastewater Utilities Sector. IRCDUS currently uses Total System Services (TSYS) Bank as its merchant service provider for credit card payments and Regions Bank for the customer online banking, Automated Clearing House (ACH), and paper lockbox payments. By advancing the technology used in our department to a more digital-friendly environment, the customer’s expectations and experience, along with internal processes, would be updated and improved.

On July 12, 2016, the Board of County Commissioners (BCC) approved adopting Invoice Cloud as its e-service provider. At that time, staff began to work with Invoice Cloud representatives for a targeted implementation date of January 2017. During late fall of 2016, staff inadvertently discovered that the Customer Information System (CIS) payment gateway (or handshake) between Invoice Cloud and Harris Advanced Utility Systems (Harris) would no longer be supported by Harris. Harris has at least four updates annually. That meant that any time either party had a software enhancement or patch, the two systems would not communicate.

By February 2017, Invoice Cloud was unable to provide the services contracted by IRCDUS and was no longer a viable option. With the programs that can be integrated with CIS being very limited, the search for another option was delayed until the staff had more information about providers with the ability to utilize the gateway that would work without additional programming on a regular basis. IRCDUS consulted with CIS about who could provide the needed services and was referred to Paymentus.

ANALYSIS:

Paymentus can provide an e-services turn-key platform that would enhance our services with mobile versatility, customer web-based portals, and advanced security with Level 1 Payment Card Industry (PCI) compliance. Their platform offers expanded payment options that include Pay-by-Text, Pay-by-Email, MobileWeb, and MobileApp, which is currently not available for IRCDUS customers. Harris Advanced Utility Systems currently has 78 clients in Florida utilizing Paymentus for these services. They have 1,300 nationwide clients, of which 900 are government or municipal utilities. References within the Florida utilities industry were provided, and the feedback was all favorable.

The cost of switching to Paymentus for merchant services would increase our projected annual cost by approximately \$27,834. All software upgrades and the hosting cost would be the responsibility of Paymentus. Coincidentally, Paymentus is the parent company of Tele-Works, Inc., our current Interactive Telephone Voice Response System (IVR) that provides the gateway to communicate with CIS. The cost would be offset by the IVR services being included with the Paymentus E-Services Platform and eliminate the annual maintenance and support expense. Paymentus will refund a prorated amount estimated at \$9,329 (9 months) for the fiscal year 2019.

The following advantages and disadvantages have been identified below.

Advantages:

- Paperless bills look the same as paper bills
- Website and mobile access to receive (or view) bills and make payments
- Payment options of Pay-by-Text, Pay-by-Email, MobileWeb, and MobileApp
- Duplicate payments receive an alert to prevent double payments
- Payments can be processed in real time or set up to pay at a later date
- Credit card payments are posted to our bank on the date of payment instead of the normal delay time
- Bank routing numbers are verified on electronic checks, reducing staff research
- Registered customers would not need their account number to pay bill
- Anticipated growth in participation in online payments and inquiries by customers would reduce staff phone interaction
- Mass notices could be processed with IVR calls at no additional cost to IRCDUS
- Eliminates the annual maintenance and support, cost of IVR ports, and license certificates
- Paymentus responsible for Level 1 PCI compliance
- Paymentus has a redundant system in place to minimize downtime and prevent catastrophic system failures
- Proven performance with integration with the CIS program

Disadvantages:

- Increase in net annual cost of credit card fees due to the increase volume for a more user-friendly system
- Customers will need to set up their account online for the new service in order to use upgraded features even if they already have an on-line account

Due to the advantages outweighing the disadvantages, staff will be recommending the switch to Paymentus. If the switch is approved, this will involve a 180-day process to allow for testing of the merchant service portion. The IVR Hosted Platform will be able to be switched over within 4-6 weeks for the inbound and immediately for the outbound calls. Since the recently approved water and sewer rate increase will go into effect on March 1, 2019, staff suggests targeting an April 1, 2019, start date for the Paymentus merchant service transfer. This will prevent any overlapping of the testing for the new rates and the new merchant services.

FUNDING:

The funds for merchant services are available in the Credit Card Fees account in the operating fund. Operating funds are generated from water and sewer sales. Annual merchant services costs are estimated at \$203,117. The first two quarters will be with TSYS (\$97,473), and the last two quarters will be with Paymentus (\$105,644).

Description	Account Number	Amount
Credit Card Fees	47126536-035680	\$203,117

RECOMMENDATION:

Staff recommends that the Board of County Commissioners waive the requirement for bids, approve Paymentus as its merchant service provider and authorize the Chairman to endorse the Paymentus Master Services Agreement after review and approval by the County Attorney's office. Staff also recommends to authorize the Purchasing Manager the approval authority to extend the agreement under the same conditions at the time of renewal, by mutual agreement, so long as the Purchasing Manager and Director of Utility Services are satisfied that Paymentus has been performing properly, and if the extension would be in the best interest of the County.

ATTACHMENTS:

Paymentus Master Services Agreement