



Naperville

CITY COUNCIL AGENDA ITEM

SUBJECT: Recommend the Award of Procurement 15-134, Electronic Bill Payment

TYPE OF VOTE: Simple Majority

ACTION REQUESTED:

Approve the Award of Sole Source Procurement 15-134, Electronic Bill Payment to FIS, for an amount not to exceed \$180,000 for the three year contract period.

BOARD/COMMISSION REVIEW:

COUNCIL ACTION PREVIOUSLY TAKEN:

Date	Item No.	Action
10/23/13		CMO Extension
2/22/12		CMO Extension
8/04/08	I 4 B	Council Extension
2/3/04	E 2 c	Original Award 04-073

DEPARTMENT: Procurement Services Team

SUBMITTED BY: Michael E. Bevis, Chief Procurement Officer

FISCAL IMPACT:

Budgeted Account: 010-1511-415-35.09 Budgeted Amount: \$50,000*

*Current year budget is \$50,000. Future years will be budgeted to reflect actual usage.

BACKGROUND:

Services provided under this contract provide Utility customers the opportunity to view and pay their City bills online. This has proven to be a successful and convenient bill-pay method. The eBill program has also reduced the City's operating costs compared to the processing of paper bills.

DISCUSSION:

On February 3, 2004, the City Council approved the award of RFP 04-073, Internet Bill Presentment and Payment (eBill) to Metavante Corporation, which company, effective October 1, 2009, became a wholly-owned subsidiary of Fidelity National Information Services, Inc. (FIS). The initial contract term was for three years expiring on August 31, 2007, with the City reserving the right to exercise two one-year option years. In May 2007 the City exercised the first option year extending the agreement to August 31, 2008. Since that time, the contract has been extended over a period of time (see Prior Action, Attachment 1), most recently taking the contract to December 31, 2014. The current monthly average is \$4,740.00 / month. Since the city pays for each user, a 5% contingency is being requested to allow for growth of the customer base and any requested additions / changes to the existing program.

During the most recent extension year, staff issued an RFP for integrated eBill functionality. However, as a result of the e-Government Strategic Plan Initiative and the Strategic Technology Plan, staff decided to not proceed through the RFP process. A new ERP will impact how the City manages ebill capabilities. The world's use of electronic bill payment has changed dramatically since the initial award in 2004 and the entire electronic billing process will be reviewed as part of an ERP implementation. Until a new ERP vendor is selected, Finance is requesting to keep the same vendor for continuity.

Finally, it is anticipated that changing eBill vendors at this time will negatively impact our current 29% eBill participation rate. A decline in participation is a natural outcome because current participants would shoulder a perceived burden of being required to re-enroll with the new vendor. The inconvenience to the participating public during the initial transition will be compounded when our customers that opted to re-enroll will likely be required to change billing processes again in 2 – 3 years when the new ERP vendor is selected.

Finance will review the eBilling process as part of this larger initiative, and has requested a Sole Source Contract from FIS taking the contract to December 31, 2017 to allow time for the evaluation. FIS will allow the city to opt out of the contract at the end of the second year without penalty.

RECOMMENDATION:

Staff recommends the Award of Sole Source Procurement 15-134, Electronic Bill Payment to FIS, for an amount not to exceed \$180,000 for the three year contract period.

ATTACHMENTS:

1. Prior Action
2. Acceptance Letter from Vendor

CITY OF NAPERVILLE
AWARD OF CONTRACT EXTENSION
CONTRACT NUMBER 04-073

Requesting Department: Finance
Procurement Name: E-bill: Internet Bill Pay and Presentment
Recommended Vendor: FIS/Metavante
Amount of Award: \$48,000 (approximately \$4,000/month for the 12-month extension)
Contingency Amount: Since the City pays a fee for each user, a 3% contingency is being requested to allow for growth of the customer base.

Budgeted Account: 010-1511-415-35-09
Budgeted Amount: \$48,000/year

DESCRIPTION

Services under this contract provide Utility customers the opportunity to view and pay their City bills online. This has proven to be a successful and convenient bill-pay method. The eBill program has also reduced the City's operating costs compared to the processing of paper bills.

On February 3, 2004, the City Council approved the award of RFP 04-073, Internet Bill Presentment and Payment (eBill) to Metavante Corporation, which company, effective October 1, 2009, became a wholly-owned subsidiary of Fidelity National Information Services, Inc. (FIS). The initial contract term was for three years expiring on August 31, 2007, with the City reserving the right to exercise two one-year option years. In May 2007 the City exercised the first option year extending the agreement to August 31, 2008. Since that time, the contract has been extended over a period of time (see Previous Awards, Attachment A), most recently taking the contract to December 31, 2013.

During the most recent extension year, staff issued an RFP for an integrated e-bill functionality. The evaluation process was almost finalized when a larger City Council initiative involving all aspects of e-government was decided. Finance will re-issue the e-bill procurement as part of this larger initiative, and has requested yet another extension from FIS (Agreement attached for City execution, Attachment B) taking the contract to December 31, 2014 to allow time for the evaluation.

