

# City Council Report

**Date:** April 21, 2014  
**To:** City Council  
**Through:** Alex Deshuk, Manager of Technology and Innovation  
**From:** Edward Quedens, MPA, C.P.M., CPPO, Business Services Director  
Priscilla Bertling, Customer Information and Billing Administrator  
**Subject:** Ordinance Establishing an Electronic Bill Delivery and SurePay Automatic Bank Draft Payments Incentive Program

**Strategic  
Initiatives:**



## Purpose and Recommendation

This ordinance will establish a program to incentivize Mesa utility customers to move to electronic utility bill delivery and to SurePay automatic bank draft payments. This ordinance provides for formal adoption of the program previously presented to Council at Study Session on February 20, 2014 and on which Council gave direction to proceed.

## Background / Discussion

The City has been making commonly-requested, new billing and payment methods available to Mesa utility customers. Two of these new offerings have the possibility to produce considerable savings.

Producing and mailing paper bills costs the City more than \$775,000 annually. This includes the cost of the paper, printing, the mailing and return envelopes and the postage. Costs of the consumables continue to rise as do postal costs. Customers can now sign up to get an email or text notification that their Mesa utility bill is available for them to download. Approximately 22% of our customers already utilize this service. Staff is also working on other venues that the bill would be made available electronically.

Business Services continues to see increased use of credit cards as payment for customer's utility bills. There are benefits to the City to accept credit cards but in FY2014, we anticipate spending approximately \$2 million in credit card fees. Moving recurring automatic credit card payments to an automatic SurePay bank draft will save the City credit card fees on these accounts.

In addition, there are other benefits to the City including reduced processing costs of mail-in payments and Payment Card Industry (PCI) compliance costs for customer credit card information retained by the City for recurring credit card payments.

The program proposed will provide customers a 1-time \$20 credit on their account if they sign-up for electronic bill delivery and automatic SurePay bank draft payments. The credit would be applied to the account after they successfully stay on the program for 12 consecutive months.

The incentive program will be available for customers to sign-up between June 5, 2014 and December 31, 2014.

Staff will provide Council with an update of the program's success at the end of the sign-up period and evaluate other cost-containment options.

### **Alternatives**

Council may choose not to authorize the purchase and existing efforts will continue.

### **Fiscal Impact**

There should be no increased cost to the City. In the first year, the program should be net-neutral or to the City's benefit. In periods after the credit is applied to the account, the City will see continued savings from not producing and mailing a paper bill and associated credit card transaction fees.

#### **Program Cost/Savings Estimates**

<b>Participation</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>5%</b>	<b>10%</b>
Cost @ \$20	\$23,180	\$46,370	\$69,560	\$115,920	\$231,860
<b>Savings Offset</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>	<b>5%</b>	<b>10%</b>
Credit Card	\$21,748	\$43,500	\$65,244	\$108,744	\$217,488
E-Bill	<u>\$7,750</u>	<u>\$15,500</u>	<u>\$23,250</u>	<u>\$38,750</u>	<u>\$77,500</u>
Total	\$29,498	\$59,000	\$88,494	\$147,494	\$294,988