

**SULTAN CITY COUNCIL  
AGENDA ITEM COVER SHEET**

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**ITEM NO:** Consent C 5  
**DATE:** February 26, 2009  
**SUBJECT:** Credit Card Payments  
**CONTACT PERSON:** Laura Koenig, Clerk/Deputy Finance Director 

**ISSUE:**

The issue before the Council is to authorize staff to develop and implement a process to accept credit/debit card and on line payments from customers.

**SUMMARY:**

SMC 3.03 authorizes the City to accept payments by credit/debit cards for payment of city imposed fees, fines, rates and charges (Attachment A). The Staff have received an increasing number of requests to pay utility bills and passports by debit/credit card or on line. The problem the City has encountered is the ability to pass the cost of processing the transaction on to the customer.

Armada Corp gave a presentation to staff on the E-pay system (Attachment B) they have developed. The system allows for a payment link and customized webpage on the City's web site for customers to pay their bills electronically from their bank accounts or in the office by debit/credit card. The fee for the transaction is charged to the customer.

The cost to the City would be:

Setup fee	\$99.00
On site training	\$25.00
Monthly statement	\$10.00

Armada also offers a debt collection service which can be added at a later date. There are policy decisions that need to be made regarding when a delinquent account would be turned over for collection.

**ALTERNATIVES:**

Staff have reviewed using local banks to process credit card transactions. However with a bank, the transaction costs are not passed on to the customer and must be paid by the City.

City Staff have been looking for several years for a vendor to provide credit/debit card transaction services. Under state law, the City can not pay the credit card transaction fees. At the Finance Officers conference last fall, the Armada Corporation provided information on their program. Armada provides services to several other municipalities and courts, including the City of Hoquiam, City of Fife and Mason County District Court.

**RECOMMENDATION:**

Authorize staff to complete the Merchant Application and Agreement and implement the system with Armada to allow electronic payment of city fees.

Attachments: A. Chapter 3.03 Payment Methods for City Obligations  
B. Proposal from Armada Corp

## ATTACHMENT A

### Chapter 3.03 PAYMENT METHODS FOR CITY OBLIGATIONS

Sections:

3.03.010 Payment methods for city obligations.

3.03.020 Authorization to set limits.

3.03.030 Costs.

#### **3.03.010 Payment methods for city obligations.**

The city is authorized to accept payments by credit card and debit card for payment of city imposed fees, fines, rates and charges. A payer desiring to pay by one of these methods may be required to bear the cost of processing the transaction in an amount to be determined by the finance department. Such determination shall be based on the actual cost incurred by the city including handling, collection, discount, disbursing and accounting for the transaction. (Ord. 846-04 § 1)

#### **3.03.020 Authorization to set limits.**

The clerk/treasurer or city administrator are authorized to approve the acceptance of credit cards or debit cards by a city department for the payment of city imposed fees, fines, rates and charges. No department shall accept credit or debit cards without such approval. The finance department is further authorized to establish appropriate internal control procedures and set any limitations concerning the acceptance of these alternative payment methods on participating departments. (Ord. 846-04 § 1)

#### **3.03.030 Costs.**

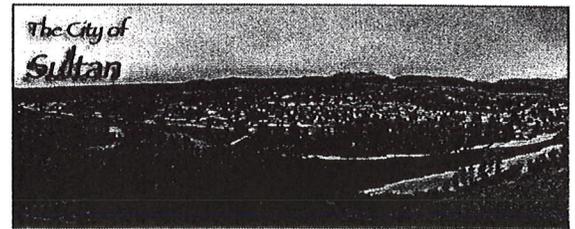
Each department authorized to use one of the alternative payment methods shall be responsible for the associated costs. The finance department will establish the accounting system to track associated costs with the use of the alternative payment methods and will charge the costs back to the accepting departments on a monthly basis. (Ord. 846-04 § 1)

# *City Department Services Electronic Payment Services*

CITY OF SULTAN

*Presented to:*

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Sultan, WA 98294  
(360) 793-1168  
[www.ci.sultan.wa.us](http://www.ci.sultan.wa.us)



*Presented by:*

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## Electronic Payment System Overview

### Objective:

Extend the ability of the City of Sultan to easily accept customer/defendant payments electronically, through a diverse range of options, while reducing administrative costs.

