



CITY OF CLEAR LAKE

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Mayor
NELSON P.
CRABB

May 4, 2012

City
Administrator
SCOTT
FLORY

HONORABLE MAYOR & CITY COUNCIL MEMBERS:

A workshop meeting of the Clear Lake City Council is scheduled for Monday, **May 7, 2012**, at 6:00 p.m., in the Council Chambers at City Hall. Please refer to the enclosed agenda for the items discussed below.

COUNCIL
MEMBERS

DANA
BRANT
Ward 1

TONY J.
NELSON
Ward 2

JIM
BOEHNKE
Ward 3

MIKE
CALLANAN
At Large

TERRY
UNSWORTH
At Large

ITEM #3. **Internet-based Utility Billing & Payment Service.** A little more than two (2) years ago, the City of Clear Lake, became an early participant in the Iowa League of Cities "iCash" program and began implementation of an "on-line" payment option for various City services, through a 3rd party vendor web site. All credit/debit card convenience fees are paid directly by the customer, with no cost to the City.

Recent upgrades to the City's financial, accounting, and utility billing software have now positioned the City to be even more responsive to consumer-driven demand for improved internet-based utility billing and payment services. These proposed enhanced services would be facilitated by the software improvements recently completed through Civic Systems and those proposed through its delivery partner in this regard, Payment Services Network (PSN), which will result in a more seamless software integration. Lack of internet-based utility billing and costly customer payment convenience fees have been a concern of the City Council and were discussed at the Council's Annual Strategic Planning & Goal Setting Session.

Currently, payments are received in the mail or drop box in the form of checks; at the front counter in the form of cash, check, or debit/credit card; or via automatic checking/savings withdrawal (ACH). Advantages and potential benefits of the internet-based payment and billing enhancements to the customers and the City include: customers can view and/or pay bills online at any time and have a better chance of paying bills timely to avoid the penalty;



customers can view their account payment history; quicker cash-flow to the City; reduced bill printing and mailing costs; reduced staff time spent answering calls for customer information; and customer-driven viewing of billing and payment details.

The initial first year's cost to the City would be approximately \$800, which includes a one-time start-up fee of \$99. It should be noted, however, that the annual cost to the City depends upon the payment model selected by the City; whether the City pays the on-line transaction fees or the customer. The assumption is made that the Council will desire that the convenience fee will continue to be paid by the customer.

Sincerely,

Scott Flory
City Administrator of Clear Lake

**CITY OF CLEAR LAKE
CITY COUNCILWORKSHOP AGENDA
MONDAY, MAY 7, 2012
CITY HALL - COUNCIL CHAMBERS
6:00 P.M.**

1. Call to Order by Mayor Nelson P. Crabb.
2. Approval of the Agenda.
3. Internet-based Utility Billing & Payment Service:
 - Introduction by Scott Flory, City Administrator.
 - Review of proposal, Michael Garbutt, Director of Operations, Payment Services Network, Inc
 - Discussion by City Council.
4. Other Business:
5. Adjournment.



PROPOSAL FOR CLEAR LAKE

Service and Cost Proposal

As requested, Payment Service Network is hereby submitting a service and cost proposal for consideration by Clear Lake.

SUBMITTED BY:
Michael Garbutt
Director of Operations
(608) 442-5087 Direct
mgarbutt@PaymentServiceNetwork.com



PROPOSAL FOR CLEAR LAKE

Service and Cost Proposal

Payment Service Network (PSN) provides a vast range of eServices for payment processing, billing and customer communication. After discussing your needs, I have developed the following proposal of services. After reviewing the information, please let me know if there is any additional information you require. The staff at PSN looks forward to providing you and your customers with personalized service.

PSN takes pride in
customizing solutions to meet
your specific needs and those
of your customers

Proposed Services

This proposal quotes costs for the services that are checked below. If you would like quotes on any additional services, please let me know.

