



Legislation Text

File #: 17-688, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Waive the applicable provisions of the Naperville Procurement Code and Award Procurement 17-038, Bill Print and Mail Services, to AB Data for an amount not to exceed \$202,000 and an 18-month term. (Item 1 of 3; Requires six positive votes)

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

Other items on the City Council agenda related to this item:

- 17-689 Approval of a contract with FIS for electronic bill payment services.
- 17-690 Approval of a contract with Paymentus for hosted telephone provider services.

On November 15, 2016, City Council approved Contract 16-015, Enterprise Resource Planning (ERP) Software and Implementation, to Tyler Technologies. In January 2017, the City began implementing the financial module, the first phase of the new ERP software. The financial module is currently on schedule to go live January 1, 2018 and includes accounts payable, procurement, general accounts receivables and budgeting.

While implementing the ERP, the Finance staff learned more about the new ERP software, specifically regarding how the billing and collections modules will interact with the various third-party products for e-billing and printing of invoices. It is staff's intention to use third-parties that fully integrate with Tyler to eliminate any duplication of entry, which staff currently experiences with the current ERP System.

DISCUSSION:

The following Finance Department contracts related to billing and collections have terms ending as of December 31, 2107:

- Bill Print and Mail Services
- Electronic bill payment services
- Hosted telephone provider services.

It was the Finance Department's intention to conduct Requests for Proposals to select new vendors

to perform these services. However, with ongoing implementation of the new ERP Software, staff is recommending that to retain current vendors until the Billing and Collections module is implemented in July 2019, to ensure the best alignment with the new ERP system.

Bill Print and Mail Services

The City has a demanding print and mailing schedule for utility billing. Each day, AB Data, the current vendor, receives a print file from the City and must print, insert and prepare the day's utility bills for mailing by 2 p.m. the same day. AB Data developed a platform to receive the City's data and process it seamlessly throughout their production process with a zero error rate.

If the City were to contract with a new vendor, the vendor would be required to develop this type of platform, which would only be in used for 18 months. Additionally, the new vendor would be required to perform additional programming to change file formats once the City moves to the new ERP. These costs could be saved by using the current print provider for an additional 18 months.

Since 2015, AB Data has held pricing flat, even with a decreased number of printed invoices. For the 18-month contract extension, they are proposing a six-percent increase due to labor increases with no increases related to supplies. This is an increase of \$726 per month.

Electronic Bill Payment Services

Approximately 33-percent of Naperville residents and businesses are currently enrolled in the e-bill program with approximately 10-percent taking advantage of the automatic recurring payment processing and still others using the one-time payment feature.

The new ERP can host its own version of an electronic bill payment service. If this service is found to meet the City's needs, the City would no longer require use of a separate contract for this service. Additionally, staff is concerned multiple changes in the electronic bill payment platform could cause disruptions of payment of bills and could cause residents and businesses to opt out of the electronic bill payment service and go back to paper bills. For these reasons, staff would like to research use of this option before contracting with another third-party vendor.

Since 2015, FIS has held pricing flat. For the 18-month contract extension, FIS is proposing a 6-percent increase due to direct cost increases including labor and security enhancements to protect the network and infrastructure. This is an increase of \$350 per month.

Hosted Telephone Provider Services

This service allows residents to pay utility bills online via telephone 24-hours a day throughout the year. The hosted telephone service has a number of integration points between the vendor's software and the City's current ERP system. There are approximately 1,700 payments taken by phone each month. Many of these payments are processed by phone for past-due accounts; this is the only way to pay to ensure no disruption in service if they are unable to pay in person.

As staff learned more about the new ERP, we believe there may be opportunities to streamline current processes and offer online payments. Over the next 12 months, staff will assess if the hosted telephone provider services can be eliminated and replaced with online payment processing. Paymentus has been the City's current hosted telephone provider since December 2012. There is no increase in fee for the 18-month contract. These fees are paid by the resident or commercial

business that uses this service; however, the approximate cost is \$5,950 per month.

All these vendors, processes and systems are closely integrated with the current ERP software, which is more than 20 years in age and has numerous customer modifications to handle the City's current billing processes. Changing any one of these systems now could create unforeseen issues with the billing and collections payment processes. It is more advantageous for the City to continue with the current vendors to allow staff time to evaluate potential efficiencies with the new ERP. If City staff determines any of the above services are required with the new ERP, Requests for Proposals will be advertised in the first quarter of 2019, in order to allow contracts to be awarded in advance of the anticipated go-live date in July 2019.

Waiver of Section 1-9B-4 (Methods of Source Selection) of the Naperville Code is required because the recommended process is not one of the enumerated methods under the Code.

All three contracts will have 18-month terms from January 1, 2018 through June 30, 2019.

FISCAL IMPACT:

CIP #: N/A

Services for billing and collections are expensed to the accounts listed below. The hosted telephone service is a component of the bank services line item. Figures provided are estimated based on historical usage, and have been included in the CY2018 Budget request. A total of \$333,300 are budgeted for these three services and are comprised of the following amounts: \$121,500 for e-bill maintenance; \$144,000 for bill printing and mailing; and \$67,800 for hosted telephone services.

Account Number	Fund Description	Total Budget Amount*	Service
410-1511-415.35-09	Electric Utility	\$60,750	E-Bill
410-3310-533.35-11	Electric Utility	\$613,022	Hosted Telephone
410-1511-415.50-28	Electric Utility	\$72,000	Bill Print & Mail
430-1511-415.35-09	Water Utility	\$60,750	E-Bill
430-3710-537.35-11	Water Utility	\$250,000	Hosted Telephone
430-1511-415.50-28	Water Utility	\$72,000	Bill Print & Mail