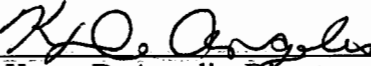
EXHIBIT/ATTACHMENT

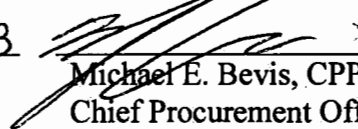
A Previous Awards – Original and Extension
B Current Extension Agreement

RECOMMENDATION


Staff recommends extending Contract 04-073, Internet Bill Pay and Presentment, to Metavante/FIS to December of 2014, for an amount of \$48,000 for the 12-month period.

SUBMITTED BY:

 10-24-13 Date
Karen DeAngelis, Director
Finance Department

 10/22/13 Date
Michael E. Bevis, CPPO, C.P.M.
Chief Procurement Officer

APPROVED BY:

 10/29/13 Date
Douglas A. Krieger
City Manager

PRIOR ACTION



AMENDMENT TO BSP B2C SERVICES AGREEMENT

This is an amendment ("Amendment"), effective as of October 31, 2013 ("Amendment Effective Date"), to the BSP B2C Services Agreement dated April 28, 2004, as amended ("Agreement") between METAVANTE CORPORATION, with offices located at 601 Riverside Avenue, Jacksonville, Florida 32204 ("Metavante") and CITY OF NAPERVILLE, with offices located at 400 South Eagle Street, Naperville, Illinois 60566-7020 ("City").

Effective October 1, 2009, Metavante Corporation became a wholly owned subsidiary of Fidelity National Information Services, Inc. Any reference to "FIS" in any documentation or materials related to the Agreement or this Amendment shall mean a reference to Metavante Corporation.

- 1. Introduction. The parties wish to extend the term of all services being provided under the Agreement in accordance with the terms and conditions set forth in this Amendment.
2. Extension of Term. The current term of all services being provided under the Agreement shall be extended through December 31, 2014 (the "Extended Term").
3. Fees and Settlement. The current fee structure will remain the same. In the event monthly fees calculated under the current fee structure are less than \$1,000.00, the City agrees to pay a monthly minimum fee in the amount of One Thousand Dollars and No Cents (\$1,000.00) during the Extended Term. The monthly fee shall be the calculated fee or \$1,000.00, whichever is more.
4. Miscellaneous. All terms of the Agreement not amended by this Amendment shall remain in full force and effect. All fees shall be settled or paid in accordance with the terms of the Agreement unless otherwise specified in this Amendment or the pricing attachment. In the event of a conflict or inconsistency between this Amendment and the Agreement, this Amendment shall control. All capitalized words not specifically defined in this Amendment shall have the same meaning as in the Agreement.

IN WITNESS WHEREOF, the parties have caused their duly authorized officers or representatives to execute and deliver this Amendment as a legally binding obligation of such party as of the Amendment Effective Date set forth above.

CITY OF NAPERVILLE

METAVANTE CORPORATION

[Handwritten signature of Michael Bevis]

[Handwritten signature of Donna DellaRocco]

Signature

Signature

Michael Bevis

Donna DellaRocco

Name (printed)

Contracts Manager

Chief Procurement Officer

Name (printed)

Title

Title

10/31/13

10/31/13

Date Signed

Date Signed

CITY OF NAPERVILLE
AWARD OF CONTRACT EXTENSION
CONTRACT NUMBER 04-073

Requesting Department:	Finance
Procurement Name:	E-bill: Internet Bill Pay and Presentment
Recommended Vendor:	FIS
Amount of Award:	\$92,000 (approximately \$4,000/month for the 23-month contract)
Contingency Amount:	Since the city pays a fee for each user, a 3% contingency is being requested to allow for growth of the customer base.
Budgeted Account	010-1511-415-35-09
Budgeted Amount	\$48,000/year

DESCRIPTION

Services provided under this contract provide Utility customers the opportunity to view and pay their City bills online. This has proven to be a successful and convenient bill-pay method. The eBill program has also reduced the City's operating costs compared to the processing of paper bills.

On February 3, 2004, the City Council approved the award of RFP 04-073, Internet Bill Presentment and Payment (eBill) to Metavante Corporation, which company, effective October 1, 2009, became a wholly-owned subsidiary of Fidelity National Information Services, Inc. (FIS). The initial contract term was for three years expiring on August 31, 2007, with the City reserving the right to exercise two one-year option years. In May 2007 the City exercised the first option year extending the agreement to August 31, 2008.

On August 4, 2008, City Council approved the 44-month contract extension to April 30, 2012. This was to allow time to research providing the services internally, without negatively affecting the established eBill customer base. For this extension period Metavante/FIS agreed to discount their fee structure by 11% while maintaining the remainder of the agreement.

At this time, staff is requesting an extension of the contract to December of 2013, to allow for the completion of the Naperville Smart Grid Initiative, which is requiring huge time commitment by both I.T. and Finance staff. In addition, the RFP for banking services will include bidding on integrated e-bill functionality. The new banking contract would be effective July 2013, and this extension would allow for a period of 6 months to transition to a new e-bill vendor should a different tool be selected. Metavante/FIS has agreed to hold its current pricing.

