City of Greensboro

Assessment of the Payment Processing Section of the Collections Division

Final Report

July 2014

The Novak Consulting Group

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Introduction & Methodology

The City of Greensboro, North Carolina engaged The Novak Consulting Group to conduct an assessment of the Payment Processing Section of the Collections Division. The purpose of this engagement was to review the existing practices and procedures in place in the collections center and identify opportunities to improve the efficiency and effectiveness of the function.

In order to complete the objectives of this engagement, The Novak Consulting Group conducted an initial kick off meeting with the City's project team in February 2014 to review the project plan, finalize the schedule, and collect initial information. Subsequently, the consulting team conducted 12 individual interviews with members of the Collections Division staff to learn about the services provided, the operations currently working well, and opportunities that exist for greater efficiency and effectiveness.

Additionally, significant background information was provided by City staff and reviewed as part of the analysis, including detailed transaction history data, staff documents, department/division policies, procedures manuals, quarterly and annual reports, budgets, organizational charts, and other related information. To further inform the fieldwork, interviews, and analysis, the City tasked The Novak Consulting Group with conducting benchmarking research.

This process afforded The Novak Consulting Group the opportunity to understand what currently works well with the Payment Processing Section of the Collections Division, and make recommendations for the City to consider as it seeks to improve this function. This report details the results of this review.

Summary of Recommendations

The following is a list of all recommendations contained within this report:

RECOMMENDATION 1: Retain flat organizational structure to foster accountability.

RECOMMENDATION 2: Articulate clear Division goals and objectives to better support Division and Departmental operations.

RECOMMENDATION 3: Implement a performance management system.

RECOMMENDATION 4: Implement a comprehensive outcome-based performance measurement system.

RECOMMENDATION 5: Develop cost of service information to better understand cost drivers and transfer those costs to client agencies.

RECOMMENDATION 6: Improve interface between Water Resources billing system and Division systems supporting cashiering.

RECOMMENDATION 7: Develop, maintain, and share clear, consistent, and comprehensive operating guidelines and procedures for all Cashiers.

RECOMMENDATION 8: Address some of the variability in processing demand driven by the Water Resources Department billing cycles.

RECOMMENDATION 9: Ensure consistent handling of revenue by all City departments.

RECOMMENDATION 10: Revise the layout and signage in the KOC lobby to reduce confusion.

RECOMMENDATION 11: Provide additional training to Cashiers on the Water Resources billing software enQuesta™ to provide enhanced customer service.

RECOMMENDATION 12: Revisit existing convenience charges for certain types of payments to encourage use of most cost-effective payment mechanisms.

RECOMMENDATION 13: Continue use of a single drop box outside KOC; maintain both existing payment locations with current hours of operation.

RECOMMENDATION 14: Consider the use of "lockbox" payment processing services provided by a third party.

RECOMMENDATION 15: Automate elements of the daily financial report reconciliation.

Greensboro Collections Center

The City of Greensboro is located in the central Piedmont region of North Carolina. Incorporated in 1808, the City is home to over 277,000 residents and spans 133 square miles. The City employs approximately 3,129 full time equivalent (FTE) employees and operates as a Council-Manager form of government.

The Financial and Administrative Services Department of the City of Greensboro provides administrative services (purchasing, contracting, equipment services, and graphic services) as well as financial services (collections, accounting, financial reporting, and treasury services). In 2014, approximately 91% of the revenues associated with the Department's General Fund functions relate to business license fees collected by the Collection Division. These fees support overall General Fund operations.

The Payment Processing Section, housed within the Collections Division of the Financial and Administrative Services Department, collects all amounts due and payable to the City of Greensboro. Staff under the supervision of the Payment Processing Supervisor collect business privilege licenses, parking tickets, assessment charges, utility service charges, housing and community development loan payments, solid waste collection and disposal charges, false burglar alarm payments, payments for cemetery plots, and other miscellaneous fees and charges. In addition to submitting payments via the mail and online, the City maintains two locations for in-person payments: the Melvin Municipal Office Building (MMOB) and the Kitchen Operations Center (KOC).

The figure below shows the organizational structure of the Collections Division. The services provided by the Payment Processing Supervisor, Remittance Processor Operator, and the Cashiers were the focus of this review.
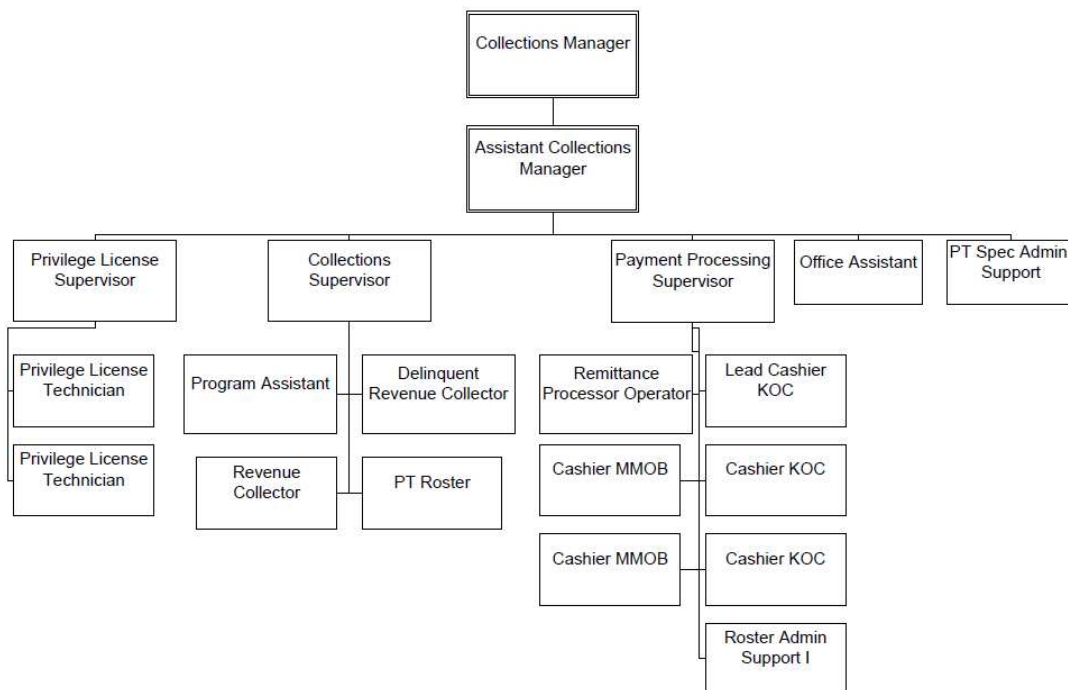

Figure 1. Collections Division Organizational Chart

Peer Jurisdiction Benchmarking

Informed comparisons of how other local governments operate can lead to operational improvements. Municipalities often make use of new and different approaches which may evolve into best practices that can be replicated in other settings. The Novak Consulting Group researched four comparison local governments, described below.

The City of Charlotte, North Carolina is a community of approximately 775,202 residents in the Piedmont Region of the Carolinas. The City is 306 square miles and is located in Mecklenburg County. The City employs 6,843.75 FTEs. In FY 2013, the Revenue Division employed 21 FTEs and had a budget of $5,146,440. The City's Revenue Division handles collections for the City/County Utility and Storm Water Services Departments and collects other revenues including animal licenses, transit passes, Neighborhood Development loans, and parking violations. The Division also provides some collection services for the Mecklenburg County Tax Office. Many City and County departments collect and deposit their own revenue, sending receipts and reports to the City's Central Cashier. The Revenue Division collects most payments at one central location (the Government Center) and a satellite location. The City also has an agreement with Western Union® Speedpay, authorizing the third party to collect payments for a fee. The City has an electronic connection to the authorized retailer so payments are not delayed. The City is currently working to expand its authorized retailer network.