### Solution:

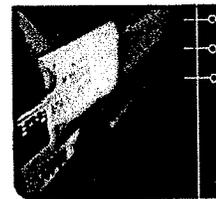
By providing a payment link on the City of Sultan's web site, customers/defendants can pay their fees, bills, or fines electronically from their checking account, savings account, or credit card. Administrative clerks can, with approval, setup an automated payment plan to fulfill the customer/defendant's obligations.



**Checking Account** - Cities and Courts no longer have to wait for "checks in the mail." Once a defendant is enrolled in the system, the scheduling software will automatically transfer a defendant payment into the Cities and Court's account via direct deposit. Defendants may call clerks and accept a "check-by-phone".



**Savings Account** - Payments to the City or Court may be transferred from a customer/defendant's savings account. The customer/defendant, if City/Court elects, may shoulder all transactional costs. Cities and Courts can accurately forecast and control their receivables.



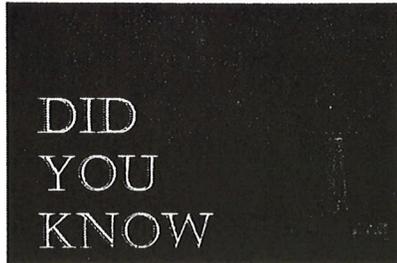
**Debit/Credit Cards** - Debit cards and all major credit cards may also be used to take care of bills, fines and fees that have been assessed. The City/Court can use their existing credit card merchant account or create a new one for Internet purposes. Experience has shown that a new merchant account can make auditing the trust account asier.



**Customized automated payments** - Customize automated monthly payments. Customers/defendants can divide large balances into affordable payments if approved by the City/Court. They can budget and know exactly how much to pay the City/Court each month. Customers and defendants can choose the date on which they want the transaction to occur making this a simple solution to pay their bills, fines and fees.



# More Payment Options = More Revenue



**Businesses with four (4) or more options for payments see an average sales conversion rate of 72 percent.**

*November 2003 study*

# 72%

When you compare Armada's electronic payment effectiveness to other collection methods, this is something that every accounts receivable manager will want to use. Armada is the right choice for your electronic payments system.

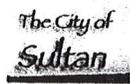
### Benefits:



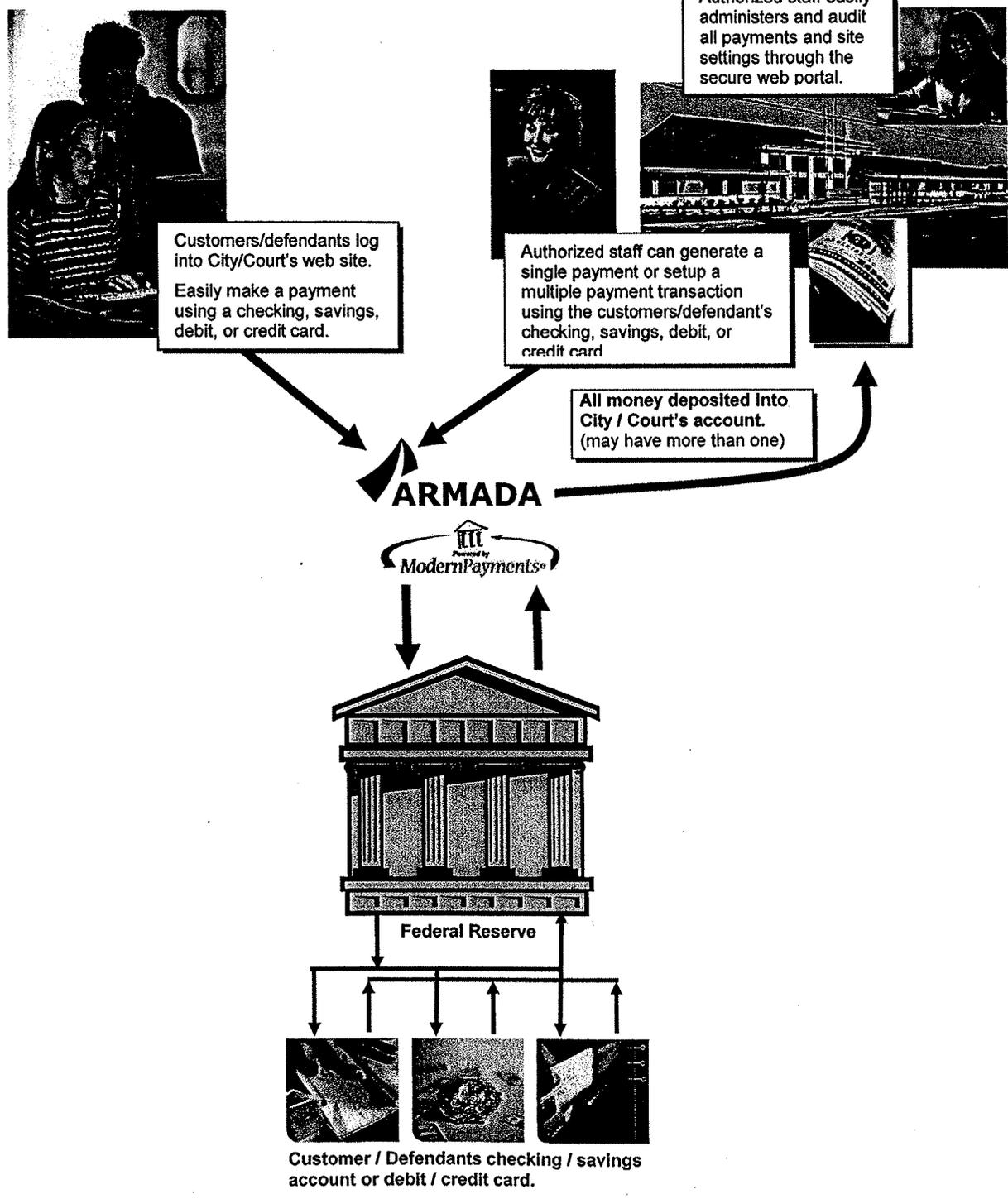
- *Internet-based Platform*
- *No Software to load and manage*
- *No Hardware to purchase*
- *Connect to Federal Reserve Banking System*
- *Receive Payments Electronically*