EXHIBITS

A	Previous Awards – Original and Extension
B	Extension Agreement

RECOMMENDATION

Staff recommends extending Contract 04-073, Internet Bill Pay and Presentment, to Metavante/FIS to December of 2013, for an amount of \$92,000 for the 23-month period.

SUBMITTED BY:

 Karen DeAngelis, Director Finance Department	2-8-12 Date	 Michael E. Bewis, CPPO, C.P.M. Chief Procurement Officer	2/8/2012 Date
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APPROVED BY:

 Douglas A. Krieger City Manager	2/22/12 Date
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PRIOR ACTION



Naperville

CITY COUNCIL
 8-4-08
 AGENDA ITEM I 46

COUNCIL AGENDA ITEM SUMMARY SHEET

TITLE: Recommend Extension for Contract 04-073, Internet Bill Presentment and Payment

CITY COUNCIL AGENDA DATE: 8/04/08

SYNOPSIS: Approve extension on internet bill presentment and payment contract

COUNCIL ACTION PREVIOUSLY TAKEN:

Date of Action	Item No.	Action
2/3/04	E 2 c	Original Award

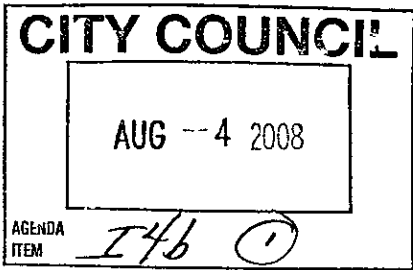
TYPE OF VOTE REQUIRED: Simple Majority

COUNCIL ACTION REQUESTED: Approve the extension to Contract 04-073, Internet Bill Presentment and Payment, with Metavante Corporation, from September 1, 2008 through April 30, 2012 for an amount of \$37,500 per year with a 3% contingency for program growth.

Submitted by: *Doug A. Krieger*
 Name Douglas A. Krieger
 Dept. Finance

Prepared by: *Michael E. Bevis*
 Name Michael E. Bevis
 Dept. Finance

AGENDA ITEM NOTES



**CITY OF NAPERVILLE
CONTRACT EXTENSION
PROCUREMENT NUMBER 04-073**

Requesting Department: Finance
Procurement Name: Internet Bill Presentment and Payment
Recommended Vendor: Metavante Corporation
Amount of Award: \$37,500.00 per year
 3% Contingency Budgeted Account 010-1511-415.35-09

DESCRIPTION

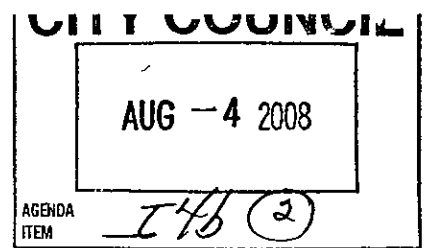
On February 3, 2004, the City Council approved the award of RFP 04-073, Internet Bill Presentment and Payment (eBill) to Metavante Corporation of Brown Deer, WI (Item attached as Exhibit A) Services provided under the contract relate to providing utility customers the opportunity to view and pay their City bill online, and has proven to be a successful and convenient bill method. The eBill program has also reduced the City's operating costs compared to the processing of paper bills. The initial contract term was for three years expiring on August 31, 2007, with the City reserving the right to exercise two one-year option years. In May 2007 the City exercised the first option year extending the agreement to August 31, 2008.

During the initial contract, Metavante's performance has met the needs of the City and our customers. Metavante has worked with the City through system upgrades and the growth of the City's eBill program over the past four years from a 6.46% participation rate in February 2004 to the June 2008 participation rate of 17.40% - 10,393 active customers. At this participation rate, the City saves over \$9,900 per year in direct costs (such as, postage, paper and processing), compared to providing eBill customers a paper utility bill).

Normally, at the conclusion of the final option year staff would issue a request for proposals to the marketplace. However, as the eBill program continues to grow the City is considering the opportunity to bring this successful program in-house. The possibility of selecting yet another vendor in the interim would involve another implementation process, which would require re-enrollment of current customers, since for security/privacy reasons, certain required information is not passed from vendor to vendor. A result of the past implementation was temporary loss of customers.

To adequately determine the in-house alternatives, the City needs additional time. Sufficient internal service and operational capabilities must be established; and the Sungard HTE eBill product, which would allow the City to provide the current internet bill view and pay options, must be finalized. It must then be tested and proven by other municipalities who would have used the product for a sufficient length of time to provide credible references. HTE is the City's Enterprise Resource Planning (ERP) software package. ERP refers to an integrated suite of software applications, typically from one

PRIOR ACTION



software vendor. Continuing to use those applications which meet our needs would economically provide increased flexibility and functionality.

Staff is requesting that the Metavante agreement be extended as an amendment to the contract for a period of three years and eight months to April 30, 2012. This will allow time to determine if an internal alternative is available, without negatively affecting the established eBill customer base. For this extension period Metavante has agreed to discount their fee structure by 11% while maintaining the remainder of the agreement.

