



STAFF REPORT

Meeting Type: Board of Directors
Title: Print, Mail and Payment Processing Services Agreement
From: Bret Uppendahl, Finance Director
Through: Ben Horenstein, General Manager
Meeting Date: January 21, 2025

TYPE OF ACTION: X Action Information Review and Refer

RECOMMENDATION: Approve a new agreement with Paymentus Corporation to provide Print, Mail and Payment Processing services for the District’s utility billing function in an amount not to exceed \$4.0 million over a four year period; and Authorize the General Manager to finalize and execute the contract for these services

SUMMARY: At the January 17th Operations Committee meeting, staff presented an update on efforts to modernize the District’s online utility bill payment platform. Since 2007, the District has contracted with Output Services Group (OSG) for bill print, mail and online bill pay processing. The District has approximately 62,000 accounts and produces invoices on a bi-monthly basis for most accounts. In addition to regularly issued utility bills, the District issues past due notices and final notices each month. Approximately 40 percent of the District’s customers are enrolled in e-bills and approximately 30 percent utilize the District’s online billing portal.

In November 2024, the District issued a Request for Proposal (RFP) for print, mail and payment processing services. Potential vendors would be expected to support the District’s current print and mail function, a variety of payment options and methods, and an online customer portal for electronic payments. The successful vendor will also be required to certify that their online customer portal meets or exceeds all current requirements for cybersecurity and customer data protection. Finally, the online customer portal must be accessible via major web browsers and mobile devices, support ADA accessibility requirements, and provide service functionality for routine Customer Service functions.

The District received eight qualified responses in December 2024. All proposals were evaluated by a panel on a range of criteria that included company experience, product offerings, project

management, and pricing. The top three vendors were selected for interviews to allow staff to review the respective product offerings, price structure and project implementation approach.

Based on this review, staff recommends awarding a contract to Paymentus Corporation. The Paymentus Corporation has provided digital payments for over 20 years and is an industry leader with over 2,200 clients and a strong history of successful project implementations, including successful integrations with SAP, the District's financial software. Paymentus will partner with Matrix Imaging Solutions to provide all required print and mail services.

DISCUSSION: The District issued an RFP for print, mail and payment processing services with the intent to improve the online payment portal functionality and to expand the number of payment methods available to District customers. Another requirement of the RFP was to have a robust print and mail solution that can support the District's current invoicing needs and help streamline print and mail operations.

The proposal from Paymentus Corporation was the most comprehensive and also the lowest overall cost. By partnering with Matrix Imaging Solutions, Paymentus is able to meet all print and mail requirements, and the online payment portal provides the most significant improvement compared to the District's current payment portal. Paymentus supports mobile payments, payment via text, Integrated Voice Response (IVR), and digital wallets such as Venmo, Apple Pay and Google Pay. In addition, Paymentus supports multiple in-person payment options such as Scan-to-Pay, which allows underbanked customers to make payments at various retail locations. Finally, Paymentus is PCI-DSS 4.0 Level 1 compliant, which is the highest standard for payment security.

The pricing model proposed by Paymentus is divided into two areas. For print and mail services, the costs are determined by the number of pages used, the number of special notices produced, and the cost of envelopes and postage. With the District's current print volumes, it is projected that Paymentus will charge approximately \$216,000 per year for these services. This would represent a cost savings of approximately \$75,000 compared to the District's current print and mail service. For online payments, Paymentus has a relatively straightforward pricing model compared to most other providers. All credit and debit card payments are \$1.87 each, with ACH and eChecks at \$0.60 each. Non-qualified cards are charged at 2.95% of the total transaction. There is no additional interchange fee associated with the Paymentus proposal. With the District's current mix of online payments, staff projects that the annual cost will be \$710,000, which is a savings of approximately \$400,000 compared to the current provider.

ENVIRONMENTAL REVIEW: Not Applicable.

FISCAL IMPACT: The proposed agreement with Paymentus for print, mail and payment services is projected to cost \$926,000 per year under current transaction volume assumptions. The pricing proposal is fixed for the first four years, with an option to extend for one additional year. If the total volume or overall mix of payments changes considerably during the term, Paymentus retains the right to revise the pricing proposal. It is expected that the District's

customer base will increase overall adoption of online services, which will increase the costs for payment processing, partially offset by reduced printing and postage costs. It is also expected that postage costs, which are passed through to the District, will increase over the term of the agreement. Assuming CPI based postage increases and a five to seven percent per year increase in the utilization of online payment services, the four-year total cost associated with this service is expected to be \$4.0 million. Funds are currently budgeted in the Finance Department and Customer Service Department for this purpose.

ATTACHMENT(S): None.

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
Finance	 Bret Uppendahl Finance Director	 Ben Horenstein General Manager