

28



# CITY OF SACRAMENTO

DEPARTMENT OF FINANCE  
REVENUE DIVISION  
915 I STREET  
ROOM 104  
SACRAMENTO, CA 95814-2696  
TELEPHONE (916) 449-5454

April 10, 1984  
RD: 841093-ADM:MLM:ld

City Council  
Sacramento, California

CITY MANAGER'S OFFICE  
**RECEIVED**  
APR 11 1984  
By the City Council  
Office of the City Clerk

Honorable Members in Session:

**SUBJECT: NON-CITY UTILITY PAY STATION AT CITY HALL**

APR 17 1984

SUMMARY

This report repeats staff's recommendation against the establishment of a non-City utility pay station at City Hall.

BACKGROUND

During its discussion on March 13, 1984 of the attached staff report, the City Council directed staff to attempt negotiations with the public utility companies concerning increasing the payments for pay station operations.

DISCUSSION

Staff has contacted the public utility companies as requested. None of the companies have indicated a willingness to significantly increase the per-item payment for pay station operations. The rates quoted in the attached report are the maximum currently paid by each company. The maximum rates are generally paid to high volume, established pay stations. New pay stations are generally paid at a lower rate until they establish a successful receipt and payment record to the utility company. The conclusions reached in the March 6, 1984 report remain valid.

RECOMMENDATION

It is recommended that the City Council not elect to establish a non-City utility pay station operation at City Hall.

Respectfully submitted,

RECOMMENDATION APPROVED:

*Walter J. Slife*  
WALTER J. SLIFE, City Manager

*Michael L. MeDMA*  
MICHAEL L. MEDEMA  
Revenue Officer

Attachment

All Districts  
April 17, 1984



# CITY OF SACRAMENTO

DEPARTMENT OF FINANCE  
REVENUE DIVISION

915 I STREET  
ROOM 104

SACRAMENTO, CA 95814-2696  
TELEPHONE (916) 449-5454

MANUAL  
MAR 6 1984

March 6, 1984  
RD:841064-ADM:MLM:ld

City Council  
Sacramento, California

Honorable Members in Session:

SUBJECT: NON-CITY UTILITY PAY STATION AT CITY HALL

### SUMMARY

This report recommends against the establishment of a non-City utility pay station at City Hall.

### BACKGROUND

Councilman Kastanis requested staff to review the feasibility of establishing a non-City utility pay station at City Hall during the City Council meeting of February 7, 1984. The genesis of Councilman Kastanis' request was the closure of the non-City utility pay station operated by Glendale Federal Savings and Loan Association at 931 K Street.

### PAY STATION OPERATIONS

The major utility companies (PG&E, Pac Tel, and SMUD in the Sacramento area) solicit neighborhood businesses to serve as pay station agents to provide for customer convenience.

The daily activity of a pay station agent consists of receiving payment for non-disputed billings of the utilities, recording the payments on forms provided by the utilities, and remitting daily to the utilities the amounts received. Payments in check form are remitted uncashed to the utilities. Cash payments are totaled and remitted either by cashier's check or the pay station agent's check. The utility companies pay the pay station agent on a per-bill-processed basis. Currently, PG&E pays \$.20 per bill, Pac Tel pays \$.20 to \$.25 per bill, and SMUD pays \$.14 per bill.

Neighborhood businesses elect to serve as pay station agents in order to attract potential customers. According to the utility company representatives, the businesses usually offer the service as a "lost leader."

FINANCIAL DATA

The following schedule projects the revenue and costs for a City operated pay station operation for FY 1984/85:

Revenue

PG&E (3,400 monthly @ \$.20)	\$ 8,160
Pac Tel (3,400 monthly @ \$.25)	10,200
SMUD (3,400 monthly @ \$.14)	<u>5,712</u>
	<u>24,072</u>

Expenses

2 FTE cashiers	46,092
Supplies (A)	<u>-0-</u>
	<u>46,092</u>
Net City Loss	<u>(\$22,020)</u>

(A) All forms and supplies are supplied by the utility companies.

DISCUSSION

Glendale Federal Savings and Loan Association's branch at 931 K Street was processing approximately 10,000 utility bills monthly prior to ceasing the pay station operations. According to the branch manager, the clientele utilizing the pay station ranged from the downtown office workers to the downtown senior citizen residents. At times, the pay station activity was voluminous and created chaotic conditions within the lobby area. The pay station operation required approximately two full-time employees on a daily basis.

The City's present cashiering operation processes approximately 14,800 items monthly. The complexity of the items processed range from difficult receipts (checks sent without invoices, returned checks, County tax settlement payments, etc.) to routine items (undisputed City utility payments). These items are processed by two cashiers and a supervising cashier at an annual City cost of approximately \$80,000 for FY 1983/84. At times, the City's cashiering activity is voluminous and causes chaotic conditions within the lobby.

The convenience for the downtown residents of a utility pay station at City Hall appears to be offset by the following factors:

1. The \$22,020 net loss projected for the operation projected for FY 1984/85.
2. The potential inconvenience for City bill payers caused by increased lobby activity.



RECOMMENDATION

It is recommended that the City Council not elect to establish a non-City utility pay station operation at City Hall.

Respectfully submitted,



MICHAEL L. MEDEMA  
Revenue Officer

RECOMMENDATION APPROVED:



WALTER J. SLUPE, City Manager

March 13, 1984  
All Districts