- Online Payments
- Automated and Operator-assisted Payments
- Bank Bill Pay eSolution
- eCash (cash acceptance locations)
- Auto-Post Check Scanning (Check 21)
- Virtual Payment Portal (scannerless & swipeless processing)
- Outbound Auto-Call
- Cash eDistribution
- eBills (online billing)
- Data Sharing (either hands-free or One-Touch integration)
- Lockbox Processing

- Credit and Debit Card Payments
- Checking and Savings Payments
- Cash

Service Implementation Fee

The implementation fee includes:

- Implementation team
- Web services
- Automated phone services
- Other solution setup (i.e. Check 21, Bank Bill Pay eSolution, Auto-Call)
- Data sharing integration
- Marketing piece creation
- Submission of all merchant account applications, if required
- Link to place on your website so that your customers can easily navigate to your PSN payment/billing account pages

\$99.00
One-time fee

Website Customization Fee Optional

PSN will customize the payment pages for your customers to include a banner provided by you.

\$200.00
One-time fee

System & Financial Account Maintenance (Monthly Gateway) Fee

To cover ongoing account maintenance and fees charged to PSN by financial institutions and partners, a monthly gateway fee is required. If you are participating in eBills (online billing), the monthly fee also covers the posting and maintenance of these bills on the PSN engine.

\$49.95 w/ eBill
\$5.59 no eBill
*Monthly fee per
PSN account*

Security Compliance Fee

PSN maintains a Level 1 PCI certification, the highest level achievable, to assure security of your customer data. To cover costs associated with maintaining security, PSN charges an annual fee—due around December 1 of each year.

\$89.00
Annual fee

Transaction Fees

To cover costs of processing payments through the network of financial institutions, the following fees will apply to each transaction. The fees are based on the type of payment (check, credit card, cash) and/or how the payment is made.

OPTION 1: Free for customers (Fees absorbed; see Attachment for credit card info)

<i>Payment Method</i>	<i>Transaction Fee Paid by You</i>	<i>Transaction Fee Paid by Customer</i>
Check Online/Mobile	\$0.50	NA
Check by Automated Phone	\$0.75	NA
Check by Operator Assisted Call	\$1.50	NA
Credit Card Online/Mobile	\$0.50	NA
Credit Card by Automated Phone	\$0.75	NA
Credit Card by Operator Assisted Call	\$1.50	NA
Bank Bill Pay Transaction	\$0.50	NA

OPTION 2: All fees paid by customers

<i>Payment Method</i>	<i>Transaction Fee Paid by You</i>	<i>Transaction Fee Paid by Customer</i>
Check Online/Mobile	NA	\$2.99
Check by Automated Phone	NA	\$2.99
Check by Operator Assisted Call	NA	\$2.99
Credit Card Online/Mobile	NA	\$2.99
Credit Card by Automated Phone	NA	\$2.99
Credit Card by Operator Assisted Call	NA	\$2.99
Bank Bill Pay Transaction	\$0.50	NA

If a credit card fee is disputed, PSN charges a \$15.00 handling fee.
Your customers will be required to pay a \$35 NSF fee.

ATTACHMENT

Monthly Cost Estimate & Credit Card Merchant Fees

To help you get a sense of the monthly costs for the proposed service, I have put together a typical invoice. The assumptions are based on the number of payers you provided me along with average usages by other utility companies using the PSN payment engine.

Number of payers	3,600			
Average payment	\$40.00			
Percent using credit cards	60%		Percent using checks	40%
Cost per credit card transaction			Cost per check transaction	\$0.50
Interchange rate (average)	\$0.75			
Discount rate	\$0.16			
Authorization fee	\$0.10			
PSN fee	\$0.50			
Total credit card transaction cost	\$1.51			
Percent of payers using service	10%	20%	30%	40%
Payers using service	360	720	1,080	1,440
Payers using credit cards	216	432	648	864
Monthly Cost for Credit Cards	\$326.16	\$652.32	\$978.48	\$1,304.64
Payers using checks	144	288	432	576
Monthly Cost for Checks	\$72.00	\$144.00	\$216.00	\$288.00
Estimated Total Monthly Invoice	\$398.16	\$796.32	\$1,194.48	\$1,592.64
Average per item	\$1.11	\$1.11	\$1.11	\$1.11

