



CITY OF TONKA BAY

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ITEM NO. 8A

Memo

To: Mayor and City Council
From: Lindy Crawford, City Administrator
Date: July 26, 2016
Re: Electronic Payment Study

At the last City Council meeting, staff was asked to bring back the electronic payment study with more information.

Per Section 810.06 Subd 4 the city bills quarterly for utility bills. If the City Council is interested in billing monthly, we are required to amend that ordinance. At this time staff does not recommend monthly billing, as it would create a significant increase in staff workload, pushing other projects off.

Current Manual Process

In the last five quarters, the average number of batches processed is 29.

2. Each batch takes approximately two hours to process. Processing one batch includes opening envelopes, date stamping stubs, creating payment stubs for receipts where no stub is included with the payment, verifying the check amounts to the stub amount, checking for signatures on checks, creating deposits, manually entering deposits into utility software (Banyon). This does not include time to go to the bank or mileage reimbursements. We will still need to go to the bank for other utility and misc. type payments (building permits, tags, dock rental).

3. Average cost of staff time is \$24.54/hr.

4. Currently, approximately 20% of our residents are using their own banks Bill Pay programs.

Proposed AutoPay (ACH) Process

1. AutoPay would decrease the amount of batches manually processed to approximately 23 batches per quarter.

2. Each batch would take approximately ten minutes to process. Processing one batch includes downloading the electronic receipt, posting it to Banyon, and printing a confirmation report.

3. Average cost of staff time is \$24.54/hr.
4. We estimate that the 20% of our current residents using the own banks Bill Pay programs to convert over to AutoPay. This would allow us a quarterly savings of 12 staff hours totaling \$294.48 per quarter. We anticipate this percentage to climb slightly, conservatively 2-5%.
5. Using the quotes received for Banyon software and US Bank charges (attached), the \$1,045.00 initial investment could be recovered by the end of the first year, freeing up staff time for other projects.

Council Action Requested

Motion to accept the Community Partnership Grant check for the purchase of one 4-gas monitor.

	Batches Per Quarter	Hours to Process	Processing Cost
Current Manual Process	29	58	\$1,423.32
ACH Process	23	46	\$1,128.84
Quarterly Savings w/ ACH			\$294.48
Annual Savings w/ ACH			\$1,177.92

Autopay (ACH) Purchase Option

Banyon	Direct Payments/ACH software purchase <i>Onetime payment, no annual maintenance</i>	\$795.00
US Bank	ACH Software <i>Onetime payment, no annual maintenance</i>	\$250.00
	Return Items/Adjustments (see price list)	\$1.50-\$20.00
Total Initial Cost		\$1,045.00

Attachments

Electronic Payment Survey
Banyon Quote
US Bank Price List

Council Action Requested

Discuss and direct staff to budget for accepting electronic payments in the 2017 budget.

ELECTRONIC UTILITY PAYMENT SURVEY

The following data was collected from the results of the survey and available information on cities websites. Questionnaires were sent out to 14 municipalities (communities in **bold** responded): Anoka, Chanhassen, **Crystal**, Deephaven/Greenwood, **Maple Grove**, **Minnetonka Beach**, Minnetrista, **Mound**, **Plymouth**, Shorewood, **Spring Park**, **St Louis Park**, **Victoria**, and **Wayzata**.

CITY	CYCLE	NOTES	#ACCTS	EBILL	# USING ELECTRONIC	AUTO-PAY (ACH)	PAY BY PHONE	PAY ONLINE
Anoka	M					Y		Y
Chanhassen				Y		Y		
Crystal	Q	1/3 city each month	8,100	Y	225	Y		
Deephaven						Y		
Maple Grove	Q	1/3 city each month	21,000	Y	2,600	Y		Y
Minnetonka Beach	Q	N/A						
Minnetrista						Y		Y
Mound	Q-Resid M-Comm			Y		Y	Y	
Plymouth (1)	BM Residential		11,000			Y		
Plymouth (2)	M Commercial		900			Y		
Shorewood	Q					Y		Y
Spring Park		N/A						
St Louis Park			2,200		283			
Tonka Bay	Q		721					
Victoria			2,892			Y		
Wayzata	M		1,600			Y		

Cycles – Q (quarterly), BM (Bi-Monthly), M (Monthly)