

# Agenda Report

September 21, 2020

**TO:** Honorable Mayor and City Council  
**FROM:** Department of Finance  
**SUBJECT: AUTHORIZATION TO ENTER INTO A CONTRACT WITH PAYMENTUS CORPORATION FOR ELECTRONIC BILL PAYMENT PROCESSING AND SOFTWARE SERVICES**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) as defined in Section 21065 of CEQA and Sections 15060 (c)(2), 15060 (c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required for the project; and
2. Authorize the City Manager to enter into a seven-year service contract with Paymentus Corporation (Paymentus) for electronic bill payment processing and software services with approval for two additional two-year extensions. Service fees are provided at a fixed 2.65% per transaction, \$0.50 for an electronic check payment, and \$5.95 for a charge back. Competitive Bidding is not required pursuant to City Charter Section 1002(F), contracts for professional or unique services.
3. It is further recommended that the City Council grant the proposed contract an exemption from the Competitive Selection process pursuant to Pasadena Municipal Code ("PMC") Section 4.08.049(B) contracts for which the City's best interests are served.

## **BACKGROUND:**

The City of Pasadena (City) does not currently have the ability to receive and process online credit card, or electronic check payments. A competitive selection process was undertaken and a Request for Proposal was issued by Pasadena Water and Power as part of that department's Customer Information System (CIS) project for the purpose of

obtaining a vendor for electronic bill payment services. The Finance Department participated in the process to select a firm that possessed the necessary qualifications and capabilities to implement the City's phone, online, and mobile bill payment processing services. Paymentus was the selected vendor. Pasadena Water & Power obtained Council approval for the new CIS contract on October 7, 2019 for the processing of utility payments.

The Finance Department would like to award a contract to Paymentus for the purpose of processing non-utility payments such as Business Licenses, City Accounts Receivables, Collections, and potentially any other City invoice that does not have an online payment solution. In awarding a contract to Paymentus, the City will be implementing a unified, highly secure and stable platform that will integrate with the Tyler Munis System. Finance staff believes that awarding a contract to Paymentus will be advantageous; as it will allow staff, residents, businesses, and other users the ability to use a single interface and software platform for multiple online bill payments. This may enable users to view and manage their bills efficiently, effectively, and potentially lead to fewer collections.

Included in the proposed Paymentus contract is the ability to pass along service fees to the customer, rather than be absorbed by the City. Many government agencies have begun charging customers for processing fees, especially for tax and regulatory payments. For example, the County of Los Angeles charges service fees for property tax payments if they are made with a credit or debit card, but not if the user pays with a direct debit from a bank account. While this solution is not proposed to be implemented immediately, the subject will return to the Finance Committee in the future. If the City implemented these services, customers that choose to utilize this system will pay a 2.65% service fee per transaction for Visa, MasterCard, Discover or American Express credit cards, debit cards, and PayPal. The fee paid by a customer for using an electronic check will be \$0.50 per transaction. There would be no cost to the City, rather a potential General Fund savings of as much as \$2 million, over the seven-year contract.

Since 2004, Paymentus has provided payment solutions and currently services over 1,300 agencies in all 50 states including 100 California utility agencies. Approximately 80% of their clients are municipalities and municipal utilities. Paymentus averages a system integration and implementation timeframe of approximately 90 days. Paymentus meets the highest levels of security and compliance regulations in the industry, including Payment Card Industry Data Security Standards certification requirements (PCI DSS). It is in the City's best interest to authorize the contract award given their considerable level of experience, previous integration with Tyler Munis at other agencies, and Pasadena Water and Power's contract award, we are confident that Paymentus is capable and qualified to meet the needs of the Finance Department.

**COUNCIL POLICY CONSIDERATION:**

This action supports the City Council's strategic goal to maintain fiscal responsibility and stability.

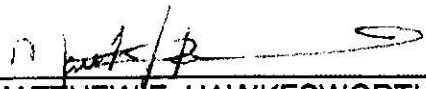
**ENVIRONMENTAL ANALYSIS:**

The action proposed herein is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060 (c)(2), 15060 (c)(3) and 15378. The authorization of a contract for auditing services is an organizational and administrative action that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

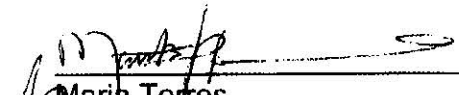
**FISCAL IMPACT:**

There is no new fiscal impact to the City as a result of this contract as the proposed processing fees are the same or lower than current merchant fees charged to the City. The General Fund expends slightly more than \$300,000 annually on merchant fees and the fees have been accounted for in the FY 2021 Budget.

Respectfully submitted,

  
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Director  
Department of Finance

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Approved by:

  
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STEVE MERMELL  
City Manager

Attachment:

A) Taxpayer Protection Amendment