



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Authorize Request for Proposals for Remittance Processing System (FIN)

MEETING DATE: May 21, 2003

PREPARED BY: Finance Director

RECOMMENDED ACTION: That the City Council authorize the Finance Department to issue a Request for Proposals for a remittance processing system that would streamline the handling of bill payments to the City.

BACKGROUND INFORMATION: Utility bill payments, business license payments, and other remittances to the City are currently being processed by hand throughout the day for bank deposit (via armored service) the following business day.

The remittance processing system (RPS) integrates and automates the numerous steps of the remittance processing function to provide a more efficient, high-speed method of handling customer payments. Instead of having the payment stub scanned with a hand-held scanner, moving checks to an endorsing machine, then delivering checks via armored service to the bank for deposit and eventual transfer of funds to City accounts, the RPS handles these functions and more in a single or double "pass".

The RPS will benefit the City in several ways:

- > During the "pass" the system captures the check's bank and account number so that funds can be transferred from the customer's bank electronically. This improves cash flow and decreases the possibility of NSF items by reducing clearing times to hours instead of days;
- > It improves Customer Service responsiveness by providing instant on-screen account information, including an image of the check (which eliminates the need for the customer to request a check image from their bank);
- > It allows staff to redirect more time to Business and Transient Occupancy Tax audits for additional revenue, and to identify and target customers who are eligible for the Electric Utility Benefit Programs;
- > It assures that the City is prepared for proposed legislation in H.R. 1474 ("Check Clearing for the 21st Century Act") which would require that the City have electronic check processing capabilities.

Finally, the department's mechanical check endorser is no longer supported by the manufacturer, either with service or supplies. Since the endorsement function is integrated into the RPS, replacement of the standalone unit isn't a wise expenditure at this point.

Staff therefore recommends that the Council authorize staff to proceed with issuance of a Request for Proposals to evaluate remittance processing systems that would provide the greatest returns and best value to the City. The cost of the remittance processing system is estimated to be \$50,000.

FUNDING: Electric Utility Capital Fund

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