The City of Durham, North Carolina is a community of approximately 239,358 residents. The City is 109 square miles and is located in Durham County. The City employs approximately 2,364 FTEs. The City of Durham's Central Cashiering function of the General Billing and Collections Division collects payments until bills become delinquent, at which point the Collections Division assumes responsibility. In FY 2013, the General Billing and Collections Division employed 11 FTEs and had a budget of $670,958. The City's Collections Division handles all past due collections for City departments, including assessment charges, utility service charges, housing and community development loan payments, solid waste collection and disposal charges, false burglar alarm payments, and other miscellaneous fees and charges. Payments are processed by the Cashier section in one central location at City Hall.

The City of Raleigh, North Carolina is a community of approximately 423,179 residents situated in the heart of North Carolina's Piedmont region. The City is 144 square miles and is located in Wake County. The City employs approximately 3,866 FTEs. In FY 2014, the Revenue Services Division employed 17 FTEs and had a $1,309,093 budget. The City's Revenue Services Division handles all collections for the City, mainly utility payments, business licenses, and assessments. The City collects payments at one main location at City Hall. Additionally, since the City merged with the water departments of six towns, utility bill payments are also accepted at those six town hall locations.

The City of Winston-Salem, North Carolina is a community of approximately 234,000 residents in the Piedmont Triad community of North Carolina. It spans 132 square miles. The City employs approximately 2,410 FTEs. In FY 2014, the Revenue Collection Division employed 29 FTEs and had a $2,562,560 budget. The City's Revenue Collections Division provides centralized billing and collections services for the City including water, sewer, yard waste collection fees, stormwater, mortgages, loans, assessments, invoices, inspection fees, business licenses, contractor bonds, and parking tickets. The City collects payments at two locations, a main office and a satellite office.

Figure 2 shows the geographic location of the comparison communities in North Carolina.

Figure 2. Map of Benchmark Cities

Basic demographic information of the comparison cities is summarized in the following table. Demographic and income data are from the Census Bureau. All of the comparison cities experienced population growth between 2000 and 2012. According to the Census Bureau, the City of Raleigh was one of the nation's 10 fastest-growing metropolitan statistical areas between 2000 and 2010. Greensboro has the highest unemployment rate of the comparison jurisdictions and the second lowest median household income after Winston-Salem.

Table 1: Demographics of Benchmark Jurisdictions

City	2012 Population Estimates	2000-2012 Population Growth Rate	Square Mileage	Housing Units	Median Household Income	Unemployment Rate (2013)
Greensboro	277,080	23.8%	133	124,074	$41,556	6.9%
Charlotte	775,202	43.1%	306	319,918	$52,916	6.6%
Durham	239,358	28.0%	109	103,221	$48,241	4.9%
Raleigh	423,179	53.5%	144	176,124	$53,699	5.2%
Winston-Salem	234,349	26.1%	132	103,974	$40,869	6.1%

Comparison data for the benchmark cities is summarized in the following table. Specific budget data is from the peer communities' FY 2014 budgets, unless otherwise noted. Other financial data comes from FY 2013 Comprehensive Annual Financial Reports. Each city's budget and staffing levels differ depending on the services provided to meet the needs of each community. On average, less than 1% of each city's General Fund budget is dedicated to revenue collections.

Table 2: Comparison Statistics of Benchmark Jurisdictions

City	City General Fund Budget	City Full Time Equivalents	Collections/ Revenue Division Budget	Collections/ Revenue Division Full Time Equivalents
Greensboro	$253,479,323	3,128.70	$1,287,902	18.50
Charlotte	$487,900,000	6,843.75	$5,146,440	30.75
Durham	$169,631,820	2,364.00	$670,958	11.00
Raleigh	$404,773,075	3,866.00	$1,309,093	17.00[1]
Winston-Salem	$173,972,880	2,410.00	$2,562,560	29.00

Collections Overview

The following is an overview of key collections function characteristics from benchmark jurisdictions where data was available.

Table 3: Collections Function Characteristics of Select Benchmark Jurisdictions, 2013

	Greensboro	Charlotte	Durham	Raleigh
Resources				
- Division Budget (2014)	$1,287,902	$5,146,440	$670,958	$1,309,093
- Division FTEs (2014)	18.50	30.75	11.00	17.00[2]
Volume				
- Number of Transactions	1,191,881	2,752,516	794,416	2,032,245
- Total Collected	$205,360,383	$355,331,674	$91,009,460[3]	$300,000,000[4]
Locations	2 locations; drop box	2 locations; drop boxes; authorized retailers	1 location; drop box	1 location
Payment Options and Usage				
- In Person	18%	4%	6%[5]	-
- Pay Station/Drop Box	<1%	1%		-
- Mail	43%	36%[6]	32%[7]	-
- Online/Phone/ACH	19%	59%	39%	-
- EBOX (Online Home Banking)	20%		23%	-
- Authorized Retailers	-	<1%	-	-
Using Lockbox Vendor	-	X	X	-

[1] Does not include Utility Department employees who assist with utility questions at the counter
[2] Does not include Utility Department employees who assist with utility questions at the counter
[3] Estimate
[4] Estimate
[5] Night deposit box payments processed by cashiers
[6] Lockbox services used to process these payments
[7] Lockbox services used to process these payments

Since each jurisdiction has its own approach to collections, different aspects of collections will be discussed in turn. Information on comparison city collections operations is from comparison city websites and conversations with comparison city staff. In some instances, data from comparison cites was not available or limited, making detailed analysis difficult. As a result, information presented in the following sections should be used for information purposes only.

Collection Locations and Staffing

The City of Charlotte's Revenue Division collects payments at two separate locations, one central location at the Government Center and one satellite location. Residents can make payments in person at the Government Center location between 8:00 am and 6:00 pm and at the satellite location between 8:00 am and 5:00 pm. The Government Center location has two walk-up terminals and two drive-through terminals, staffed by four employees. The satellite location has three payment terminals, one of which is dedicated to County tax collection. The satellite location is staffed by three employees. The County reimburses the Revenue Division for the costs associated with staffing the tax collection terminal. The City uses employees working in the back office as floaters during busy periods or when an employee is out, but it is not their primary job.

The City of Durham collects payments at one central location located in City Hall. Residents can make payments in person from 8:00 am to 4:30 pm. The Cashiering office has four payment terminals. The City of Durham has three cashiers and a supervisor that opens another terminal during busy periods. The City has not needed to adjust staffing levels to meet changing activity levels during the day/month beyond opening an additional terminal. During slower periods cashiers have other tasks with which they assist, such as contacting businesses which are past due.

The City of Raleigh collects payments at one central location in City Hall. Residents can make payments in person from 8:30 am to 5:00 pm. The City has five windows dedicated to collections activities and two windows dedicated to utility billing questions, which are staffed by utility department employees. The City aims to have three cashier windows open at all times. Accounts Receivable staff members handle phone calls so Revenue Services cashiers are able to focus on walk-in customers.

The City of Winston-Salem collects payments at two separate locations, one main location at City Hall and one satellite location, each staffed by two cashiers. Residents can make payments in person at the City Hall location between 8:00 am and 5:00 pm and at the satellite location between 9:00 am and 5:00 pm. There are no payment terminals at the main location; instead, customers are escorted back into the offices of the employee assigned to their account. The City practices a client model, in which each employee manages certain accounts for a long period of time. When a customer comes in to the office, he/she meets with a specific employee.

Transaction Types

Each comparison organization handles a different mix and volume of transactions. Just as the services provided by cities may differ, so do the transaction types collected. The following is a summary of the payment types collected by the City of Greensboro's Payment Processing Section.

