

The service is in a nutshell a means to generate revenue by simply replacing paper checks to our vendors with electronic payments through the Visa Network. The system operates basically as a virtual Visa on both sides (no cards are issued); the city and the vendor. The city will continue to process payments through the normal purchasing/accounting systems with the exception that certain vendors who have opted to participate will receive an electronic payment rather than physical check. That file with the electronic payments will be transmitted to our service bank (Commerce Bank) and the vendor will receive their funds the next business day. The service bank will then bill the city for the file and payment will be rendered within 10 days after the file is initially transmitted. The city will then receive monthly rebates equal to 1% of the vendor payments processed.

The vendors who choose to participate are doing so as they will no longer have to wait for a check to be mailed; deposited and funds made available by their bank. This simple process will provide additional cash flow for their business likely equivalent to 7 days. The program is optional and widely used by various government entities. There are no charges to the city with the exception of an interest charge should the city fail to remit payment for its vendor file, thereby utilizing the "credit line" established upon implementation.

The vendor has conducted an initial review of top vendor payments issued by the city and has identified approximately \$6,000,000.00 that are currently their customers utilizing this process with other government entities which means they are automatic conversions to our program. That being said, it is estimated that this program could generate \$60,000.00 per fiscal year but we have projected \$30,000.00 for purposes of this agenda item bearing in mind set up, implementation process, etc. which will impact this fiscal year.

The City Treasurer has been working in concert with the Accounting Department to review the city's software infrastructure to ensure the system will operate efficiently; conducted due diligence regarding the fiscal soundness of the service bank; and obtained reference information from current clients. A summary of the ControlPay Advanced program and client references are attached as Exhibit No. 2.

V. FISCAL IMPACT

General Fund revenue anticipated for FY 2010/2011 is projected at \$30,000.00.

VI. EXHIBITS

1. Resolution No. 10-082. (pg. 4-5)
2. Summary of ControlPay Advanced Program and Client References. (pgs. 6-10)