

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 07/24/06		Item Number: <u>A-7</u>
AGENDA ITEM: Authorization to Contract with Vendors (Verisign, Accela, InfoToday, and Active Network) in Support of Implementing Online Payment Services		
Contact Person/Dept.: Michele Williams		Phone Number: 310.253.5950
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☒ No ☐
Public Hearing: ☐		Action Item: ☒ Attachments: ☒
Public Notification: E-mail Master Notification List; Verisign Inc (San Jose, CA); Accela Inc (Visalia, CA); Active Network (Burnaby, British Columbia); InfoToday (Australia); Crystal Alexander (City Treasurer), Craig Johnson (Building Official); Marty Nicholson (Recreation Manager); Charles Herbertson (Public Works Director); on 7/19/06		
Department Approval: John Richo (07/14/06)	City Manager Approval: Jerry B. Fulwood (07/19/06)	
City Controller Approval: Marlee Chang (07/19/06)		

RECOMMENDATION:

Staff recommends the City Council authorize entering into contracts with Verisign Inc (San Jose, CA), Accela Inc (Visalia, CA), InfoToday (Australia), and Active Network (Burnaby, British Columbia) to support implementing online payment services via the City's website.

BACKGROUND:

The City's website provides residents, visitors, business owners and other interested individuals a wealth of information. Existing online services include the following:

- Subscribe to E-Mail notifications according to areas of interest
- Submit a Public Works service request (report a pothole, streetlight outage, or incident of graffiti)
- Check the status of a building permit
- Submit an mailing address inquiry (Used for public mail notification)
- Search and obtain data regarding available commercial real estate in Culver City
- Obtain property information (aerial photography, zoning and land use designations, residential sanitation schedules, etc)
- Interactive CCBus Route Maps
- Submit a quote for goods/services and request to become a City vendor
- Apply for City employment and submit a request to be notified of a job opening

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Currently, the only online payment service provided on the City's website is the ability to pay parking tickets. When the link is selected, the user is re-directed to the PTicket.com website (vendor used for collecting parking ticket payments).

As more and more homes are equipped with personal computers and Internet access, citizens are becoming accustomed to conducting business from their home without the restriction of "normal business hours". Expanding services from City Hall counters to the Internet gives users increased flexibility and makes government more accessible by giving the sense that City Hall is open 24/7.

DISCUSSION:

A number of departments have requested online payment services for their respective areas. Additionally, the City Manager recommended implementing online payments (E-commerce) as an "organizational efficiency" in his Financial State of the City Memo dated March 27, 2006.

IT staff met with department representatives and compiled a list of requested online services (attachment 1). Staff also surveyed the websites of West Hollywood, Beverly Hills and Santa Monica to identify the online payment services that they offer. The results are presented in the following matrix:

Online Payment Services for Westside Cities

Beverly Hills	Santa Monica	West Hollywood
■ <i>Pay a Parking Citation</i>	■ <i>Pay Utility Bill</i> ■ <i>Business License</i> ■ <i>Business License Renewal</i> ■ <i>Recreation Class Registration</i> ■ <i>Parking Citation Payment</i>	■ <i>No Online Payment Services</i>

The following four services were selected for further investigation and potential Phase I Implementation:

1. Over the Counter Building Permits
2. Recreation Class Registrations
3. Commercial Sanitation Billing
4. Business License Renewals

Each of these processes is managed by distinct software purchased from 3rd party vendors. The respective vendors were contacted to assess the requirements for processing these transactions over the web.

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Over the Counter Permits (Permits not requiring a plan check)

The Building Safety division uses Permits Plus (Accela Inc) for managing all permit activity. This product has been in use for over ten years and the vendor has a strong rapport with the City. Accela Inc markets an Internet module, Velocity Hall, that enables a permit to be issued over the Internet. Additionally, there are significant configuration controls in the software to ensure that contractors have a valid license and a Culver City business license before the permit can be purchased over the web. The online payment service would only be accessible for those permits identified as not requiring a plan check or internal reviews. It is estimated that approximately 57% of permit processing could potentially be approved online without requiring an internal review.

Recreation Class Registrations

The Recreation Division uses Safari (Active Network) to track class registrations. Active Network also has an Internet module with two available hosting options. The City was presented with the option of purchasing the required software (approximately \$20,000) and hosting the application internally or using the vendor hosted option. The vendor hosted option requires a quarterly transaction fee and applicable one-time setup fees. Staff recommends contracting with Active Network to license the vendor hosted Internet registration module. With this option, all payment processing and hosting is handled by the Vendor. Active Network uses Verisign (discussed later in this report) for payment processing.

