

The background features a series of spheres on thin vertical stems, casting shadows on the surface below. The spheres are in various shades of gray and black, and the stems are thin and dark. The overall composition is minimalist and modern.

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



Martin Luther King Community Center



West Dallas Multipurpose Center

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

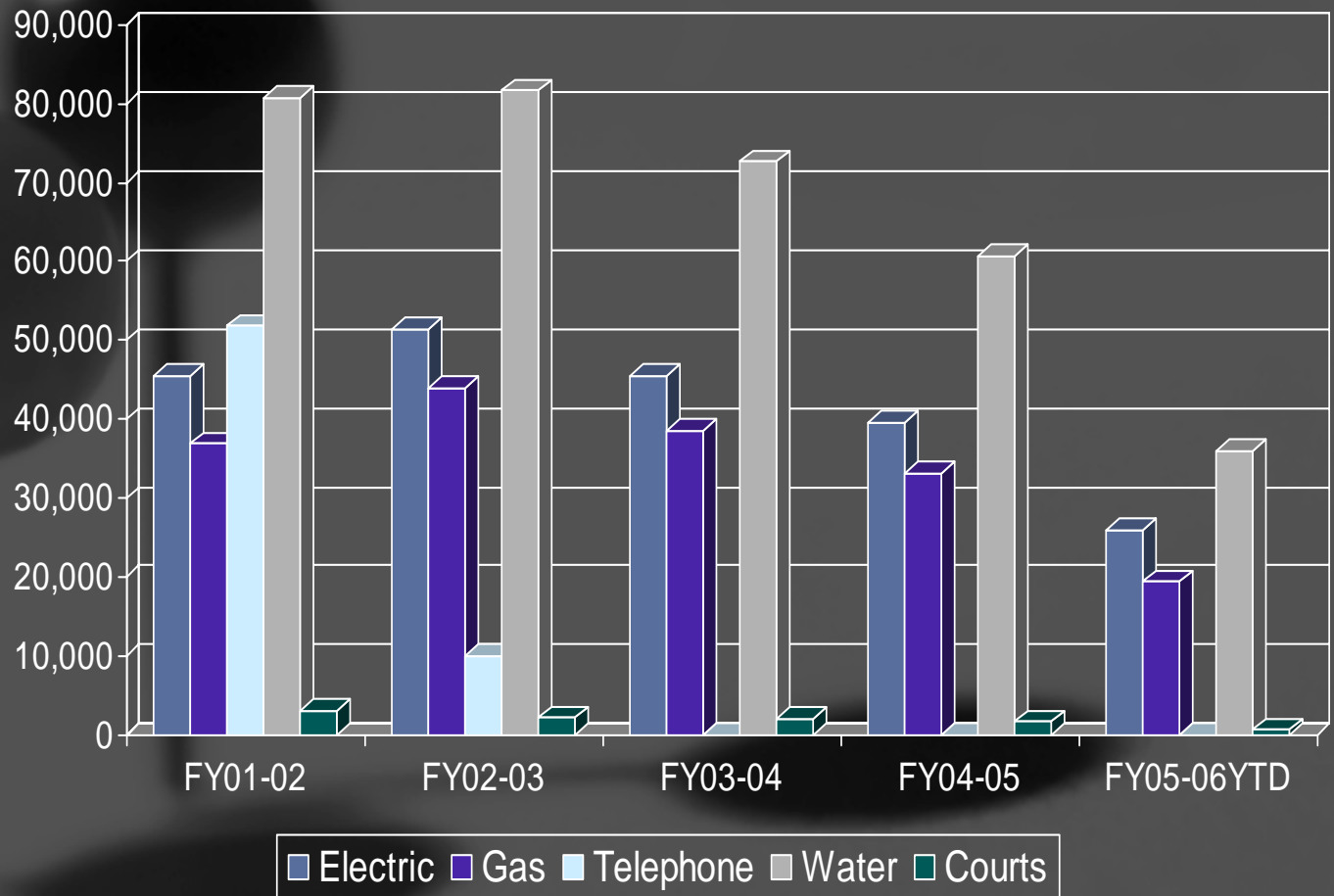
Operations

- 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



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

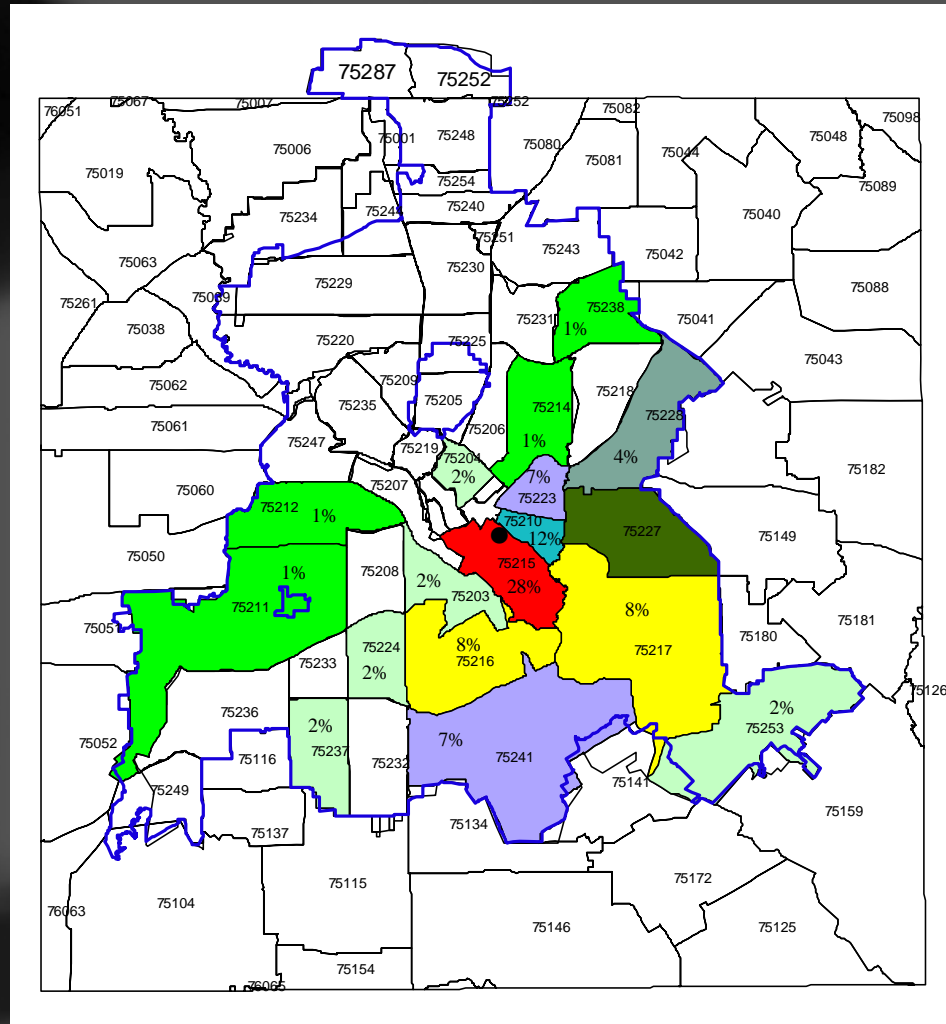
- Customer Service Survey, April 2006

Utility bills paid at this facility	MLK	WDMC	Total	%