If you pay the credit card fees for your customers, PSN is able to qualify your utility company for special rates as shown below. The fees are billed directly to you by the merchant provider. PSN does not bill these fees. There are three fees charged by the merchant provider: Interchange, Discount Rate and Authorization Fee. *The sum of all three will be the fee charged to you.*

Card Type	Interchange ¹	Discount Rate ²	Authorization Fee ³
VISA	Range	0.40%	\$0.10
MasterCard	Range	0.40%	\$0.10
Discover	Range	0.40%	\$0.10
American Express	Range	0.40%	\$0.10

- As a utility company, PSN can qualify you for the Utility Rate Program offered by VISA, MasterCard and Discover, if you agree to pay all transaction fees associated with the payment and you agree to allow payers to set up Auto-Pay (recurring payments). Utility interchange rates range from \$0.45 to \$1.50. Most transactions will settle at \$0.75. (Some business cards do not qualify for the Utility Rate Program.)
- Discount rate (a term used by merchant providers) is an added cost. It is a percent of the transaction. For example: \$40 payment x 0.4% discount fee = 16¢
- Authorization fee is a flat fee per transaction.



Your Complete
**PAYMENT, BILLING
& COMMUNICATIONS**
Solution Provider



Simplifying Your Business Day

eBills
ePayments
eCommunications

Expect More... Get More

DEMAND MORE PAYMENT SOLUTIONS, BILLING OPTIONS AND COMMUNICATION CAPABILITIES... DON'T SETTLE FOR A COMPANY THAT ONLY DELIVERS PARTIAL SOLUTIONS.

We're not your typical payment processor. Payment Service Network's mission from its outset was twofold—to make the payment process easy for payers and to consolidate and integrate the flow of data and funds to simplify business processes. We built upon that foundation over the past 12 years, creating a unique, client-scalable payment, billing and communications solution set. You can immediately tap into this technology with an ROI that is nearly immediate. It is the era of Cloud Technology, wherein companies are seeking solutions that are not internally software-based with limited accessibility, but rather solutions that are accessible from anywhere, at any time, by anyone. PSN solutions fit that model which you can benefit from now and into the future.



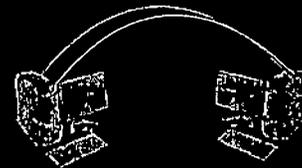
SOLUTIONS

- **PAYMENT METHODS**
VISA • MasterCard • American Express
Discover • eChecks (ACH) • Paper Checks
Bank-issued Checks • Money Orders • Cash
- **PAYMENT CHANNELS**
Online • Automated Phone • Live Operator
Smart Phones • Tablets • Scanned • Swiped
Bank Bill Pay Systems • Lockbox • In-house
Cash Payment Locations
- **eBILLS**
Online • Paper Bill Opt-Out
Two-year Online History • Usage Graphs
eAttachments (Bill Stuffers)
Automated Customer Notifications
CSR Access for Emailing Copies
- **eCOMMUNICATION**
Outbound Auto-Call Messaging
Customer Emails • eBill Attachments
Online Customer Message Posting
- **DATA SHARING**
Real-Time Hands-Free • Daily Hands-Free
Daily One-Touch Integration
Auto-Posting of Payments to Software
Current Balances Posted to Web Daily
- **ACCOUNT MANAGEMENT**
Customizable Reports • eBill Stats
View Real-time Payments
Daily & Monthly Reconciliation
User Security Settings
- **WEBSITE CUSTOMIZATION**
Payment Site Mirrors Your Site
Payment/eBill Pages Have Custom Content
- **PAYMENT CONSOLIDATION**
All payments from all channels funnel
into one system for one download,
one report, one look-up
- **MARKETING SUPPORT**
Templates • Plans
PSN-created Marketing Pieces
Website Content Assistance



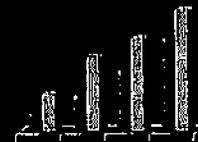
PAYMENT CONSOLIDATION

All payments from all channels can flow through PSN, making your processes more streamlined and accurate with only one file to download for automated posting to your software. And you can view all payments in real time, no matter what the source of payment—online, phone, bank-issued check, paper check and even cash!



