

**TOWN OF PRESCOTT VALLEY  
REQUEST FOR COUNCIL ACTION  
Date: May 17, 2012**

**SUBJECT:** CDS Global Lockbox Payment Processing – Contract Renewal

**SUBMITTING DEPARTMENT:** Management Services

**PREPARED BY:** Cordell R. Compton, Customer Accounts Division Manager for William Kauppi,  
Management Services Director

**AGENDA LOCATION:** Comments/Communications , Consent , Work/Study ,  
New Business , Public Hearing , Second Reading

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**ATTACHMENTS:** a) CDS Global Contract Master Service Agreement  
b) 2012 Contract Renewal Proposal w/Amendment No.1

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**SUMMARY/BACKGROUND:** Staff had initially pursued the option of outsourcing the processing, handling and posting of the Town’s water/sewer payments to streamline their cash collection process. A contract with CDS Global was approved by Council on August 12, 2010, and has been in effect since that time. In addition to streamlining the cash collection process, the outsourcing would also allow the Town to better balance the workload and redistribute some of the duties of the Customer Accounts Division to focus more on our delinquency functions and also provide for better coverage for monies being deposited on a timely basis when staff was absent through sickness and/or vacation.

The current contract expires June 30, 2012 and staff believes that renewal of the CDS Global lockbox contract will continue being advantageous to the Town as noted below:

- To date, nearly 100,000 payments have been handled by our vendor partner, CDS Global, since October 2010 when processing began at their Prescott, Arizona facility.
- Bank deposits are reaching the bank as contracted on the same day that payments are processed by CDS Global which helps our cash flow. This feature is particularly valuable on Fridays since the Town offices have been closed since November 2009. The interface between CDS Global and SunGard (our utility billing software vendor) allows the staff to post customer payments literally with a few mouse clicks regardless of the payment volume. Our financial services provider (Bank of America) receives daily electronic payment transfers from CDS Global. Bank of America sends the Town staff a daily, secure confirming notification when they receive those deposits so Town staff can verify that the batches match.
- The payment processing by CDS Global has allowed the Customer Accounts Division staff to more fully concentrate on their core duties. Since October 2010 active, unpaid account balances have decreased. Additionally, the lockbox project has allowed the Division staff more time to concentrate on helping walk-in customers, handling drop box payments, bank drafts, bank bill pay payments and collections in addition to coping with an annual phone volume in excess of 35,000 customer calls per year.

The cost to the Town, since the present contract began in August 2010, has been about \$15,800, of which \$4,137 was for a one-time set up fee (\$2,000) and the annual USPS caller box fees (\$1,040 and \$1,097). The balance of that total is for monthly processing costs based on payment volumes as outlined in the original contract. The attached Master Service Agreement is the same one approved on August 12, 2010 and has not changed. This document governs the contractual relationship between CDS Global and the Town. The price increase of 3% for the various processed items has been included in the FY 2012-13 budget during that normal process.

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**OPTIONS ANALYSIS:** N/A. For discussion only.

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**ACTION OPTION:** N/A. For discussion only.

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**RECOMMENDATION:** N/A. For discussion only.

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**FISCAL ANALYSIS:** The estimated amount of the contract renewal has been budgeted for Fund 501 (Wastewater) and Fund 511 (Water) during the normal Town budget process. Here is a comparison of the price changes for each item:

	<u>2010</u>	<u>2012</u>
Electronic Check Presentment	0.010	0.011
Image Check Only/Check List	0.208	0.214
Image Multiple	0.167	0.172
Image Retail Single	0.125	0.128
Non Processables	0.073	0.0752
Transmission Charge (per month)	156.00	160.68
Web Image Archive	0.010	0.011

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**REVIEWED BY:**

Management Services Director \_\_\_\_\_

Town Clerk \_\_\_\_\_

Town Attorney \_\_\_\_\_

Town Manager \_\_\_\_\_

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**COUNCIL ACTION:**

Approved  Denied  Tabled/Deferred  Assigned to \_\_\_\_\_