The amount of the award is the approved budgeted amount for FY08-09. The amount for the entire period is difficult to determine, since it is based upon ongoing and new customer participation. Using the current participation level, and the 11% discount offered by Metavante for the three-year-eight-month period requested, the entire dollar amount is \$127,402. Since the city pays a fee for each user, a 3% contingency is being requested to allow for growth of the customer base.

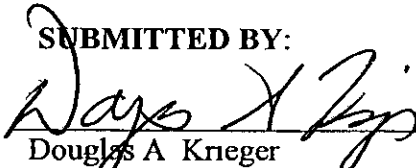
RECOMMENDATION

Staff recommends extending Contract 04-073, Internet Bill Presentment and Payment, with Metavante Corporation from September 1, 2008 through April 30, 2012 for an amount of \$37,500 per year, plus a 3% contingency for growth.


EXHIBITS

A Original Agenda Item

SUBMITTED BY:


Douglas A. Krieger
Director of Finance

7/7/08
Date


Michael E. Bevis, CPPO, C.P.M.
Chief Procurement Officer

6/26/08
Date



Naperville

OFFICE OF THE CITY MANAGER

COUNCIL AGENDA ITEM SUMMARY SHEET

CITY COUNCIL
2-3-04
AGENDA ITEM E2C

CITY COUNCIL
AUG 4 2008
AGENDA ITEM I46 (3)

TITLE Recommend award of RFP 04-073, Internet Bill Presentment and Payment

SUBMISSION DATE 01/20/04 REQUESTED AGENDA DATE 02/03/04

SYNOPSIS Approve award of internet bill presentment and payment

PAPERWORK Attached

COUNCIL ACTION PREVIOUSLY TAKEN

Date of Action _____ Action _____
Item No _____

COUNCIL ACTION REQUESTED/RECOMMENDED THIS MEETING

Staff recommends the award of RFP 04-073, Internet Bill Presentment and Payment, to Metavante Corporation, for an amount not to exceed \$87,394 for the three year contract period

Submitted by Douglas A. Krieger
Name

Finance
Department

AGENDA ITEM NOTES

EXHIBIT
A
tabbler

PRIOR ACTION

CITY COUNCIL FEB 3 2004
AGENDA ITEM E2/c ①

CITY OF NAPERVILLE
CONTRACT AWARD
PROCUREMENT NUMBER 04-073

CITY COUNCIL
AUG 4 2008
AGENDA ITEM I 46 ④

RECOMMENDED AWARD

Requesting Department: Finance
Procurement Name: Internet Bill Presentment and Payment
Recommended Vendor: Metavante Corporation
Amount of Award: \$87,394 00
 CIP # Budgeted Account 010-1511-415 35-09

DESCRIPTION

In March 2001, Council awarded a contract to billserv com (billserv), which initiated the eBill program for residential utility customers. Participating customers receive e-mail notification that their bill is available on the Internet. Customers can view and pay their bill twenty-four hours a day, seven days a week. This availability meets the needs of customers identified in the 2001 City's Citizen Survey: approximately seventy percent of respondents felt that viewing and/or paying their bills on-line was useful.

The eBill program has successfully provided a convenient bill payment method for customers, and has reduced the City's costs associated with the printing, inserting, and mailing of bills. The continuation of this program was evaluated by staff in February 2003 and the results were presented to City Council (attached as Exhibit C), which recommended continuation of the program.

Over the past three years, customer enrollment has grown to the current level of 3,305 active users, which represents a participation rate of 6.46% of the available customer base.

Based upon existing eBill participation, the program provides a cost reduction estimate of over \$18,000 00 per year. This conservative cost reduction is just for the printing, inserting, and mailing of the bills and does not include cost items such as labor, benefits, equipment, etc.

This will be a three-year contract, beginning August 1, 2004, with two one-year option years.

PROCUREMENT BACKGROUND

Tribune Web Site
Advertisement Date: October 20, 2003 Notices Sent: 269
Opening Date: November 17, 2003 Proposals Received: 9

PRIOR ACTION

SELECTION PROCESS

Proposals were received from the following firms

Sungard - HTE, Lake Mary FL	Docucorp, Dallas, TX
Kubra America Inc , Bolingbrook, IL	Link 2 Gov, Nashville, TN
EPOS, Duluth, GA	Harbor Payments, Inc , Atlanta, GA
Metavante Corporation, Milwaukee, WI	Tele-Works, Inc , Blacksburg, VA
Third Millennium Associates, Chicago, IL	

A selection committee, comprised of City staff from Finance, Information Technology, and Community Relations, evaluated the submittals on the basis of the criteria and weights set up for the procurement

Proposal Costs and Fees	30%
Solution Description, Quality, and Integration Ability	25%
Qualifications, Experience, and References	20%
Implementation	15%
Proposal Quality and Content	10%