Table 4: Types of Transactions Collected by Collections Function in City of Greensboro

Assessments	Advance Travel	Building Inspection
Bus Tickets	Cash Disbursements	Cemetery
Coliseum	Engineering & Inspections Payments	False Burglar Alarm Payments
Fire Department Permits	Fire Inspection	Fire Violations
GTA	Housing & Community Development Loan Payments	Lakes
Landfill	Library	Misc. Receipts
Parking Garage	Parking Tickets	Police Outside Employment
Privilege License	Shelter Reservations	Solid Waste Collection
Stormwater	Temporary Right of Way Closure	Utilities
Water Payment	All other payments from City departments	

A similar detailed breakdown of transaction types was unavailable from each comparison city. However, general information was researched to ascertain the basic scope of operations.

The City of Charlotte's Revenue Division primarily collects utilities payments. The other revenue collected by the Division (grass and weed citations, rehab loans, bus/transit passes, fire code violations, etc.) comprises less than 1.5% of its total collections. The City of Durham Department of Water Management handles billing and collections; a third party vendor collects utility payments. Payment types handled by the collections function include: animal disposal fee; civil penalty; retiree insurance; cross connection control; fire supplemental; housing demolition; landfill tipping fees; minor street repairs; TV programming; street cut permits; weedy lot board and clean lien; and wrecker dispatch fees. The City of Raleigh's Revenue Division reports they collect payments for: assessments; utilities; solid waste collection; parking tickets; business license; fire permits; fire inspections; and bus/transit passes. The City of Winston-Salem reported they collect payments for: assessments; utilities; stormwater; parking tickets; business license; sanitation liens; and fire permits.

Payment Methods and Options

There is little variation in the payment methods accepted across the comparison jurisdictions. The following payment methods are accepted by all comparison communities: cash, check, money order, automatic bank draft, and credit cards. All of the comparison communities accept payments in person, through the mail, online, and through recurring bank drafts. The City of Durham does not accept payments by phone, and the City of Raleigh does not offer drop boxes. Usage of pay stations and drop boxes are the main variation in the payment options used.

The City of Charlotte has one drive-through payment station and two drop box locations. The two drop boxes are on different sides of the Government Center and the drive-through payment station is in the parking lot of the former City Hall across the street from the Government Center. Security escorts staff to pick up drop box payments. Payments are accepted at the inside drop box location from 8:00 am to 6:00 pm and at the outside drop box and the pay station 24 hours a day.

City of Charlotte
Drive-Through Payment Station

The City of Winston-Salem offers customer drive-through access at both of its collections locations. The City offers one night depository location at the Municipal Building. Payments are accepted at the drop box location 24 hours a day.

The City of Durham offers a night deposit payment option, located at City Hall. Payments are accepted at the drop box location 24 hours a day.

While all comparison cities accept payments by mail, some use a lockbox service to process and deposit those payments. The lockbox payment option is a service in which payments are mailed to a P.O. Box managed by a bank. All checks mailed to that P.O. Box are then deposited by bank staff.

Specifically, the Cities of Charlotte and Durham process checks and money orders through lockbox service providers. The City of Charlotte uses lockbox services to process water, sewer, and storm water bills. The City of Durham uses lockbox services to process the following payments: animal disposal fees, business licenses, cemetery division cash receipts, City/County inspection permits, civil penalties, retiree insurance, false alarm penalties, finance charges, fire prevention inspections, landfill tipping fees, street cut permits, utility bills, water, weedy lot board and clean fees, wrecker dispatch fees, and annual yard waste fees.

The following table indicates the usage percentages for the various payment options in the comparison cities.

Table 5: Payment Options and Percent Usage in Comparison Cities,[8] FY2013

	Greensboro	Charlotte	Durham
In Person	18%	4%	6%[9]
Pay Station/Drop Box	<1%	1%	
Mail	43%	36%[10]	32%[11]
Online/Phone/ACH	19%	59%	39%
EBOX (Online Home Banking)	20%		23%
Authorized Retailers	-	<1%	-

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[8] Payment option usage data was not available from the Cities of Winston-Salem and Raleigh.

[9] Night deposit box payments processed by cashiers.

[10] Lockbox services used to process these payments.

[11] Lockbox services used to process these payments.

Usage of the different payment options varies in each community. As noted in the table above, the most common payment option used by Greensboro customers is mail, followed by EBOX. The most common payment option used by customers in Durham is online payments, which includes bank drafts. The most common payment option in Charlotte is "electronic," a category used by the City of Charlotte which includes online payments, EBOX, and bank drafts. Further breakdown of this category was not available from the City.

In all comparison cities, water, sewer, and storm water bills can be paid online. In the City of Charlotte, parking citations and alarm permits and fines can also be paid online. In the City of Durham, solid waste bills can also be paid online. The City of Raleigh allows inspection fees to be paid online, and the City of Winston-Salem allows for parking fines, fire department permit fees or fines, and yard waste stickers to be paid online. The City of Greensboro allows for online payment of water bills, parking tickets, temporary right of way closures, privilege licenses, and building inspection permits.

Transaction Volume

The following table summarizes the total number of transactions completed and total amount collected by each comparison city's collections division in FY 2013, except as noted.

Table 6: Volume Processed by Collections Function in Comparison Cities, FY 2013[12]

	Number of Transactions	Total collected
Greensboro - Includes in person, mail, online, EBOX (online home banking), phone, drop box	1,191,881	$205,360,383
Charlotte - Includes in person, mail, lockbox, online, drop box, pay station, authorized payment locations	2,752,516	$355,331,674
Durham - Includes in person, mail, lockbox, EBOX (online home banking), online, drop boxes	794,416	$91,009,460
Raleigh[13] - Detail unavailable	2,032,245	$300,000,000[14]

Convenience Fees

North Carolina General Statute 159-32.1 authorizes a local unit of government to levy a surcharge.[15] Convenience fee rules vary from one card brand to another. Visa and MasterCard have special programs for registered Utility MCC 4900 merchants. Merchants registered for the Visa program cannot charge a convenience fee, and merchants registered for the MasterCard program cannot charge a convenience fee unless it is applied to all transactions regardless of the form of payment used.[16]

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[12] Data from the City of Winston-Salem was not available.
[13] Only FY 2012 data was available from the City of Raleigh.
[14] Estimate provided by the City of Raleigh.
[15] NC Office of the State Controller *Credit Card Convenience Fee Surcharge Rules,* 2011:
http://www.osc.nc.gov/secp/conveniencefeesurchargerules.pdf
[16] PayGOV Convenience Fee Guide: http://www.paygov.us/pdf/vantage.pdf

The Cities of Durham, Raleigh, and Winston-Salem do not charge convenience fees for online or remote payments. These comparison organizations have never charged convenience fees, and they absorb the costs associated with online or remote payments. The City of Greensboro charges a flat rate convenience fee of $1.95 for all online payments.

In the City of Charlotte, each department decides whether to charge a convenience fee and then sets the convenience fee amount. For the bills it collects, the Revenue Division charges convenience fees to pay online and through authorized retailers. The Revenue Division negotiates the convenience fee with the vendor that handles online and phone payments based upon the midpoint of the average bill. Currently the fee is set at $1.95, but it will be decreasing to $1.25 soon. Customers paying through authorized retailers pay a $1.50 convenience fee. The City of Charlotte is actively promoting the environmental and convenience benefits of electronic billing and payments. The main promotion methods include billing inserts and advertisements on billboards and buses. The City of Charlotte is planning to survey customers regarding their payment preferences and also ask customers who prefer in-person payment and/or paper billing methods what would make them shift to electronic methods.

The City of Winston-Salem accepts credit card payments for bills greater than $5 and less than $2,500. These limits are intended to control the increasing costs of accepting credit cards after large companies started paying bills using credit cards. Additionally, the City limits the number of transactions per card, per month to 10.

The City of Raleigh began accepting online payments in 2003 and now processes over 500,000 utility payments online each year. The City participates in the utility payment programs offered by Visa and MasterCard in which the City is charged a flat rate for each bill (approximately $1.22). The City of Raleigh believes that while that may seem expensive, it is much less expensive than the additional staff that would be required to handle all of those customers paying their bills in person.

