Utility Pay
Station
Privatization

Briefing to the City Council
Neighborhood Quality of Life Committee
September 25, 2006
Purpose

• To provide an overview of the utility pay stations’ functions and operations, the needs of the communities they serve, and an update on the option to privatize operations
Background

• Utility Pay Stations (UPS) sites
  – Martin Luther King, Jr. Community Center (MLKCC)
  – West Dallas Multipurpose Center (WDMC)
• In operation since 1987
Background

• Customer Base
  – Pay stations help those who need help most
    • 75% of customers pay cash and likely do not utilize credit/check services
      – Mailed payments require checks/money orders
      – Online payments require check/credit card

• Core Services
  – $12M annually in utility payment processing
    • About 91,000 transactions annually
      – 55% at MLK and 45% at WDMC
    • TXU, Atmos, Dallas Water Utilities
      – MLK also accepts payments for Courts
      – Telephone utility payments discontinued in 2002
Operations

• Transaction Fees
  – Private and City pay stations process payments through an authorized agent
    • Agents abide by the Texas Public Utility Commission’s (PUC) Customer Protection rules
  – Until July 2001, TXU paid City $0.75 per transaction
    • About $189,000 annually was collected and directed into social service programs
  – Since July 2001, customers pay $1 per transaction for TXU/Atmos payments to cover costs of authorized agent and collect funds for social service programs
    • Registered seniors (60+) and clients with disabilities are exempted
    • $0.45 paid to third-party transaction service; City retains $0.55
      – About $17,000 collected annually in FY05-06 for social service programs
Operations

• Hours of Operation
  – MLKCC
    • 8 a.m. to 6 p.m., Mondays through Fridays
  – WDMC
    • 8 a.m. to 6:30 p.m., Mondays and Thursdays
    • 8 a.m. to 4 p.m., Tuesdays, Wednesdays, Fridays

• Staffing Levels
  – MLKCC: 3.9 FTEs funded – currently 2 permanent, 3 temporary positions filled
  – WDMC: 1.9 FTEs funded – currently 3 permanent, 1 temporary positions filled
Transaction Counts

<table>
<thead>
<tr>
<th>Year</th>
<th>Electric</th>
<th>Gas</th>
<th>Telephone</th>
<th>Water</th>
<th>Courts</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY01-02</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY02-03</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY03-04</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY04-05</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY05-06YTD</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Customer Trends

• Reductions in transactions attributed to:
  – Implementation of fees in 2002
  – Loss of telephone payment processing in 2002
  – Reduced hours of service and staffing
  – Alternative payment options
## Community Needs

- **Customer Service Survey, April 2006**

### Utility bills paid at this facility

<table>
<thead>
<tr>
<th></th>
<th>MLK</th>
<th>WDMC</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>All three (electric, water, gas)</td>
<td>73</td>
<td>48</td>
<td>121</td>
<td>60.5%</td>
</tr>
<tr>
<td>Electric and Water</td>
<td>8</td>
<td>19</td>
<td>27</td>
<td>13.5%</td>
</tr>
<tr>
<td>Water</td>
<td>5</td>
<td>15</td>
<td>20</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

### Reasons for paying bills at this facility

<table>
<thead>
<tr>
<th>Reason</th>
<th>MLK</th>
<th>WDMC</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closer to home/convenient location</td>
<td>49</td>
<td>43</td>
<td>92</td>
<td>46.0%</td>
</tr>
<tr>
<td>Easier and faster</td>
<td>20</td>
<td>24</td>
<td>44</td>
<td>22.0%</td>
</tr>
</tbody>
</table>

### Level of satisfaction with the UPS

<table>
<thead>
<tr>
<th>Satisfaction Level</th>
<th>MLK</th>
<th>WDMC</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely satisfied</td>
<td>54</td>
<td>56</td>
<td>110</td>
<td>55.0%</td>
</tr>
<tr>
<td>Very satisfied</td>
<td>44</td>
<td>33</td>
<td>77</td>
<td>38.5%</td>
</tr>
</tbody>
</table>
MLKCC Customer Base
## Community Needs

- **Customer Service Survey, April 2006**

<table>
<thead>
<tr>
<th>Recommendations to improve services</th>
<th>MLK</th>
<th>WDMC</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Everything is good/excellent service</td>
<td>11</td>
<td>22</td>
<td>33</td>
<td>16.5%</td>
</tr>
<tr>
<td>Keep it the way it is/stay here</td>
<td>3</td>
<td>14</td>
<td>17</td>
<td>8.5%</td>
</tr>
<tr>
<td>Have more employees</td>
<td>4</td>
<td>4</td>
<td>8</td>
<td>4.0%</td>
</tr>
<tr>
<td>Have more tellers</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>4.5%</td>
</tr>
<tr>
<td>Stay open a little later</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>1.5%</td>
</tr>
<tr>
<td>Provide assistance with paying phone bills</td>
<td>10</td>
<td>2</td>
<td>12</td>
<td>6.0%</td>
</tr>
<tr>
<td>Provide faster service for older customers</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1.0%</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>2.0%</td>
</tr>
<tr>
<td>No response</td>
<td>66</td>
<td>46</td>
<td>112</td>
<td>56.0%</td>
</tr>
</tbody>
</table>
Community Needs

• Customer survey, May 2006
  – What other services would you like offered at the pay stations?
    • 80% Money orders/check cashing
    • 63% Postage stamps
    • 63% Automated teller machine
    • 62% Faxing/copying services
    • 60% Traffic ticket payments
    • 58% Notary services
    • 40% Wire transfer services
    • 37% Long distance calling card sales
    • 34% Child support payments
RFP Process

• Request for Proposals (RFP) issued August 4, 2006

• Contractor Role
  – Provide payment processing operations, including staff, equipment, ancillary services
    • Seniors/disabled persons would not pay fees for utility bill payments
  – Provide a City-approved set of other services for fees, e.g. sales of money orders, check cashing, non-utility bill payments
  – Pay the City a specified portion of revenues

• City would provide facilities, utilities and security services during regular business hours
Vendor Proposal

• Proposed services
  – Check cashing
  – Money transfers
  – Money orders
  – Consumer installment loans
  – Expanded utility payment services
  – Free money orders with cashed checks
  – Phone cards and debit cards
Vendor Proposal

• Signage
  – City retains right to approve all signage

• Senior fees
  – Vendor proposes to charge all customers, including seniors

• Hours of operation
  – Mondays – Thursdays, 9 a.m. to 7 p.m.
  – Fridays, 8 a.m. to 8 p.m.
  – Saturdays, 9 a.m. to 6 p.m.

• Payment to City
  – 1% of gross revenues
  – Continue use for social service programs
Vendor Proposal

• Initiation of service
  – Within approximately three weeks of award of contract

• Cancellation/Indemnification
  – City may cancel for convenience with 30 days’ notice after the first twelve months of the contract

• Employees
  – Vendor agrees to grant City employees the first opportunity to interview for employment
Next Steps

• Council consideration of award of contract October 25, 2006
• Implementation by December 1, 2006