The initial proposal requested vendors to submit either an All Service Provider (ASP) and/or an in-house eBill program Only one vendor proposed the in-house program option The selection committee reviewed the pricing on the proposal with fees that amounted to a license fee application of \$385,000 plus an annual maintenance fee of \$69,300 for the first year Based on this fee structure, the committee decided to focus on the ASP proposals

The results of the ASP initial evaluation are summarized in the attached Exhibit A The firms short listed for further consideration, based on the scoring were Sungard-HTE, Harbor Payment, Metavante, Kubra, and Link 2 Gov Interviews were held with each of the vendors and each was scored, using the stated criteria and weights (see Exhibit A)

The top three scorers, Metavante, Kubra, and Harbor Payments were requested to provide their Best and Final Offers

After reviewing the best and final offer price submissions, the evaluation team selected Kubra and Metavante as finalists The evaluation team re-reviewed the proposals, references, pricing, integration ability, implementation timeline, interview notes, and had additional conversations with Kubra and Metavante

Based on that analysis, the final scoring for the RFP is

	Score	3-Year Price
Metavante	85	\$87,394
Kubra	83	\$84,495

The three-year contract cost estimate including all set up and ongoing operational fees is \$87,394 00 The detailed three-year costs are attached as Exhibit B Both firms are competent, however, Metavante is considered to be the leader in the industry Metavante holds the Internal Revenue Service contract, which requires stringent site security

CITY COUNCIL FEB - 3 2004
AGENDA ITEM E2c (3)

measures Finally, Metavante has a large and diverse client base that provides increased confidence in their ability to perform for the contract period Staff considers the assurance of a secure site and the diversity of their client base to be important considerations

CITY COUNCIL
AUG 4 2008
AGENDA ITEM I46 (6)

EXHIBITS

- A Score sheet
- B Summary of Costs
- C E-bill Program Status memo

SUBMITTED BY:

Doug X Krieger
Doug Krieger, Director
Finance Department

1/27/09
Date

Michael E. Bevis
Michael E. Bevis, CPPO, C P M
Purchasing Manager

1/21/09
Date
np

PRIOR ACTION

SUMMARY OF SCORES
RFP 04-073 - Internet Bill Presentment and Payment

AUG -- 4 2008

AGENDA ITEM *246 (7)*

CONSULTANT NAME	Costs and Fees (30)	Description, Quality, and Integration Ability (25)	Implementation (15)	Qualifications, Experience & References (20)	Proposal Quality and Content (10)	TOTAL SCORE (100)
Sungard - HTE	24	19	13	17	8	81
Harbor Payment	26	20	13	16	8	82
Metavante	20	20	12	16	8	75
Kubra	22	19	13	15	7	75
Link 2 Gov	19	18	10	14	8	68
Epos	10	16	12	13	7	57
Docucorp	15	14	9	15	7	60
Teleworks	18	16	9	13	7	62
Third Millennium	20	13	8	12	6	60

Post Interview Scores, Including Best and Final Offers (BAFO)

CONSULTANT NAME	3-YEAR COST	30 Pts	25 Pts	15 Pts	20 Pts	10 pts	TOTAL SCORE
Sungard - HTE	\$121,365.00	20	16	7	13	7	65
Harbor Payment	\$87,394.00	22	19	13	15	6	76
Metavante	\$84,495.00	21	22	12	17	8	81
Kubra		22	21	12	16	8	79
Link 2 Gov		22	17	9	13	7	69

CITY COUNCIL

AGENDA ITEM *E2c (4)* FEB - 3 2004

Final Scores

Metavante	29	20	10	18	8	85
Kubra	30	18	12	15	8	83

Explanation of Scores

30 Pts: Excellent 25-30, Good 20-24, Average 15-19, Poor 8-14, Not Qualified 0-7
 25 Pts: Excellent 21-25, Good 16-20, Average 12-15, Poor 7-11, Not Qualified 0-6
 15 Pts: Excellent 13-15, Good 10-12, Average 7-9, Poor 4-6, Not Qualified 0-3
 20 Pts: Excellent 17-20, Good 13-16, Average 10-12, Poor 5-9, Not Qualified 0-4
 10 pts: Excellent 9-10, Good 7-8, Average 5-6, Poor 3-4, Not Qualified 0-2

EXHIBIT A

PRIOR ACTION

RFP 04-073
 E-Bill Internet Bill Presentment and Payment

THREE-YEAR COST PROPOSALS

KUBRA

Total Year 1 Contract Cost
 (One-Time Fees + 1st Year Operational Costs)
 Total Year 2 Contract Cost
 Total Year 3 Contract Cost
 Total Contract Cost

\$ 43,546 04
 \$ 19,814 10
 \$ 21,134 71
 \$ 84,494 85

METAVANTE

Total Year 1 Contract Cost
 (One-Time Fees + 1st Year Operational Costs)
 Total Year 2 Contract Cost
 Total Year 3 Contract Cost
 Total Contract Cost