DATA SHARING

PSN built its system with you in mind. Don't worry about lengthy, complicated integration between your software and PSN. We already data share with most applicable software programs. With data sharing, your customers can view online the most current balances due and their payments will auto-post to your software, assuring accuracy and time saved for you.



EXPECT GROWTH

Companies can reach 100% customer participation in both eBill and payments through PSN. Success can be contributed to PSN's easy-to-use customer payment and billing portal as well as using the breadth of PSN solutions to capture any payment method coming through any payment channel.

flexible solutions for your business needs



YOU CAN CHOOSE FROM AN ARRAY OF
SOLUTIONS TO BUILD A PAYMENT,
BILLING AND COMMUNICATION SERVICE
THAT MEETS YOUR BUSINESS AND

A POSITIVE CUSTOMER EXPERIENCE

Let customers pay any way they want, while at the same time reducing your costs and workload. Some customers love the convenience of online, some feel more secure calling, some prefer using their banks' bill pay systems, some have no choice but to pay by cash or money order and some just stick to the tradition of mailing a paper check. It's okay: let them. PSN can turn all of these payments into ePayments—speeding them through the financial network and auto-posting to your software. Customers can set up Auto-Pay, schedule a payment or make an immediate payment. They can print receipts, group multiple accounts, view payment/bill history, view and respond to personalized messages and much more.

SIMPLIFY YOUR BUSINESS DAY

Let PSN work for you!

- Data sharing automatically posts payments to your software and posts current amounts due online and to mobile devices
 - All payments from all channels flow into one system
 - No hardware, software investment costs
 - Eliminate time-consuming tasks, data entry errors, bank-issued checks, cost of printing and mailing bills
 - Have real-time online visibility to all payment, billing and eCommunication information—great for CSRs
- These are just a few of the many features that will make your processes more efficient and accurate.

MAKE BILLING SIMPLE

Online billing is the quickest way for you to reduce costs for printing and mailing bills—to just a penny per bill, on average. Your customers will also love the convenience, and you'll be doing your part to go GREEN.

Features: Billing data is uploaded; PSN creates bills resembling the paper ones. Customer paper bill opt-out assures you save money. Customers notified by PSN when bills are ready to view and then again if past due. Two-year billing history is accessible. CSRs can print or email bills to customers.

COMMUNICATE MORE FOR LESS

Let PSN effortlessly take your customer service to the next level with a multitude of communication services. Outbound Auto-Call Messaging can call past-due customers, for example, and have them "Press 0" to pay immediately. You can also post messages online for individuals, groups or all customers. Customers will automatically receive email alerts for any payment or billing issues. And you can add eStuffers to your bills.



ePAYMENTS
eBILLS
eCOMMUNICATIONS

We make "e" really happen

Improving customer service and reducing operating costs are the two major challenges facing utilities and municipalities. Today, however, there is one tactic that can tackle both issues—"e" (ePayments, eBills and eCommunications). And it is so simple to implement, manage and use, you will wonder why you haven't taken the full-fledged leap before.

PSN makes the transition to "e" simple.

CONCERN: "We don't have the time."
It doesn't take much time! You simply select the solutions that meet your needs. PSN does the work, with implementation taking as few as three weeks.

CONCERN: "We don't have the money."
Just give us a call to see how little of an investment you need to provide your customers and staff a full line of eSolutions.

CONCERN: "We don't need yet another payment vendor; there's too much work with all that we already have."
You can now move from many vendors to one vendor—PSN. All payments can funnel through the PSN system, resulting in one report, one look-up and one download! We will lessen your work.

CONCERN: "We already offer credit cards."
PSN does much more than process credit cards. We are your business partner, providing you and your customers with broader payment options, such as eChecks at a fraction of the cost, as well as data sharing, eBills, eCommunication and more.

PSN
Payment Service Network, Inc.



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