



Process Change and Purchase Recommendation *Board of Supervisors*

RE: Sewer billing process changes and purchase of add-on module

Date Presented: April 15, 2020
Proposed Meeting Date: April 15, 2020
Prepared By: Amy Heinrich

Recommended Motion: To implement the process changes discussed in this memo (items 1-4) to improve the efficiency, timeliness and accuracy throughout the sewer billing process at a total cost not to exceed \$12,000 for 2020. Additionally, to authorize Eden Ratliff sign any required documents to purchase the add-on module required to upload payments into Harris's Flexibill software at a cost not-to-exceed \$3500 and any other agreements related to these process improvements.

Background Information

Kennett Township is currently using Harris System's Flexibill for the Sewer and Street Light Billing processes. The process to produce, mail, receive and record payment are all manual and offer a lot of opportunity for improvement. The steps currently are as follows:

- We have the bare bones features of Flexibill, which results in manual entry of all payments.
- The Township purchases costly pressure seal mailers that are pre-printed with basic township information.
- Bills are printed in the Township building by Township staff, run through the sealing machine, stamped and mailed. Postage is \$.50 per items
- All payments are mailed back to the Township for manual entry of payment into both Flexibill & the General Ledger and manual deposit at the bank. Manual entries are also subject to human error which involves extra hours spent reconciling and researching discrepancies.
- We offer online payments but charge the customer \$2.50, plus incur costs on top of that. Furthermore, each credit card payment needs to be manually recorded vs. the typical process of uploading a payment file.

Each step incurs costs in the form of materials and extensive staff time. Billing processes across industries are far more advanced and efficient. We can bring Kennett Township into the modern era with these changes.

Analysis

We have researched each step in the process and have improvement recommendations across most steps of the process.

1. **Flexibill automatic payment module:** The enhanced module will allow us to upload payments from the credit card processor & lock box process. The first-year cost is expected to be \$3340 with a recurring fee of \$825 in future years.
2. **Print and Mail Service:** Harris also offers a Print & Mail service. We would upload water volumes and calculate bills in Flexibill as we do today. Harris would pick up the process and print and mail our bills. The costs is only \$.56 per bill. The \$.06 per bill above our current stamp cost provides all the labor as well as the paper to print on and the mailing and return envelopes. They are able to leverage bulk mailing discounts and other economies of scale. Upon implementation, we would likely also include an insert letter describing the changes at a cost of \$.10 per account.

3. **Lockbox implementation:** We also recommend implementing a lock-box process via a bank (most likely Fulton but will compare costs) at a cost of approximately \$6000 per year or \$1500 per quarterly billing. All check payments would be mailed to the lock box and processed by the bank. We would receive a file to upload into Flexibill's automatic payment module. This eliminates the need to manually process the payment and make the physical deposit at the bank or via the check scanner. It also improves accuracy, reduces reconciliation and research time and provides a faster turnaround on check deposit and recording of payment to benefit the resident.
4. **Waive Credit Card Fee:** We currently charge \$2.50 per credit card payment made on our website. This is to cover the surcharge that most retail businesses just absorb in their pricing. Would you ever imagine paying the grocery store \$2.50 to use your credit card? In this day and age, people expect to use modern conveniences without an extra fee. The Township will benefit from faster payments and less manual processing. If you estimate a 25% adoption rate (which would be high), the impact will be \$1500 per year.

Summary of the above

#	Process Improvement Step	2020 Incremental Cost	Each subsequent year	Comments
1	Flexibill Automatic Payment Module	\$ 3,340	\$ 825	
2	Print and Mail Service	\$ 144	\$ 144	\$06 incremental per piece
	Print and Mail Service - Insert to overview changes.	\$ 240	\$ -	\$0.10 extra per piece
3	Lockbox Service	\$ 6,000	\$ 6,000	
	Lockbox implementation 1x cost	\$ 500		
4	Waive Credit Card Fee	\$ 1,500	\$ 1,500	25% adoption rate
	TOTAL	\$ 11,724	\$ 8,469	
	Assumed all-in cost per hour per employee time	\$ 50	\$ 50	
	Hours needed to save to break-even per quarter	59	42	
	Percent of an FTE needed in savings	11%	8%	
	Reduction in frustration / Employee satisfaction!	Can't even quantify		

Budget Impact

- 2020 Budget includes \$20,300 for costs related to IT services, banking service charges and miscellaneous.
- Approve requested not to exceed \$12,000 for 2020, of which most but not all will be incremental to the current budget. There will be some savings due to slightly lower than expect GL cost. This is not material enough to definitively require a budget amendment but we will monitor overall sewer costs and seek an amendment if necessary. Approving this memo authorized the staff to spend the amount requested.