

# EXECUTIVE BRIEF

## ELECTRIC UTILITY MEETING

**AGENDA DATE:** November 30, 2021

**TITLE:**

Change in the Convenience Fee model to include all customer payments made using the Paymentus Payment Portal

**SUMMARY:**

On June 29th, 2021, Amendment #2 to the contract with Paymentus Corporation was approved by the City Commission in order to change the responsibility for payment of fees from an Absorbed Fee Model (under which fees are paid by the City) to a Convenience Fee Model (under which fees are paid by the customer). The staff report provided to the City Commission omitted listing all payment methods (types) that would incur a convenience fee and instead listed only credit and debit cards even though Amendment #2 to the contract did specify under Schedule "A" that all payment methods (types) would be affected.

**BACKGROUND AND JUSTIFICATION:**

The City's Utility Customer Service department utilizes Paymentus Corporation ("Paymentus") for processing of electronic bill payments for City utility services under a Master Services Agreement previously negotiated and dated September 4th, 2018. Services provided by the City and paid for in this manner by Customers include utility services such as electric, water, sewer, and incidental refuse charges.

On June 29th, 2021 Amendment #2 to the contract with Paymentus Corporation was approved changing the fee structure from an Absorbed Fee Model to a Convenience Fee Model (the "Amendment"). Under the previous Absorbed Fee model, the City absorbs the transaction fees incurred when City's utility customer pay their utility bills online using the Paymentus Online Payment Portal. Under the approved Amendment, a convenience fee of \$3.75 per \$500.00 transaction will be charged by Paymentus directly to the customer when making a payment using any of the payment methods found on the portal including but not limited to Credit Card, Debit Card, E-Check, PayPal, Amazon Pay, Venmo and all other future offerings introduced by the vendor. A Convenience Fee model is used by other local electric and gas utilities as well as Palm Beach County.

Customers still have options to pay their Lake Worth Beach utility bills without incurring the convenience fee such as: mailing a check; using night depository drop box for check or money orders; or by enrolling in City's ACH Auto Draft. In addition, customers who enroll in ACH Auto Draft and elect paperless billing are eligible to receive a one-time \$25.00 credit on their utility bill.

And customers desirous of paying with cash are still be able to do so at any CVS, 7-Eleven, Family Dollar, and soon Walmart retail locations nationwide for a fee of \$1.99 per \$1,000 transaction.

**MOTION:**

Move to approve/disapprove the change in the Convenience Fee model to include all customer payments made using the Paymentus Payment Portal.

**ATTACHMENT(S):**

Fiscal Impact Analysis - N/A

Payment Method Analysis

Payment Staff Report June 29,2021

Second Amendment

Master Service Agreement