Budgeting for Collections

The revenue collections function in the Cities of Durham and Charlotte charge departments for collection services. The City of Durham uses two separate cost allocation methods for allocating charges back to the Utilities and Stormwater Departments. The City charges the full cost of the cashiers to the Water and Sewer Enterprise Fund while the General Billing function charges departments based on the number of invoices processed and the number of invoices past due. The remaining budget is covered by the City's General Fund.

The City of Charlotte has a cost allocation plan that allows the Revenue Division to bill back the costs of providing collections services to the City/County Utility and Storm Water Departments. A committee consisting of representatives from each department (Utility, Storm Water, and Finance) sets the budget in advance. The Central Cashier does not bill departments for services.

The City of Greensboro has a method for allocating charges back to the Water Resources and Stormwater Departments and have done so consistently for several years. The remaining Greensboro Collections budget is covered by the City's General Fund.

Performance Measures

As evidenced by the available data used in the previous sections, each comparison organization tracks different information to assess performance. The City of Greensboro sets collection rate targets for parking tickets, miscellaneous billing, assessments, and stormwater/solid waste. The City of Winston-Salem tracks its average revenue collections rate, aiming for 92%, but the City is currently achieving 95%. The City of Charlotte has a goal of increasing the number of customers using e-business services for utility billings, with a target of 25%. On a department-wide level, the City of Raleigh focuses on the percentage of utility bills deposited the same day as collected. The Cities of Raleigh and Durham, as well as Greensboro, also internally track employee-specific measures, such as the number of adjustments as a percent of total transactions handled and the number of times an employee's drawer does not balance.

The City of Durham monitors department-wide performance using the following indicators:
- Dollar value of false alarm bills issued
- Percent of false alarm bills adjusted
- Number of business licenses issued
- Number of new licenses issued resulting from discovery efforts
- Dollar value generated from business licenses issued from discovery efforts
- Percent of payments posted accurately
- Percent of delinquent utility bill accounts placed with collection agency
- Percent of collection/recovery utility bill accounts placed with collection agency
- Internal collections rate

Observations

This section of the report presents observations on the Collections function organization and operations in the City of Greensboro. These observations frame and support the analysis and recommendations that are subsequently presented.

Service Supply

The Payment Processing Section of the Collections Division has had relatively stable staffing levels in recent years. As seen in Figure 1, staffing includes: Payment Processing Supervisor; Remittance Processor Operator; Lead Cashier (KOC); two Cashiers (MMOB); two Cashiers (KOC); and Part Time Admin Support I.

The operation of the Section is split between the MMOB headquarters and KOC. While any transaction can be handled by staff members at either facility, the primary focus of the KOC operations is to leverage its co-location with the Water Resources Department to service water billing customers. Services are available during scheduled City workdays from 8:00 am to 5:00 pm at both locations. These times of operation are consistent with the comparison cities, as described in the Collections Location and Staffing (pages 6-7).

The staffing practices at the City of Greensboro's respective locations include the following:

- MMOB – Staff with two Cashiers whenever possible. Staff receive one-hour lunches at 12:00 noon and 1:00 pm. Staff receive two 15-minute breaks at 10:00 am and 3:00 pm, with one Cashier present at all times. Supervisory staff will fill in for staff absences or during lunch and breaks.
- KOC – Staff with three Cashiers at all times; use staff from MMOB if a scheduled staff member is absent. Staff receive one-hour lunches at 11:00 am, 12:00 noon, and 1:00 pm. Staff receive two 15-minute breaks at 10:00 am and 3:00 pm, with two Cashiers present at all times.
- Other Staff Resources – The part-time position is used to float between the two locations to provide support when someone is out and/or during high volume of mail at MMOB and or high customer volume at KOC. Other Collection Division staff members are cross-trained to provide Cashier services if needed, including the Collections Manager and the Payment Processing Supervisor.

Service Demand

As noted, the Collections Division is responsible for the receipt and accounting of all revenues developed through City operations. The Division provided the last three months of data detailing hourly transactions by day during each of these three months. Data at this level of detail is only available for the last three months and represents over-the-counter transactions only.

The following tables provide a summary of service demand at each location in terms of average transactions per hour, per day over the three-month period. As displayed, the volume of work differs significantly between the locations with the KOC handling more than twice the transaction volume as MMOB.

Table 7: Over the Counter Transaction Volume, MMOB

MMOB 3-Month Average Over the Counter Transactions by Hour and Work Day							
	MON	**TUE**	**WED**	**THU**	**FRI**	**Total**	**% of Total**
8:00 AM	17.7	18.2	11.1	15.2	15.8	**77.9**	**3.5%**
9:00 AM	33.7	35.5	18.4	20.5	24.8	**132.8**	**5.9%**
10:00 AM	49.0	50.2	55.6	45.8	46.0	**246.6**	**11.0%**
11:00 AM	50.2	55.5	61.8	54.8	57.5	**279.9**	**12.5%**
12:00 Noon	40.2	43.5	51.6	49.8	48.6	**233.8**	**10.4%**
1:00 PM	63.7	48.2	56.5	37.5	48.5	**254.3**	**11.4%**
2:00 PM	95.8	52.8	57.8	46.8	63.5	**316.9**	**14.1%**
3:00 PM	79.7	58.7	56.9	64.8	73.2	**333.3**	**14.9%**
4:00 PM	93.3	73.3	65.6	63.8	61.8	**358.0**	**16.0%**
5:00 PM	4.7	0.8	0.2	0.5	0.5	**6.6**	**0.3%**
Total	**527.8**	**436.7**	**435.6**	**399.7**	**440.3**	**2,240.1**	**100.0%**
% of Total	**23.6%**	**19.5%**	**19.4%**	**17.8%**	**19.7%**	**100.0%**	

Table 8: Over the Counter Transaction Volume, KOC

KOC 3-Month Average Over the Counter Transactions by Hour and Work Day							
	MON	**TUE**	**WED**	**THU**	**FRI**	**Total**	**% of Total**
8:00 AM	85.5	61.2	46.7	57.2	68.8	**319.3**	**6.8%**
9:00 AM	99.8	71.2	60.9	61.2	82.2	**375.2**	**8.0%**
10:00 AM	108.8	104.5	73.5	81.2	101.2	**469.2**	**10.0%**
11:00 AM	129.7	110.0	86.9	91.0	121.1	**538.7**	**11.4%**
12:00 Noon	126.0	109.7	90.2	93.0	120.9	**539.8**	**11.5%**
1:00 PM	132.3	119.7	91.6	98.7	117.1	**559.4**	**11.9%**
2:00 PM	163.5	116.8	93.8	104.3	134.9	**613.4**	**13.0%**
3:00 PM	151.0	124.5	120.0	115.5	143.4	**654.4**	**13.9%**
4:00 PM	153.7	121.5	97.3	105.3	139.5	**617.3**	**13.1%**
5:00 PM	7.8	3.8	3.3	3.3	5.5	**23.8**	**0.5%**
Total	**1,158.2**	**942.8**	**764.2**	**810.7**	**1,034.6**	**4,710.5**	**100.0%**
% of Total	**24.6%**	**20.0%**	**16.2%**	**17.2%**	**22.0%**	**100.0%**	

There is considerable variability in service demand that must be met. The organization takes the following proactive steps in order to smooth service demand variability throughout the day, week, and month:

- Use staff members interchangeably between the two locations to meet specific peaks in service demand at KOC;
- Schedule breaks/lunches to ensure minimum staffing levels at each counter;
- Package other work demand materials for distribution to Cashiers for completion while they wait for their next customer; and,
- Use supervisory positions to fill in as needed.

Given staffing constraints and variability in service demand throughout the day, clients may wait in lines until a Cashier becomes available. The following graph displays summarized information from a survey conducted by the Division on the incidence and duration of customer wait periods on selected days over the course of a year.

