



## Agenda Report

19-532

Agenda Date: 6/4/2019

### REPORT TO COUNCIL

#### SUBJECT

Action on Amendment No. 1 to the Agreement with Business Recovery Services, Inc. dba Bank Up Corporation for Remittance Processing and Utility Payment Lockbox Services to extend the term and increase compensation

#### BACKGROUND

The City receives approximately 10,000 utility remittance payments per month. In January 2017, the City Council authorized the City Manager to execute an agreement with Business Recovery Services, Inc. dba Bank Up Corporation (Bank Up) to provide a comprehensive lockbox and remittance processing solution to receive, process and electronically deposit utility remittance payments received by the City. Bank Up was originally selected through a competitive process.

The current agreement will expire on June 30, 2019. Staff recommends amending the existing agreement by extending the term to June 30, 2021 and increase the total not-to-exceed compensation.

#### DISCUSSION

Bank Up's comprehensive lockbox and remittance processing services include providing a lockbox where customers can mail their utility payments, a regular courier service between the City and the processing center for payments received at the City and scanning, processing and electronically depositing the payments with daily transmission of deposit reports to the City.

In the past year, customers have been increasingly opting to receive and pay their utility bills online through the City's e-Bill Program. The year over year change in annual transaction processing is approximately 7,000 resulting in a 5% decrease. With this steady shift to online payments, staff needs to assess the service requirements for processing payments received via mail. Therefore, staff recommends extending the current agreement for two additional years through June 30, 2021 to allow time for staff to assess the service requirements and at the same time maintain operational continuity of the remittance processing and lockbox services. Staff will conduct a competitive solicitation that more accurately reflects the demand for remittance processing and lockbox services in fiscal year 2020/21.

The agreement with Bank Up includes a fixed monthly fee for lockbox maintenance, online portal access, daily deposit transmission reports and a per item fee schedule for processing checks. The agreement also includes a rate schedule for additional courier pick-up, check intercept services and professional services as may be required.

Bank Up pricing has remained fixed since 2017, and they have requested a 2% price increase for the extended term effective July 1, 2019 through June 30, 2021. The Consumer Price Index for the San

Francisco-Oakland-Hayward region increased by 3.2% and 3.9% in 2017 and 2018, respectively. Therefore, a 2% increase over the term of the contract was deemed fair and reasonable by staff. The estimated spend for the extended period is expected to decrease from \$52,000 to \$42,000 per year due to decreased demand resulting from online payments.

### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Furthermore, the action being considered does not constitute a “project” within the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

### **FISCAL IMPACT**

The current agreement with Bank Up has a total not-to-exceed amount of \$130,000. Amendment No. 1 increases compensation by \$84,000 for a revised not-to-exceed maximum compensation amount of \$214,000. The estimated spend for the extended period is expected to decrease from \$52,000 to \$42,000 per year due to decreased demand resulting from online payments, as previously discussed in this memorandum. In the current year, funds are available in the Municipal Services Division Contractual Services account. Appropriations in future years have been incorporated as part of the budget development process for FY 2019/20 and FY 2020/21

### **COORDINATION**

This report has been coordinated with the City Attorney’s Office.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City’s website and in the City Clerk’s Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk’s Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

### **RECOMMENDATION**

1. Authorize the City Manager to execute Amendment No. 1 to the Agreement with Business Recovery Services, Inc. dba Bank Up Corporation for Remittance Processing and Utility Payment Lockbox Services to extend the term of the agreement by two years ending on June 30, 2021 and increase compensation by \$84,000 for a total maximum not-to-exceed amount of \$214,000.
2. Authorize the City Manager to execute amendments over the amended term of the contract not-to-exceed \$10,000 as contingency, in the event actual usage exceeds estimated usage, subject to the appropriation of funds.

Reviewed by: Angela Kraetsch, Director of Finance

Approved by: Deanna J. Santana, City Manager

### **ATTACHMENTS**

1. Amendment No. 1 to the Agreement with Business Recovery Services, Inc. dba Bank Up Corporation