



Detroit Water and Sewerage Department

735 Randolph Street
Detroit, Michigan 48226
(313) 224-4704 Office
dwsd.legistar.com

Legislation Text

File #: 18-0208, **Version:** 1

The Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **grant an increase of \$4,925,000.00 in contract price and an extension of three (3) years with two (2) one year renewal options for Contract No. CS-1804 “Technology Services” with Diversified Data Processing and Consulting, Inc. dba DivDat (Consultant)**, and also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of October 17, 2018

Item No. 18-0208

Contract No. CS-1804

Proposed Amendment No. 3

Amount: \$4,925,000.00

Time Extension: Three (3) Years with Two (2) One Year Renewal Options

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Gary Brown, Director
Water and Sewerage Department

RE: **DWSD Contract No. CS-1804, Amendment No. 3**
“Technology Services)
Consultant: Diversified Data Processing and Consulting, Inc. dba DivDat

MOTION

Upon recommendation of Daniel A. Rainey, Chief Information Officer, the Board of Water Commissioners for the City of Detroit, Water and Sewerage Department authorizes the Director to **grant an increase of \$4,925,000.00 in contract price and an extension of three (3) years with two (1) year renewal options for Contract No. CS-1804 “Technology Services” with Diversified Data Processing and Consulting, Inc. dba DivDat (Consultant)** and authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The use of DivDat Kiosks and DWSD’s mobile pay application has increased since its inception in 2016. Kiosk usage has been recently growing at a rate of over 2,000 new users every month and now stands at just over 18,000 kiosk transactions per month. Web usage jumped 50% between March and May to just over 25,000 transactions and as DWSD migrates off of its current payment processor, Invoice Cloud will approach 50,000 payments per month. IVR was added in March (it uses the same technology as the Web) and now accounts for over 18,000 transactions per month.

In this agreement with DivDat, DWSD won several concessions:

- reduced the monthly management fee from \$14,500 per month to \$12,000 per month, a reduction of 18% on what DWSD is currently paying.
- eliminated reoccurring email and SMS (texting) fees (a \$1,500 - \$2,500 per month reduction, depending on the number of emails (now FREE from .06 ea.) and text messages (now FREE from .15 ea) that are sent as receipts.
- standardized kiosk transactions at \$1.80/transaction regardless of volume.

Overall DWSD negotiated a 20% monthly reduction from current DivDat pricing, assuming the current mix of payment channel participation continues to increase.

The new agreement is for three years and has two one year renewals, and there is no price increase in the term or during the renewal periods.

Additionally, consolidating web, IVR, point of sale and lockbox operations to DivDat from Inovah and Invoice Cloud reduces DWSD's transaction costs from 40 cents per transaction to 25 cents per transaction, a 37% reduction in transaction cost. This change also removes \$75,000 in reoccurring support costs from the Information Technology Budget.

This item was reviewed by the Finance Committee on October 3rd, 2018 and it is a budgeted FY2019 item.

JUSTIFICATION

In August 2016, DWSD and Diversified Data Processing and Consulting, Inc (DivDat) entered into an agreement that provided 40 kiosk stations across the City where DWSD customers could pay their bill via, cash, check or credit card. In July 2017 the agreement was amended to add the City of Detroit's treasury department as an additional kiosk tenant and to add the capability to extend the kiosk technology to the web. In June of 2018, the agreement was amended by \$270,125 to account for additional transaction costs due to an increase in usage of the kiosks and web payment channels and to give the parties needed time to finalize an amendment that consolidates all of the DWSD payment channels to DivDat.

This new agreement does several things:

1. Revises the Initial Term to run to September 30, 2021 vs. November 17, 2019
2. Adds payment integration for Amazon Alexa (as in "Alexa, pay my Detroit Water bill.")
3. Adds IVR and Web payments, including scheduling AutoPay services via the web.
4. Adds Lockbox Reconciliation Services, where DWSD payments made through its Lockbox are reconciled into enQuesta, replacing Inovah's Lockbox processing.
5. Adds a PCI-DSS compliant Counter Payment solution, replacing Inovah's Point of Sale system, which is not PCI-DSS compliant.

The reoccurring monthly kiosk operating cost of \$12,000 and onetime implementation costs for the PCI-DSS compliant Counter Payment solution of \$25,000 are accounted for in the FY2019 Information Technology

budget. The annual transaction costs are budgeted for in current DWSD operating costs.

PROJECT MANAGEMENT STATUS

A.	Start Work Date:	September 9, 2016
B.	Original Completion Date:	September 9, 2018
C.	Current Completion Date:	September 9, 2018
D.	Revised Completion Date:	September 9, 2021
E.	Original Contract Amount:	\$500,000.00
F.	Amendment No. 1:	N/A
G.	Amendment No 2:	\$270,125.00
H.	Current Contract Amount:	\$770,125.00
I.	Proposed Amendment No. 3:	\$4,925,000.00
J.	Revised Contract Price:	\$5,695,125.00
K.	Contract account strings:	
	1.	5720-20168-483301-617400-000205-10790-0000-000000
	2.	5820-20179-493301-617400-000226-15805-0000-000000
L.	Contract Purchase Agreement Number:	6001088

CS-1804 Amendment No. 3 was presented to the Finance Committee on October 3, 2018 and it is a budgeted FY2019 item.