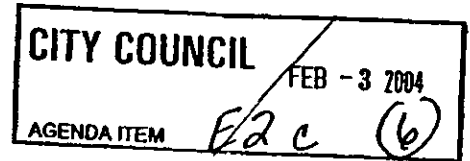
\$ 55,626 00
 \$ 15,282 00
 \$ 16,486 00
 \$ 87,394 00

CITY COUNCIL
 FEB - 3 2004
 AGENDA ITEM *E2c* (5)

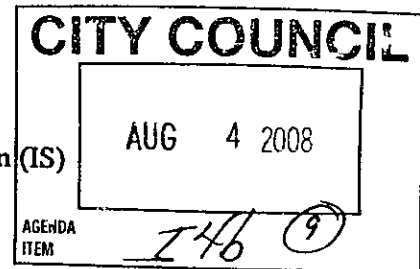
CITY COUNCIL
 AUG 4 2008
 AGENDA ITEM *I46* (8)

EXHIBIT B

CITY OF NAPERVILLE
MEMORANDUM



DATE: Monday, February 24, 2003
TO: Peter T Burchard, City Manager
FROM: Carie Anne Ergo (CR), Timothy Burkhalter (FSD), Don Carlsen (IS)
SUBJECT: E-billing Program Status



PURPOSE:

The purpose of this memo is three fold:

- 1) To update Council on the status of the e-bill project,
- 2) To respond to Council's request that staff evaluate bringing on-line electronic billing payment and presentment services in-house, and
- 3) To recommend that the initial e-bill project trial to be completed as scheduled by allowing the final automatic one-year BillServ contract extension

BACKGROUND:

Recognizing the growth in the electronic bill presentment and payment industry, Finance began researching this service in 1999. There were two main goals for this project:

- 1) To make bill payment more convenient to the customer, and
- 2) To eliminate paper and reduce contracted costs for printing, stuffing and mailing bills.

In March of 2000, the City requested proposals to meet these goals. Sixteen vendors responded. Of those responses, only KPMG Consulting and IBM offered a full service in-house option. These solutions allowed a customer to visit the City's website to view and pay a bill. The payment would be routed through the lockbox and updated automatically in the City's billing and collection system. At \$989,000 and \$626,696 respectively, these costs were considerably higher than choosing the Application Service Provider (ASP) model and did not include infrastructure costs or staffing requirements.

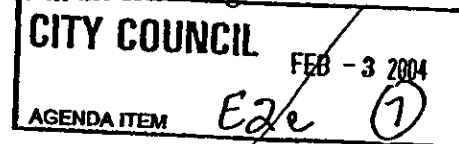
To keep costs to a minimum, staff recommended and Council approved pursuing the ASP model and awarded the contract to BillServ. The first year total of \$59,160 included a \$45,000 setup fee. All costs for this project are funded by the Department of Public Utilities.



PRIOR ACTION

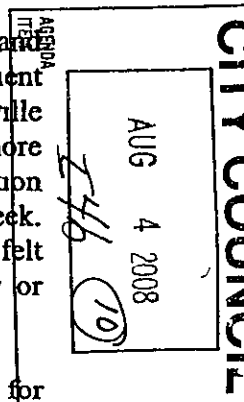
In March 2001, the City launched the e-bill program. After the first year of operation, staff recommended extending the BillServ contract for two years, for an amount not to exceed \$27,993.00 in the first year and \$36,820.00 in the second year. Staff also recommended evaluating new vendors at the expiration of the two-year extension. Council agreed to a one-year extension with an additional one-year automatic renewal in the second year. Additionally, Council requested that staff return in one year with a preliminary recommendation about the possibility of bringing this project in-house. Staff's findings are included in the following paragraphs.

DISCUSSION:



E-bill Status

The BillServ model has allowed the City to achieve its main goals while keeping technology and human capital costs low. The first goal of the project was to make bill payment more convenient to the customer. As of January 2003, nearly 2,500 customers choose to pay their Naperville utility bills on-line. These participants total 5.04% of the available customer base, which is more than double the national average for e-bill participation. Customers receive e-mail notification that their bill is ready. They may view and pay bills twenty-four hours a day, seven days a week. The City's 2001 Citizen Survey revealed that approximately seventy percent of respondents felt that having the option to view and/or pay their Naperville utility bill on-line was very or somewhat useful.



The City's second goal for this project was to eliminate paper and reduce contracted costs for printing, stuffing and mailing bills. Again, this project has been successful. The current cost of printing, inserting, and mailing a paper utility bill is forty-six cents per customer, per month. Using this cost and the January 2003 adoption rate, we can calculate the anticipated annual cost reduction in our bill print contract as follows:

$$46 \text{ cents} \times 2,473 \text{ customers} \times 12 \text{ months} = \$13,650.96.$$

