

Item Number: 4



CITY OF GRAND RAPIDS AGENDA ACTION REQUEST

DATE: July 16, 2024

TO: Mark Washington, City Manager

COMMITTEE: Fiscal Committee

LIAISON: Molly Clarin, Chief Financial Officer

FROM: John Globensky, City Treasurer
City Treasurer's Office

SUBJECT: **Resolution Authorizing a Contract Renewal with Paylt, LLC to provide Internet/Mobile App, Interactive Voice Response (IVR), and Point-of-Sale Payment Processing Services not to exceed \$4,500,000**

On August 30, 2017, the City of Grand Rapids launched the GR Paylt internet/mobile payment solution. With the City's "Digital First" initiative, a collaborative departmental team with representatives from Water, Parking Services, Public Services, Design & Development, 311, and the Treasurer's Office was formed to discuss and address this need. Our contract is up for renewal after completing our most recent 3-year period.

The success of the program has been recognized nationally at the Smart Cities Conference (2020, 2022, and 2023), Government Experience Awards (2019), and the Local Smart GoldenGov Awards (2019). Other recognition has been received through presentations to the Government Finance Officers Association, Association of Public Treasurers of the United States and Canada, Michigan Municipal Treasurers Association, and the Public Sector Network.

The vision of "Digital First" continues as we review, design, and implement new features. We have launched a monthly payment option for water bills. Most recently, the platform has been upgraded to the most current version of Paylt. With City Commission approval, we are also in our second year of marketing our brand with ads on City buses. With input from the City of Grand Rapids and others, we are pushing for future functionality to include internationalization (Spanish language), accepting payments at retail locations, updating our Interactive Voice Response (IVR) pay-by-phone system, and upgrading our credit card equipment.

We have negotiated a new contract for a 1-year period with two 1-year renewal options. It is important to know the City Commission approved the absorption of credit card fees.

The City passes the cost of payment processing back to the customer through the rate studies for water, refuse, and parking tickets. Whether paying by credit card, mailing a check, or coming to City Hall to pay a bill, the costs associated with these transactions are included in the rates the customer pays. This feature removed the pain point customers felt whenever they saw the words “convenience fee”. Paying property taxes by credit card does include a convenience fee; however, there are no cost options for property taxes.

Using the payment data from fiscal years 2022, 2023, and 2024, the cost of the solution is estimated to be \$1.5M per year or almost \$125,000 per month. This amount is reflective of the consistent average increase of 7.39% in transactions processed. The overall cost is based on customer use of GR Paylt. The benefits of the new contract are as follows.

- Water – credit card payment fee remains unchanged at 2.20%.
- Refuse – credit card fee remains the same at interchange + cost = 2.98%
- Over the Counter (cashier stations) – proposed rate of 2.35%
- Interactive Voice Response (IVR) – proposed rate of 2.35%
- Additional Cost Reduction – offered to the City of Grand Rapids as a rebate if adopted by other communities in Michigan. The City of Lansing is now using Paylt, LLC.

	Year	Transactions	Dollars	Transaction % Change	Dollars % Change
Electronic Transactions Paylt Only	2015	262,561	\$ 27,815,917		
	2016	263,794	\$ 30,679,975	0.47%	10.30%
	2017	285,519	\$ 36,093,425	8.24%	17.64%
	2018	362,352	\$ 55,087,884	26.91%	52.63%
	2019	433,368	\$ 65,565,259	19.60%	19.02%
	2020	468,718	\$ 77,478,630	8.16%	18.17%
	2021	521,126	\$ 93,413,194	11.18%	20.57%
	2022	570,211	\$ 110,865,737	9.42%	18.68%
	2023	579,172	\$ 124,766,054	1.57%	12.54%

The table above shows the progress we have made since launching the GR Paylt solution. We continue to add new registered users. Our community and customers benefitted during the pandemic by having the ability to conduct business remotely. A survey conducted by Paylt has shown a favorable rating greater than 90%. The

Treasurer's Office will continue to review payment channel operations for further enhancements to connect to our customers and reduce costs.

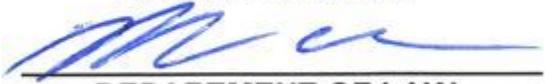
This resolution is presented to request:

- Approval for a one-year contract with Paylt, LLC with the option for two (2) one-year renewals.

Your FISCAL COMMITTEE recommends the adoption of the following resolution Authorizing a Contract Renewal with PayIt, LLC to provide Internet/Mobile App, Interactive Voice Response (IVR), and Point-of-Sale Payment Processing Services not to exceed \$4,500,000.

RESOLVED:

1. That a Professional Services Agreement with PayIt, LLC for internet/mobile app, interactive voice response (IVR), e-billing, and point-of-sale payment processing services is authorized in an amount not to exceed \$1,500,000 per year; and
2. That the Period of Performance is a one (1) year contract with two (2) optional one-year renewals; and
3. That the Mayor is authorized to execute said Agreement in a form approved by the City Attorney.

CORRECT IN FORM

DEPARTMENT OF LAW