In 2013, City staff in the division initiated a review of wait times. Over the course of the year, staff surveyed the average wait time of customers at four different times of the day. Data was collected on three to four random days each month, generally one day in the beginning, middle, and end of the month. The data from this survey was provided by City staff, and The Novak Consulting Group developed the following figure, which distinguishes between customers who waited less than 10 minutes and those that waited more than 10 minutes. As described anecdotally by staff, the sample data indicates that there is an increase in service demand and wait time associated with the midday (lunch) as well as the end of the business day.
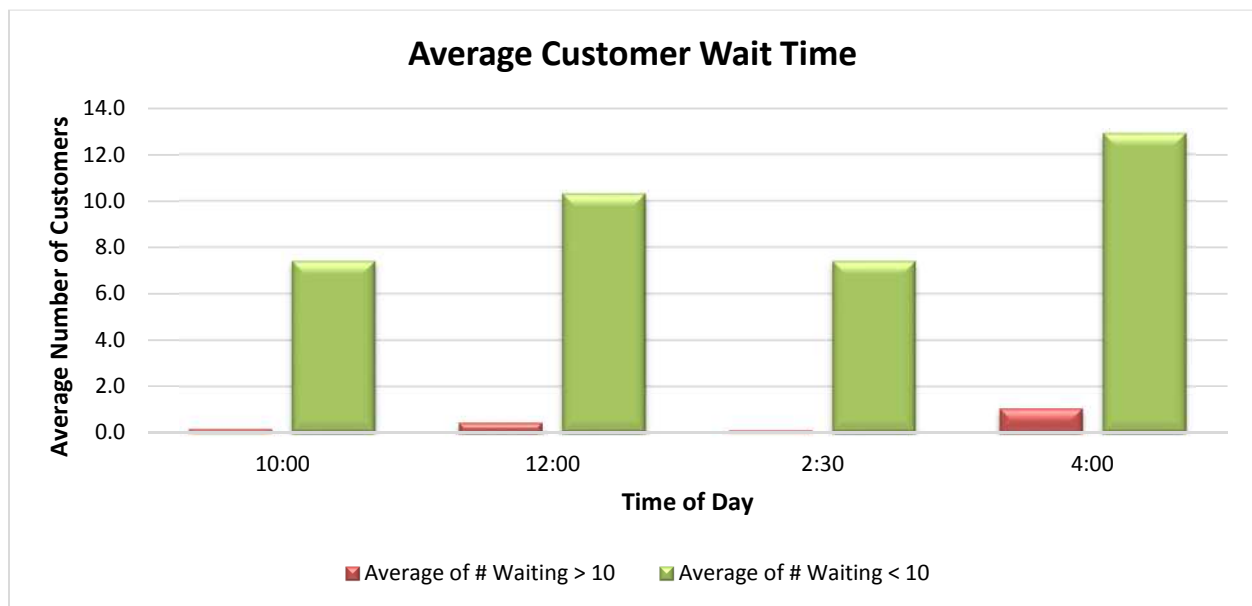

Figure 3. Average Customer Wait Time, 2013

Operations

The Collections Division provided information developed from the iNovah™ system identifying the transactions processed by location and account type. To control for variability, The Novak Consulting Group analyzed the raw transaction data from iNovah provided by the City and developed 12-month moving averages to investigate trends in transaction processing and payment volumes. The following figure displays the relative share of transactions processed through various mechanisms by the Division. During the 'point in time' analyzed (February 2013 – April 2014), mail accounted for the largest share of transaction volume processed by the Division.
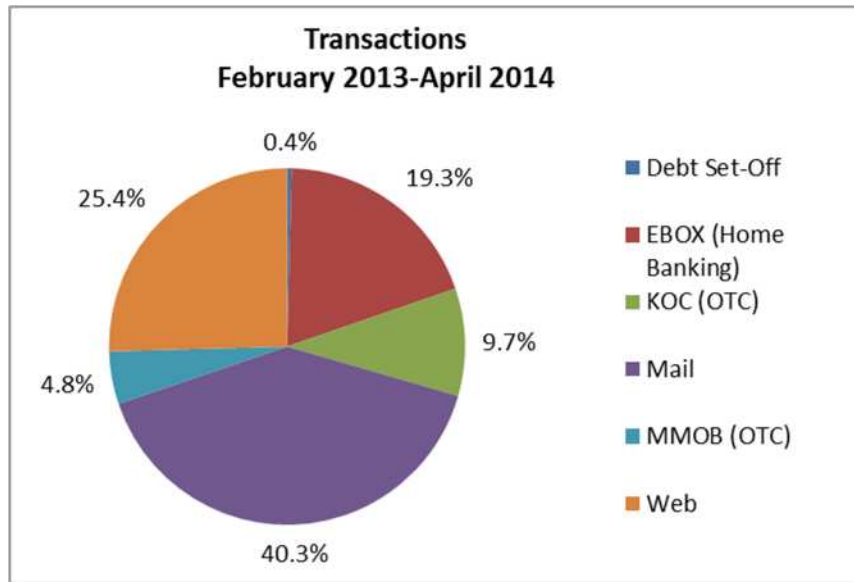
Figure 4. Sources of Transaction Volume, February 2013-April 2014

Comparison of the moving average from February 2013 to April 2014 indicates changes in transaction processed by mechanism. The following table presents this information showing that mail remains relatively static while web-based processing and payments are increasing.

Table 9: Changes in Sources of Transaction Volume, February 2013-April 2014

Moving Average - Change February 2013 to April 2014	
Mechanism	Transactions
Debt Set-Off	8.6%
EBOX (Home Banking)	12.6%
KOC (OTC)	-7.0%
Mail	-3.7%
MMOB (OTC)	-9.8%
Web	29.8%
Grand Total	**5.5%**

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The Novak Consulting Group supplemented the transaction count data with information provided by the Division from a sample of average transaction processing times during specific periods of time. This information is presented in the following table. Generally, transaction processing times fall in the range from 45 seconds to 2 minutes. These are averages, and individual process times can vary considerably based on the service needs of the client.

Table 10: Average Transaction Processing Time

	Process Time (Seconds)				
Payment Code	**Payment Name**	**December 30 & 31, 2013**	**January 1-31, 2014**	**February 1-28, 2014**	**March 1-27, 2014**	**Average Transaction Time**
9	Bldg Insp w/Permit#	67	60	51	57	58.8
10	Bus Tickets		45	35	31	37.0
11	Cash Disbursement		61	26	55	47.3
13	Advance Travel		48	49	49	48.7
15	Bldg Inspections	55	59	48	68	57.5
16	Cemetery	100	71	69	82	80.5
18	Coliseum		40	27	57	41.3
19	Fire / Revenue / Reports					45.0
20	GTA-Report	40	68	65	79	63.0
22	Lakes		142	94	181	139.0
23	Landfill		65	66	51	60.7
24	Library		81	79	83	81.0
25	Misc. Receipts	74	79	80	80	78.3
26	Parking Garage	11	1	25	7	11.0
27	Parks & Recreation	112	99	129	124	116.0
28	Planning & Comm Devl	90	60	57	65	68.0
29	Police	227	150	74	162	153.3
30	Eng&Inspections	97	64	68	98	81.8
33	Water & Sew/Misc Rec		96	65	70	77.0
37	HCD LOANS	38	48	45	55	46.5
38	ASSESSMENTS	48	49	48	59	51.0
39	Lawson Misc Billing	55	25	29	27	34.0
40	Privilege License	54	48	48	45	48.8
41	Parking Ticket	44	44	48	48	46.0
300	Water Payments	51	63	68	61	60.8
5000	Permits	28	39	51	57	43.8

*An estimate of 45 seconds was used for Fire / Revenue / Reports.

The tables presented in Attachment A present information for MMOB and KOC on transactions processed each month by payment type. This information is used to derive total transaction processing time to meet these demands using the processing time averages presented in the table above.

Although transaction processing times used in this review are the same for both locations, the differing service demands by payment type impact the variability in workload at the two sites.