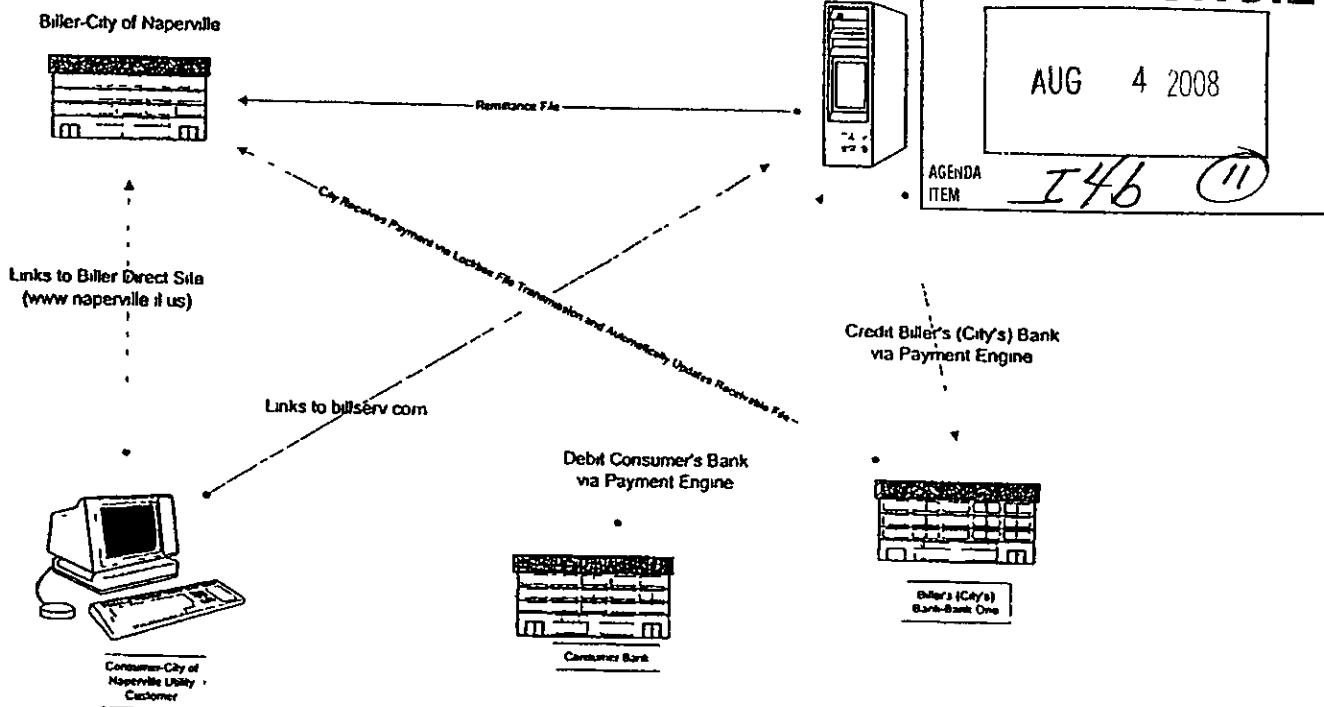
This conservative cost reduction estimate is only for the specific above-mentioned functions. A fully loaded unit cost for the paper bill process would also include cost items such as labor, benefits, equipment, etc.

In-House v. Outsourcing

Electronic Billing Presentment and Payment (EBPP) solutions are unique from retail operations and are used almost exclusively in the banking, credit and utility sectors. Retail solutions allow customers to choose from a variety of fixed price products that they add to an electronic shopping cart. Upon checkout, the item values are totaled and the customer pays the bill, most commonly with a major credit card through an outsourced payment engine. In this process, the customer's choices determine the final bill total. In the EBPP process, a billing print stream is captured, extracted, and processed to display a variable number of unique bills. Customers pay bills through a third-party payment processor. Payments are electronically routed through the City's lockbox and remitted to the City. User accounts are automatically updated to reflect the payment. This is a highly complex process requiring industry specific software to process the bills. Figure One provides a high-level overview of our current process with BillServ.

Figure 1

City of Naperville
 Biller Direct Model
 e-Bill Payment Flow

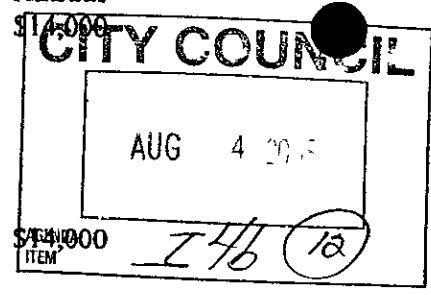


Electronic billing presentment and payment application service providers offer small to mid-size billers, such as the City of Naperville, an economically viable solution to provide on-line billing to customers. Naperville's core business is not securing and transmitting financial data as is the case of banks and credit card companies. Nor do we handle a large volume of bills as do large regional utilities, such as ComEd or Nicor. To bring this process in-house would be extremely costly and require significant technology and human capital investments that cannot currently be justified based on our volume of utility bills.

In researching in-house options, the City obtained Gartner product reports on two of BillServ's major competitors that offer in-house models: Metavante and CheckFree. Metavante's EBPP application packages range from \$350,000 to \$1,000,000. Checkfree's application package starts at \$250,000 to \$500,000. These licensing fees do not include integration or implementation costs, which are impossible to estimate without an in-depth analysis of the products compatibility with our billing and collection system.