Commercial Sanitation Billing

Currently, the Sanitation Division uses RAMS to track commercial sanitation billing. The vendor for the RAMS software does not directly market an Internet billing module. However, the vendor recommended using InfoToday Consulting to develop a web-based application to accomplish this objective. The City has had positive experiences with contracting with InfoToday for RAMS software support in the past. InfoToday provided a scope of work detailing the required deliverables (attachment 4). Funding for this effort was requested by the Public Works Department and approved in FY06-07 budget.

Business License Renewals

The City Treasurer's Office uses HDL's Business License software for tracking new business licenses and renewals. HDL is in the process of developing an online payment module for business license renewals. The vendor anticipates releasing the module in September 2006. Additional investigation will be conducted after the release of the product. Staff will report to Council on the status of this product with a possible purchase recommendation later this year.

Verisign – Payment Processing

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Verisign is the market leader in providing secure network transactions. While it is recommended that the class registration module will be hosted on the vendor's site, the City requires a secure payment process for building permits and sanitation billing. A mission critical objective is to ensure that those using credit cards on the City's website will not be left vulnerable to identity theft. Verisign has developed a secure network for credit card processing dedicated to this purpose in which they process 15 billion Internet transactions daily. Staff recommends using Verisign's service for all Internet payment processing. When website users are prompted for credit card payment, they will be re-directed to Verisign for payment processing and verification. A merchant account will be established in which all collected funds are deposited directly into the City's specified bank account.

Transaction Fees

All transactions conducted over the web using a credit card would be subject to a fee charged by the City's credit card vendor (US Bank). Staff has confirmed that these fees can not be charged to the customers as a convenience or transaction fee. Currently the City absorbs an additional fee incurred from credit card acceptance. The City Treasurer's Office reported that in FY04-05, \$1,366,367.37 was collected via credit cards and fees incurred totaled \$32,045.13 (about 2.35% of revenue collected and absorbed). Staff has been informed that the credit card fee for online transactions is approximately 1% higher. These transactions carry a higher premium because the bank classifies them as "non-qualified transactions". These are transactions where the card is foreign or physically not present at the time of the transaction. As is the current practice, it is recommended that the City continue to absorb fees incurred from credit card usage.

Transaction fees also will be charged by each software vendor and Verisign. These charges will result in reduced revenue. It is difficult, if not impossible to quantify the amount of the revenue loss. Estimating both transactional volume extremes, the following could apply:

1. A low volume of transactions would result in a minimal reduction in revenue
2. A high volume of transactions would result in higher fees which would partially offset by a savings in staff time due to these transactions being processed over the Internet.

While it is staff's recommendation to proceed with expanding online payment services over the Internet, it is also understood that a policy for accepting credit cards over the Internet will need to be developed and approved.

FISCAL ANALYSIS:

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Authorization to contract with the vendors below would result in a one-time expenditure not to exceed \$70,552.00. Sufficient funding has been allocated in the following accounts:

20267100-619800 Sanitation Fund	\$16,000.00
41251500 Building Safety Division	\$26,786.50
42000635 Permits Enhancements	\$26,786.50
42000388 Technology Enhancements	\$ 979.00
	<u>\$70,552.00</u>

Recurring monthly fees that will be incurred by the City are estimated at \$300.00

Online Payment Services Fee Matrix

Product Description	Cost
Accela – Building Permits	
Velocity Hall Software	\$39,500.50
1 st Year Usage Fee	\$14,072.50
Active Network – Recreation Class Registrations	
Internet Hosted Software	-0-
Installation and Training Services	\$800.00
Transaction Fees (Active Network requires a minimum of \$750.00 per quarter regardless of transaction volume)	Based on transaction volume
InfoToday – Sanitation Billing	
Development and Software Licensing	11,000
Training, Travel Expenses, and Consulting	5,000
Verisign Subscription – Payment Processing	
Payflow Link Setup Fee	\$179.00
Monthly Service Fee (Up to 500 Transactions, additional transactions are .10 each)	\$19.95

ATTACHMENTS:

1. Requested Online Payment Services by Department
2. Proposal from Accela
3. Proposal from Active Network
4. Proposal from InfoToday
5. Product Sheet for Verisign Payflow Link

MOTION:

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That the City Council:

- 1) Authorize entering into a contract with Accela (Visalia, CA) to purchase Velocity Hall software to enable online payment processing for permits for an amount not to exceed \$53,572;
- 2) Authorize entering into a contract with Active Network (Burnaby, BC) to license the online payment vendor-hosted module for an amount not to exceed \$800.00;
- 3) Authorize entering into a contract with InfoToday (Australia) to develop and provide consulting services for an amount not to exceed \$16,000.00;
- 4) Authorize entering into a contract with Verisign (San Jose, CA) to provide online payment transaction fee processing;
- 5) Authorize the City Attorney to prepare any appropriate documents; and
- 6) Authorize the City Manager to execute any required documents on behalf of the City.