Recommendations

This section of the report presents recommendations and supporting information on the management and operation of the collections functions. These recommendations are provided in the following major themes in order to better relate discrete recommendations with overall organizational and operational issue areas: organizational structure, finances, strategic planning and performance management, technology, process and policy documentation, logistics, training, and operations.

Organizational Structure

RECOMMENDATION 1: Retain flat organizational structure to foster accountability.

The Division's current organizational structure provides immediate supervisory feedback in direct customer service areas. This approach provides adequate support to customer service staff members throughout the day in the current distributed environment. The single management level provides consistent direction and support as well as ensures that resources can move freely between the sites as needed.

This organizational approach also supports cross-training and cross-utilization of staff members. This is vitally important in order to make sure that each employee has the training and direction that they need to be successful. Continuously moving staff members between the two locations provides each employee with the full range of work demands and experiences, further supporting continuous improvement. The cross-utilization of staff members also provides exposure to different supervisors who bring different approaches and personalities to the workplace. This also provides a peer for discussion and issue resolution as questions arise throughout the day.

Cross-utilization of staff to the degree practiced by the Division also ensures that management or operational "silos" are not created with varying priorities and approaches. While the individual staff members may have personal preferences favoring one location over the other, each staff member should possess the background, knowledge, and experience to be equally effective regardless of the assignment.

As further discussed in Recommendation 13, staffing levels of the payment processing function are appropriate based on this current management structure, transaction volumes, and customer payment methods.

Strategic Planning and Performance Management

RECOMMENDATION 2: Articulate clear Division goals and objectives to better support Division and Departmental operations.

The Department currently makes use of limited statements regarding goals and objectives as part of budget planning and development. These statements are limited in their scope and depth and provide minimal policy direction to guide operations. The Department's goals and objectives should be clearly linked with the City's priorities. The Division's goals and objectives, in turn, should be linked to the Department's plans.

This effort provides better operational understanding to support operational economy, efficiency, and effectiveness. Initial program objectives should focus on transaction processing (economy and efficiency), customer service (effectiveness), and error mitigation (effectiveness). The effort can be a

component of the annual budget development process but must also include annual reporting on past efforts to allow the organization to benchmark its performance against its goals and objectives over time.

RECOMMENDATION 3: Implement a performance management system.
Performance management systems are a process tool utilized to ensure that the work of both employees and management is focused on the mission of the organization. Effective performance management systems ensure that employees focus their work in ways that directly support the City's vision. Further, this system monitors the organization's progress toward achieving the goals and priorities identified in the strategic plan and annual work plans.

A performance management system includes all of the processes through which the City plans and manages the work of the organization to fulfill the vision established by the City Council. A performance management system typically consists of three core elements:

- Creates a strategic plan for the organization and individual work plans for each department.
- Uses performance measures to track performance of the City's programs against established performance goals.
- Sustains a dialog between management and employees to ensure that the work of the organization is completed in conformance with established schedules.

In addition to monitoring the work, a good performance management system employs routine and structure. Under such a system, managers meet with subordinates on a regular basis to review organizational performance. Typically the agenda is focused on four issue areas: customer, financial, operations, and employees.   Performance measures, project management tools, customer surveys/complaints and employee issues are reviewed during these meetings. As the regularity of the management system becomes integrated into operations, discussions about performance become focused on important issues. This type of a management system allows managers to avoid crisis management, as the rigor of the system helps ensure regular meetings to discuss strategic issues rather than the crisis du jour.

The Division currently uses several automated systems to support operations. These systems can provide a wealth of operational data that is not currently reviewed or tracked on a regular basis or in a consistent fashion. The Division will benefit from investment of a limited amount of time to identify the data elements available and develop automated reporting formats to ensure continued and consistent reporting of operational data. The information can be used as a static resource to identify immediate issues as well as used as a tool to provide comparative information on the Division's economy, efficiency, effectiveness, and overall performance.

RECOMMENDATION 4: Implement a comprehensive outcome-based performance measurement system.
The collection and use of performance measurement data is one element of the performance management system recommended above. Performance measurement provides an organization with numerical data used to evaluate the effectiveness and efficiency of its operations. For the Department and Division, this data will allow management to make more informed choices about how to improve and when to change the organization's programs and services.

The City's budget contains a limited number and variety of measures that represent output data. Throughout the City, performance measures could be used more routinely to evaluate and manage program effectiveness and efficiency. Without outcome metrics that go beyond counting of tasks completed, it is difficult to establish or track City priorities or performance, making objective evaluation of departments or workloads difficult.

An evaluation system should be in place for each program in the Department and Division as part of the performance measurement system. Effectively evaluating Department and Division programs should include the following elements:

- Provide clear direction and support from senior management.
- Include feedback from constituents and key stakeholders, collected through surveys, interviews, focus groups, etc.
- Identify information needed for measuring effectiveness and efficiency.
- Determine criteria for effectiveness.
- Identify resources available for collecting information.

Performance measurement data should be routinely discussed as part of the monthly meetings between the Division and Department management. Any important trends or changes should be discussed so that actions may be taken, as needed, by the Department's management team in response to those trends.

Implementation of a robust performance measurement system takes time and resources. Therefore, it is recommended that the Department should build on its existing performance measures and grow the program as capacity and expertise within the organization allows. The FY 2013-2014 Budget includes effectiveness measures related to the percent of various bills collected (parking tickets, assessments, solid waste/storm water, and miscellaneous collections). Other measures to consider as part of a robust performance measurement program include:

- Delinquency rate, by type
- Total dollar value of delinquencies as percent of total dollar value of bills issued
- Percent change in number of transactions processed by source (in person, online, etc.)
- Percent change in total dollar value of transactions processed
- Percent of transactions processed without error
- Average processing time per transaction
- Number of transactions processed per FTE
- Average cost per transaction processed
- Percent of respondents who rate the quality of Collection services as good or excellent

Finances

RECOMMENDATION 5: Develop cost of service information to better understand cost drivers and transfer those costs to client agencies.
The Division functions as a service bureau but does not currently track information in a level of detail to develop a linkage between services provided and cost reimbursement. This level of understanding can provide benefits to both the Division and the City departments that are serviced by the Collections Division.

Developing information on the actual costs of providing services should consider both the volume of transactions provided as well as the manner in which the transactions are processed. This will support the Division by better understanding how they are utilizing existing resources and the value provided by those resources. Cost data will also support better management decisions regarding transaction mechanisms, leading the organization to pursue less expensive, more efficient and effective processes.

This information can also support the City departments receiving these services. Requiring direct support for cost reimbursement through internal charges to the using departments, while requiring an initial adjustment in approach, can quickly translate into more effective partnerships between the Division and their customer departments. With the exception of the Water Resources Department, which funds two Cashier positions in the KOC, other departments receive these services at no charge. Requiring some form of reimbursement will focus the City, as well as the Division, on identifying and implementing more cost-effective approaches.

As discussed previously, the cities of Raleigh and Durham annually allocate the costs of revenue collection services to departments using said services. The City of Durham uses two separate cost allocation methods to distribute the costs of revenue collection services. The City charges the full cost of the cashiers to the Water and Sewer Enterprise Fund while the General Billing function charges departments based on the number of invoices processed and the number of invoices past due. The City of Cupertino, California published a thorough guide to the Cost Allocation Plan the City adopted. The allocation basis the City used to distribute revenue collection costs was the number of transactions processed.[17]

Technology

RECOMMENDATION 6: Improve interface between Water Resources billing system and Division systems supporting cashiering.

A source of confusion for Water Resources customers and Collections Division staff can arise when a customer is granted a "promise to pay" extension on their water bill by the Water Resources Department. This presents less of an issue when the "promise to pay" is made by a Water Resources Customer Service Representative at KOC, and the customer moves directly to the payment area at KOC to complete the transaction. In this case, the "promise to pay" is clearly denoted in paperwork that the customer takes to the window.

