



AGENDA MEMORANDUM
for the City Council Meeting of July 17, 2012

DATE: June 15, 2012
TO: Ronald L. Olson, City Manager
FROM: Michael Armstrong, Director of MIS
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826-3735

Repealing the Code of Ordinances, City of Corpus Christi, Chapter 17, Repealing the Electronic Utility Payment Processing Fee effective August 1, 2012.

CAPTION:

Ordinance amending the Code of Ordinances, City of Corpus Christi, Chapter 17, Finance, by repealing Section 17-3.1, regarding utility payments convenience fee; providing for severance; providing for publication; and providing for effective date of August 1, 2012.

PURPOSE:

Repealing the electronic processing fee for online and IVR utility payments will encourage customers to use these services resulting in higher collection rates.

BACKGROUND AND FINDINGS:

In April 2009, the City Council lowered the utility payment electronic processing fee from \$2.50 to \$1.68. This fee is assessed to residential customers paying with a credit card through the City's online and IVR (telephone) utility payment applications. Since the reduction of the fee in 2009 we have seen the number of dollars collected more than double from \$11,748,845 in 2009 to \$25,965,768 so far in 2012.

We are confident that more customers will be encouraged to use both the online and IVR (telephone) utility payment applications if they are not assessed an electronic processing fee. This is the preferred method of payment as it is more efficient than other methods. The utility departments, Water, Wastewater and Gas Departments will incur the cost for the assessed bank transaction fees.

Due to the increased revenue being collected by the online and IVR utility payment systems, staff recommends elimination of the \$1.68 electronic processing fee.

ALTERNATIVES:

Denial of the request to repeal the electronic processing fee for online and IVR utility payments.

OTHER CONSIDERATIONS:

Not applicable.

CONFORMITY TO CITY POLICY:

Not applicable.

EMERGENCY / NON-EMERGENCY:

Non-emergency.

DEPARTMENTAL CLEARANCES:

Legal Department
Water Department
Wastewater Department
Gas Department
MIS Department

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2011-2012	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item			(\$252,081)	(252,081)
BALANCE				

Fund(s):

Comments: Eliminating the electronic processing fee will result in a loss of approximately \$252,081 of revenue in the Municipal Information Systems Fund.

RECOMMENDATION:

Staff recommends approval of the Ordinance.

LIST OF SUPPORTING DOCUMENTS:

Ordinance