### Built-In Advantages:

- *Increased Cash Flow*
- *Branding using your Logo*
- *Manage Reoccurring Payments*
- *Funds within 48-72 hours deposited in City / Courts Trust Account*
- *Set It and Forget It*



### How It Works



## Simple Process for Customer or Defendant

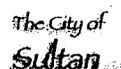


As an example, if you are the customer / defendant you could logon onto [www.ci.Sultan.wa.us](http://www.ci.Sultan.wa.us) and click 'City Hall' then choose 'City Departments' then under the column "Pay Bill" click 'Click Here'. Below is an example screen where you would enter your payment using your bank account number, savings account number, debit card number or your favorite credit card.

The screenshot shows a Microsoft Internet Explorer browser window with the address bar displaying [http://www.ci.sultan.wa.us/City\\_Hall/City\\_Departments/Finance\\_City\\_Clerk/](http://www.ci.sultan.wa.us/City_Hall/City_Departments/Finance_City_Clerk/). The page content includes:

- Navigation:** Home -> City Hall -> City Departments -> Finance City Clerk
- Related Links:**
  - City Council Agendas & Minutes
  - Passports Notary Services
  - City Council Agendas & Minutes
  - Passports Notary Services
- Community Links:**
  - Citizen Comments
  - Boys and Girls Club
  - One-Stop Shopping for Flood Information
  - Snohomish County
- Payment Form:**
  - Account Information:** Fields for Your Account Number, Company Name (optional), First Name, Last Name, Address, City, State, PO Code, Phone, and Work Phone.
  - Payment Information:** Fields for Payment Amount, a "Notes" text area, and a "Make Payment" button.
  - Payment Method:** Radio buttons for "Checking", "Savings", and "Credit Card".
  - Disclaimer:** "A \$2.00 service fee is applied to all online payments."
  - Attention:** "Partial payment does not reflect a 'payment in full.' You are responsible for the full amount of the balance due." It also provides contact information for payment plans.
- Footer:** "The City of Sultan" logo and "ARMADA" logo.

Your payment would be applied within 48-72 hours.



## Company Mission



Our mission is to provide an effective and seamless electronic payment services environment to court systems who are then able to quickly and easily accept payment for fees and fines from defendants in a comfortable, professional, and friendly manner.

We are dedicated to developing and maintaining lasting partnerships with City's and Municipal Courts.

With an understanding of the financial challenges and opportunities City's and Municipal Courts face daily, we provide cash-flow solutions for the dynamic environment within the City and Court Systems.

Our primary objective is to cultivate a long-term cooperative relationships based on trust and confidence in our ability to provide the specific needs of those we serve.