In order to implement an in-house package, the City would need to significantly reorganize our network and communication infrastructure to meet the unique needs of an EBPP system. Requirements would include, but are not limited to:

Requirement	Estimated Cost	
	Capital	Annual
Dual ISP connectivity	\$7,000	\$14,000
Dual local directors to perform load balancing of network traffic and provide system redundancy*	\$20,000	
Dual web application servers*	\$12,000	
Dual database servers *	\$12,000	
Intrusion detection capability	\$30,000	
Advanced triple firewall protection to protect each layer of the infrastructure**	\$65,000	
Information Systems 1000 support hours		\$33,000
Total	\$146,000	\$61,000



Based on these figures plus a three percent rate of inflation, the five-year cost to build and maintain the infrastructure needed to support an in-house e-bill program is approximately \$518,000. This cost is only infrastructure and excludes the cost of e-billing software implementation and maintenance. Based on our BillServ contract, the estimated five-year cost of maintaining our current e-bill system is approximately \$196,000.

Metavante offers both an in-house and ASP product. Recent discussions with their sales representative revealed that Metavante's research indicates that a biller would need to reach an adoption rate of 50,000 e-bills per month to justify the cost of providing their system in-house. An October 2002 Gartner research study indicated that billers with more than 250,000 bills per month may want to consider in-house options once they reach an adoption rate of 15% or 37,500 bills per month.

Possible Alternatives

Council requested that staff examine offering a simpler "pay-only" solution for e-bill. Using this model, customers would continue to receive a paper utility bill and have the option to pay the balance on-line. Staff strongly feels that a "pay-only" approach fails to be responsive to our customers. The 2001 Communications Survey revealed that while sixty-nine percent of respondents felt that paying their bill on-line would be somewhat or very useful, more than seventy-five percent were supportive of viewing utility bills on-line.

Since the original RFP was issued in 2000, our billing and collection software application provider, HTE, has released a "pay-only" module that allows customers to pay bills on-line. Unlike EBPP solutions, this module does not allow customers to view bills on-line, therefore customers must continue to receive a paper bill. First year implementation costs for this module start at \$39,000 and do not include infrastructure improvements, human capital support or training costs. The on-going software licensing maintenance fee is approximately \$5,000 per year.

In its current state, the HTE module fails to address the goal of eliminating paper and reducing contracted costs for printing, stuffing and mailing bills. The HTE product, therefore only adds cost without the possibility of achieving any return on investment. HTE has indicated that they may be adding a bill notification component in the future, which would make this solution more attractive to Naperville.

* Three year replacement cycle
 ** Five year replacement cycle

CITY COUNCIL
FEB - 3 2004
AGENDA ITEM E2C (10)

RECOMMENDATION:

The 2001 City Survey revealed that nearly twenty-five percent of respondents currently use the Internet for bill payment or banking activities. While approximately seventy percent of respondents felt that having the option to view and/or pay their Naperville utility bill on-line was very or somewhat useful, only five percent of Naperville utility customers use the City's e-bill program. Because the future of the e-bill program was unknown, staff has done little to market this service. Staff feels that an aggressive marketing campaign combined with the natural growth of this industry could result in increased participation.

Staff recommends that Council allow the initial e-bill project trial to be completed as scheduled. Unless Council directs otherwise by March 21, 2003, staff will allow the final one-year BillServ contract extension to automatically renew per the previously negotiated agreement for an amount of \$36,820. Staff recognizes that the e-billing market has evolved since the 2000 RFP. The high upfront costs associated with e-billing necessitate long-term program investment, therefore, staff recommends that the City solicit and evaluate requests for proposals, this fall, for another three-year e-bill program in the Spring of 2004.

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CITY COUNCIL
AUG 4 2008
AGENDA ITEM 246 (13)



601 Riverside Avenue, Jacksonville, FL 32204
Tel. 877.482.8786 | Fax. 904.357.1105 | fisglobal.com

October 2, 2014

Jan Fischer
Procurement Officer
City of Naperville
400 S Eagle Street
Naperville IL 60540

Dear Jan,

Thank you for your request for an extension to our current agreement.

We typically reserve extensions for shorter terms so this is in essence a renewal and not an extension. FIS typically does not do two year agreements thus we are proposing a 3 year agreement instead of 2, however as a favor to City of Naperville I can have language put in the agreement that will allow you to get out of the agreement after the two year period without penalty. This would allow us to not have to renegotiate an extension after the two years if the need arises.

We value the City of Naperville's business and the long term relationship we have had thus far and look forward to continue that into the future.

Please let me know if you are in agreement to the three year renewal option or if there is a desire to lower your rate then we could look at 48 or 60 month options. Upon your reply I will request a renewal agreement for January 1, 2015 until December 31st 2017 from our legal department to submit for City of Naperville's signature.

If you have any questions on our proposed offer please contact me at 630-442-7922 or email me at garry.parks@fisglobal.com.

Sincerely,

Garry B. Parks

Garry B. Parks

Strategic Account Manager

Cc: Sandra Sharp-Lawson