All three (electric, water, gas)	73	48	121	60.5%
Electric and Water	8	19	27	13.5%
Water	5	15	20	10.0%

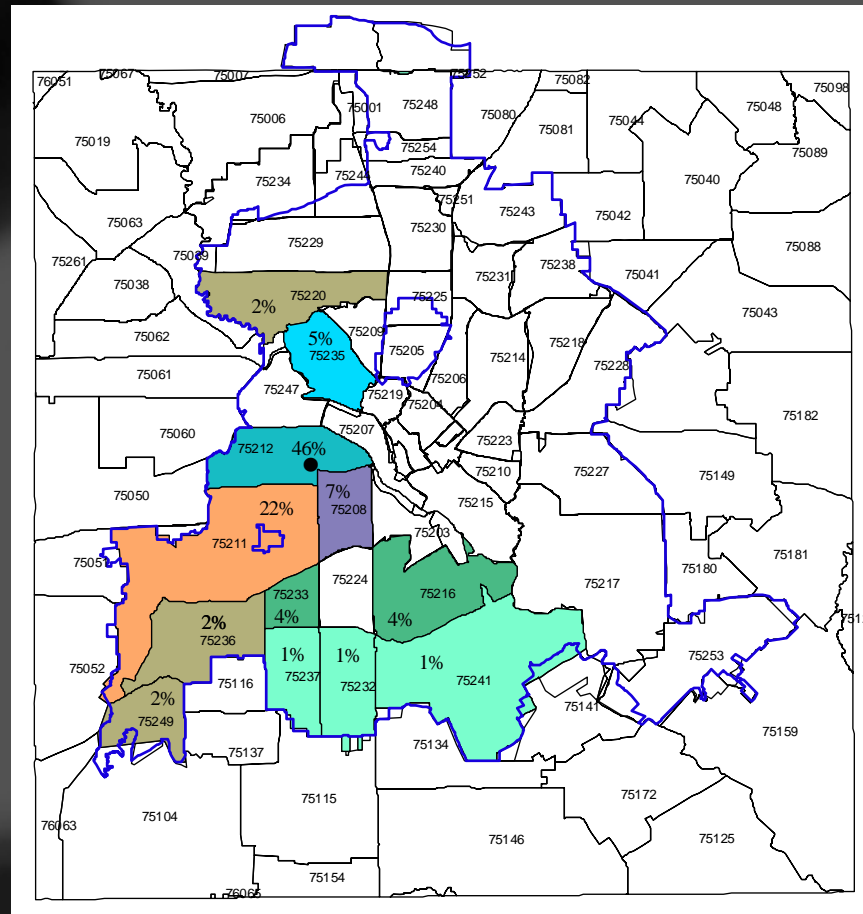
Reasons for paying bills at this facility	MLK	WDMC	Total	%
Closer to home/convenient location	49	43	92	46.0%
Easier and faster	20	24	44	22.0%

Level of satisfaction with the UPS	MLK	WDMC	Total	%
Extremely satisfied	54	56	110	55.0%
Very satisfied	44	33	77	38.5%

MLKCC Customer Base



WDMC Customer Base



Community Needs

- Customer Service Survey, April 2006

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

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
 - Deadline August 25, 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