The confusion can arise when the "promise to pay" results from a phone conversation with the Water Resources Department or the customer returns at a later time to complete the transaction. In this case, the customer may not recall or accurately relate the "promise to pay" to the Collections Division Cashier. The Cashier will accept what the customer presents to pay and will restate the need to pay the full past due amount to avoid shut-off. The customer may not know to mention a "promise to pay," and the Cashier will need to access the Water Resources billing system (enQuesta™) separately in order to review two different locations in the software to confirm that a "promise to pay" exists.

Flagging a field on the Collections Division software (iNovah™) that a "promise to pay" exists will support the Cashier in better understanding the situation and expeditiously processing the transaction. It may also support the customer by not requiring them to consult with Water Resources separately to complete the transaction; this approach can possibly result in the customer standing in the Cashier line,

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[17] City of Cupertino Cost Allocation Plan www.cupertino.org/Modules/ShowDocument.aspx?documentid=7191

followed by standing in the Water Resources line to consult with a Customer Service Representative, and then returning to the Cashier line again to complete the transaction.

Process and Policy Documentation

RECOMMENDATION 7: Develop, maintain, and share clear, consistent and comprehensive operating guidelines and procedures for all Cashiers.

The Division does an excellent job of providing on-the-job mentoring and support of new employees. However, there is no comprehensive policy and procedures documentation in a readily accessible format to support individual employees. Maintaining a policy and procedures guide can be a resource to both new employees as well as communicate changes in service demands and procedures to existing employees.

The document can also function as a mechanism to communicate the broader goals and objectives of the organization and the employee's responsibilities in meeting those goals and objectives. There are other issue areas that should be included in addition to processing guidelines, including personnel requirements, equipment use requirements, technology use requirements, and other similar information. To the extent possible, the information should be made available in an electronic format through the intranet to support updating and revising of materials as necessary. This effort will ensure that employees are accessing the latest and most up-to-date operational information available.

Logistics

RECOMMENDATION 8: Address some of the variability in processing demand driven by the Water Resources Department billing cycles.

The Water Resources Department reads meters according to geographic area to minimize route distances. These billing cycles play a direct role impacting workload for the Collections Division.

The following table represents the volume of bills associated with the various Water Resources billing cycle for the month of February 2014. The volumes presented in red indicate billing cycles that typically produce a greater number of shut-off notices. While shut-off notices are issued routinely in all billing cycles, some billing cycles tend to produce a larger number of shut-off notices.

Table 11: Water Bills per Billing Cycle

Billing Cycles	Bill Volumes February 2014	Billing Date	Due Date
11/12	7,242	2/20/14	3/12/14
13/14	10,181	2/21/14	3/13/14
15/16	9,747	2/24/14	3/14/14
17/18	5,789	2/25/14	3/17/14
21/22	5,743	2/13/14	3/5/14
23/24	5,202	2/14/14	3/6/14
25/26	6,174	2/17/14	3/7/14
27/28	9,893	2/18/14	3/10/14
31/32	6,321	3/6/14	3/26/14
33/34	8,546	3/7/14	3/27/14

Billing Cycles	Bill Volumes February 2014	Billing Date	Due Date
35/36	6,659	3/10/14	3/28/14
37/38	8,649	3/11/14	3/31/14
39	6,526	2/28/14	3/20/14
Total	96,672		

The Water Resources Department has taken some actions in the past to try to level off the workload associated with both cash customers (requires in-person visit for bill payment) as well as service shut-off notices. The Water Resources Department relates that some Cycle 21/22 customers were transferred to Cycle 11 to level off some of the cash customers and shut-off requirements. Water Resources also relates that the incidence, length, and duration of lines have been mitigated with the introduction of alternative mechanisms to pay bills, including online and phone payment options.

While the bill volumes vary considerably, the downstream workload associated with certain billing cycles continues to contribute to an unbalanced workload for the Collections Division. This could be addressed through two changes:

1. The Division can work with the Water Resources Department to identify additional accounts to transfer to other billing cycles to balance workload demands associated with cash payments and shut-off notices; and,
2. The Division can work with the Water Resources Department to review the impact of certain overlaps in the bill processing schedules. There are instances in the existing schedule where regular billing dates overlap with specific billing cycle shut-off dates. This can impact total work demand on the Division significantly for that particular week. Shifting the deadlines can support a more balanced workload without negatively impacting collections in the long run.

RECOMMENDATION 9: Ensure consistent handling of revenue by all City departments.
The processing of revenues/deposits from City departments for the Collections Division to process can vary significantly. This can be based on a lack of clear procedures, differing past practices of the department and its staff members, or staff time constraints in the department.

Unfortunately, staff turnover in some departments has led to inconsistent compliance with existing cash handling procedures. The Finance Department should ensure all departments comply with the City's financial policies and procedures relating to the proper treatment of City revenues as they are received and processed. Individual departments should be held accountable to meet the policies that place the City in compliance with industry best practices and accounting guidelines.

Departments not in compliance must meet the requirement or identify the changes necessary to comply. Communication of receipts as well as account information should be immediate or on a regular schedule, dependent on volume of transactions and value. Over time, the regular communication of this information will level off workload and support more effective Division operations.

RECOMMENDATION 10: Revise the layout and signage in the KOC lobby to reduce confusion.
The KOC lobby is a relatively small space servicing both Water Resources Customer Service (to the right) and the Collections Division Cashier operation (to the left). However, a customer visiting the KOC to

conduct business (primarily water related) is most likely not aware that two separate departments may be involved in their transaction. From a customer service perspective, this should be a seamless process, with identical service experiences, regardless of department providing the service.

As presented in the photo below, there is inadequate signage at the entrance to the lobby to direct clients to either service area. The relevant signs are located near the ceiling with inadequate type font and lighting for effective use. The physical layout naturally funnels customer to what appears to be a customer service/reception desk. However, this is not how this station is typically staffed.

The sign at the front of the lobby provides value in reminding clients that they can also drop off payments in the drop box if the payment does not involve cash. The security guard provided by Water Resources sits at the table at the back of the lobby. This position should be moved forward to provide greater visibility and to help direct clients when they enter the lobby, especially on busy days.

Figure 5. KOC Lobby

A secondary issue with the lobby involves the queues for service. Customers complain when they stand in the line for a Cashier to find that instead they need to stand in a line for a Water Resources Service Representative to resolve an issue. Better signage may resolve this to some degree. In other cases, it may be beneficial to treat the third Cashier window as a priority line for customers who have already waited in the Cashier line and are coming from Water Resources. This would require a mechanism to

identify these clients using a colored placard or form with signage and additional guidance from Water Resources staff that they should move to the priority line.

Training

RECOMMENDATION 11: Provide additional training to Cashiers on the Water Resources billing software enQuesta™ to provide enhanced customer service.

As mentioned in a previous recommendation, there are data elements in the water billing software that Cashiers in Collections may need to access (on a 'read only' basis) on a regular or infrequent basis. This information may help the Cashier to provide more comprehensive, focused, and improved customer service, as well as increase the speed of the transaction.

The Division should work with Water Resources to initiate and maintain a training regimen, which includes refresher training, to make sure that all Collections Division staff have access to this information. Division staff should also have a priority access phone number that will ring with Water Resources Customer Service to get a quick answer to an issue without sending the customer back to Water Resources, unless the process requires direct interaction with Water Resources staff.

Operations

RECOMMENDATION 12: Revisit existing convenience charges for certain types of payments to encourage use of most cost-effective payment mechanisms.

Any time an organization can move a customer to an automated or paperless transaction, the processing costs decrease and staff time can be reallocated to other, more pressing issues. Customers have come to expect convenience in their transactions. While they may not object to credit card convenience charges, abandoning these for automated or paperless transactions can lead to more customers using this cost-effective payment method.

As noted previously, the City experiences a relatively high volume of walk-in transactions. While it is not practical to assume all customers will change their behavior, the City should consider ways to decrease the percent of transactions processed in person. Eliminating the convenience fee is one of those ways.

