



Legislation Text

File #: 16-0616, **Version:** 1

TO: Honorable Mayor & Members of the North Port Commission

FROM: Jonathan R. Lewis, ICMA-CM, City Manager

TITLE: Termination of Memorandum of Understanding Between Charlotte County Utilities and City of North Port for Utilities Payment Check Processing.

Recommended Action

Approval for Mayor to sign letter notifying Board of Charlotte County Commissioners of termination of Memorandum of Understanding Between Charlotte County Utilities and City of North Port for Utilities Payment Check Processing.

Background Information

On September 13, 2010, the Memorandum of Understanding between Charlotte County Utilities (CCU) and City of North Port for Utilities Payment Check Processing was entered into and CCU began processing the City's utilities lockbox payments. Prior to this time, the City's payments were being mailed to SunTrust's lock box in North Carolina, which was extremely unpopular with the North Port Utilities (NPU) customers. At that time, the City was not prepared to process these payments onsite and since the economy had not yet recovered, CCU also benefitted from the relationship as it helped offset their processing costs. While complaints have decreased from NPU customers, mailing payments to anywhere except the City of North Port remains unpopular with NPU customers who continue to mail their payments. NPU has coordinated a plan with the IT Department and are now prepared to have an in-house lockbox processing system ready to begin processing payments on October 1, 2017. CCU is also amenable to terminating this temporary contract. The Memorandum of Understanding requires at least a 180-day notice to CCU to cancel the contract.

The budgeted amount for CCU to process our payments is \$14,300 for FY16/17, which is an ongoing annual cost, with built-in escalation of 5% per year. The quote received to purchase our own equipment indicates a one-time cost of approximately \$15,500 and annual maintenance of approximately \$3,000. Strictly looking at the figures, between purchasing our own equipment or continuing with CCU, the City's return on the investment will be approximately one year and four months.

Since the equipment is essentially self-run, once over the initial training period, the de minimis extra work required for day to day operations can be absorbed into the workload with existing staff; in other words, as a result of moving this operation back to the City of North Port, Utilities will not be requesting any additional staff. It is anticipated once the lockbox processing is returned to the City, the actual flow and processing of the checks will be more streamlined compared to how lockbox and even City Hall mail-in payments are handled at this time. For instance, currently, City staff must drive to the Charlotte County processing facility to pick up payments the day before shut offs are performed to pick up any payments unable to be processed by CCU so customers who have mailed in their payment are not shut off. The Post Office has confirmed there will be no additional fees or restrictions to delivering payments directly to City Hall as they currently deliver all mail addressed as such already. The hardware itself can process up to 80 checks per minute. Currently, on certain days when volumes are heavy, several staff members share the responsibility of opening mail and processing payments so we are able to get payments processed early in the morning. Between all our staff members, we are not manually processing even half of what can be processed automatically. This is an inefficient process and takes an average of an hour to process payments manually. The lockbox processing tasks would be added to the person working the drive through and is anticipated to take approximately 30 minutes a day, including the mail we currently open manually. Since the mail opening machine and check processing equipment is automated, staff can easily absorb the

functions of processing the payments into their daily work and none of the other staff will be required to be manually entering payments any longer. This will free up staff to begin answering phones, taking care of walk-in customers and processing any other paperwork that came in via email or fax over the previous evening.

Staff will work with IT to coordinate the purchase of equipment during the current fiscal year to ensure a seamless transition on October 1, 2017. During that time, Utilities will look for savings in the budget for the purchase, but may need a budget amendment later in the year if savings cannot be realized.

Strategic Plan

Financially Responsible City Providing Quality Municipal Services.

Financial Impact

The budgeted amount for CCU to process our payments is \$14,300 this FY16/17, which is an ongoing annual cost, with built-in escalation of 5% per year. The quote received to purchase our own equipment indicates a one-time cost of approximately \$15,500 and annual maintenance of approximately \$3,000, so after the first year, this change is anticipated to save over \$11,000 a year. NPU will budget for the annual maintenance costs starting in FY17/18. NPU will realize savings in the current year in the R&M Office Equipment line 420-6060-536-4601 due to a one-time vendor discount and the Postage line 420-6060-536-4200 due to greater than anticipated ebill adoption rates and will utilize said savings to purchase the equipment in FY16/17.

Procurement

Attachments:

1. Memorandum of Understanding Between Charlotte County and City of North Port for Utilities Payment Check Processing
2. Notice of termination of Memorandum of Understanding

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