Another approach involves adoption of financial services industry practices where individual customer service for certain transactions now carries a service fee. This reflects the additional transaction costs associated with "exceptional" or in-person processing. Adopting this approach may provide an incentive for current lobby customers to move to an alternative and less expensive transaction approach. This approach will require development of specific policies regarding when and how the service charges would be applied, as well as where exemptions would be granted to resolve billing issues or disputes.

RECOMMENDATION 13: Continue use of a single drop box outside KOC; maintain both existing payment locations with current hours of operation.

Peer organizations contacted for the benchmarking research of this review reported limited use of drop boxes for payment receipt.

The City should maintain the existing drop box located at KOC to provide a convenient alternative and provide an inducement not to patronize the relatively expensive cashier services at the respective counters.

It is not recommended that the City pursue additional drop box locations due to the security issues and service time/contracted costs required to retrieve materials from off-site locations.   Recovering deposited materials should be delegated to a security function (either Police or private contractor) on a daily basis for transport to the respective Division office. The limited use of the existing drop box at KOC, coupled with the fact that KOC experiences a much higher walk-in transaction rate indicates that the drop box method is not a preferred means of payment.

Additionally, it is recommended, based on current demand, that the City maintain its current two payment locations with their current hours of operation. Based on transaction volumes, it is clear that KOC is the preferred location for over-the-counter service. Given the volume of water transactions and the Water Department Customer Service staff at KOC, this is high-demand location.

While the volume of transactions at MMOB is significantly lower, this location serves several important functions. MMOB is the primary government building for the City of Greensboro. As such, it is known to the public as the place to conduct City business. Additionally, the location processes all of the receipts from all City departments. Furthermore, as the main location for the Collections Division, it is staffed with additional personnel to assist when needed.

Should the City be successful in significantly reducing the number of over-the-counter transactions, a reduction in the number of payment locations may be viable. However, current data does not indicate an opportunity to change. Transaction volumes, by type and location, should continue to be monitored and assessed for changes in transaction trends that may warrant a change in the number of payment locations and potential staffing changes.

RECOMMENDATION 14: Consider the use of "lockbox" payment processing services provided by a third party.

The largest processing volume confronting the Collections Division involves the monthly processing of Water Resources bills (and the associated bill amounts contained on the Water Resources bill on behalf of other departments). Seasonal transaction processing is not a major component of processing workload.

The Government Finance Officers Association has identified use of lockbox services as a best practice. Lockbox services are generally designed to expedite the collection of paper-based payments and provide timely payment information to update accounts receivable records. Lockbox services are usually provided by a third-party processor (usually a bank) that receives, opens, and processes payments for a government or business.

Benefits to government from lockbox services can include: increased payment and posting accuracy, improved cash flow by reducing processing time between delivery of mail and depositing of payments, and increased staff productivity by freeing personnel from the labor-intensive process of manually handling mail, making daily deposits, and posting manual payments. Governments typically use lockbox services to handle high volume, low value payments such as taxes, utilities, licenses and fees, and are accompanied by standardized remittance documents.

The Division will need to determine the in-house costs of performing these processes to compare against the costs and benefits of outsourcing to a lockbox processor. Particular attention should be paid

to any delays in depositing funds or posting of receivables. Most lockbox processors guarantee that payments received are deposited into the City's bank account the same day they are received.

Some lockbox processors offer the conversion of checks into Automated Clearing House (ACH) payments at the lockbox site to decrease processing time. ACH processing may result in a cost savings as compared to check processing and should be evaluated as an option for future and existing lockbox services.

The Cities of Charlotte and Durham process checks and money orders through lockbox service providers. The City of Charlotte uses lockbox services to process water, sewer, and storm water bills. The City of Durham uses lockbox services to process the following payments: animal disposal fees, business licenses, cemetery division cash receipts, City/County inspection permits, civil penalties, retiree insurance, false alarm penalties, finance charges, fire prevention inspections, landfill tipping fees, street cut permits, utility bills, water, weedy lot board and clean fees, wrecker dispatch fees, and annual yard waste fees.

Lockbox service evaluation should also consider the following:
- Analysis of the existing workflow from receiving mail to depositing payments and posting receivables;
- Volume of transactions;
- Staffing requirements;
- Time necessary to complete;
- Lockbox service charges;
- Enhanced cash flow and increased interest earnings from using a lockbox;
- Ability of the provider to accept payments other than checks (i.e., credit cards);
- Security of the process;
- Employee accuracy;
- Customer service;
- Capital requirements as well as any service charges associated with any required bank accounts;
- Technical requirements including character recognition scan line (for identification and payment information), form size, character placement, inclusion of a check digit, ink type, and paper quality; and
- Form of data transmission from the service provider to the government including any electronic data storage service charges.

RECOMMENDATION 15: Automate elements of the daily financial report reconciliation.
Management staff make use of numerous report routines and formats specifically related to aggregating information from different systems to identify and reconcile any reported variances. A minimum investment of time and allocation of appropriate technical resources can automate this daily task. Expected benefits include the development of a daily reporting "scorecard" or "dashboard" that provides any user with a quick and readily accessible explanation of the day's transactions and any discrepancies between processing systems. Automating the process should also provide access to additional supervisory time for reallocation to other tasks.

While time and effort associated with issue investigation and resolution would remain, the automated process would increase the speed to determine where and how best to examine the suspected errors.

Conclusion

The Novak Consulting Group's review of the collections function in the City of Greensboro resulted in a number of recommendations to streamline and improve the effectiveness of its processes. These recommendations are based on the input and information provided by City staff, tested against industry standards and best practices. The Collections Division already employs many best practices; this study provides an opportunity for Greensboro to build on its strong foundation and further improve its service to its customers.

The commitment demonstrated by the staff who participated in this review indicates strong potential for successful implementation of these findings and recommendations. We are confident that these recommendations can serve as a framework for improving operational performance as well as supporting strategic and tactical changes.

Attachment A – Collections Transaction Data

MMOB Cashier 2013 Over the Counter Transaction Counts by Month and Code

Code	Payment Type	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
0009	Bldg Insp w/ Permit #	434	450	427	492	506	473	543	514	461	526	445	420	5,691
0010	Bus Tickets	26	32	22	24	19	15	17	19	21	21	16	16	248
0011	Cash Disbursements	2	2	2	0	3	6	2	2	1	2	1	2	25
0013	Advance Travel	8	21	21	17	24	30	14	19	18	15	38	23	248
0015	Bldg Inspections	67	84	80	88	82	89	76	78	57	92	67	52	912
0016	Cemetery	25	27	9	21	12	10	25	34	21	23	20	31	258
0018	Coliseum	115	97	91	79	70	61	59	64	68	105	94	106	1,009
0019	Fire / Revenue / Reports	2	0	1	0	1	0	0	1	0	1	0	1	7
0020	GTA - Report	83	73	73	55	62	92	82	51	43	92	53	61	820
0022	Lakes	4	13	9	15	21	14	21	16	5	12	0	4	134
0023	Landfill	49	48	38	58	54	47	42	47	38	60	39	37	557
0024	Library	56	37	50	12	22	58	49	17	16	21	12	10	360
0025	Misc Receipts	118	158	134	168	154	131	146	141	165	186	133	99	1,733
0026	Parking Garage	33	34	27	31	31	28	29	31	34	33	29	26	366
0027	Parks & Recreation	102	113	118	139	181	185	180	151	108	150	108	118	1,653
0028	Planning & Comm Devl	39	70	34	57	106	69	76	79	51	61	70	74	786
0029	Police	25	23	20	23	23	20	22	23	18	22	20	22	261
0030	Eng & Inspections	2	34	11	10	10	18	21	5	20	15	18	4	168
0033	Water & Sewer / Misc Rec	0	0	0	1	1	0	0	0	0	0	1	0	3
0037	HCD Loans	82	84	98	102	92	66	91	76	71	93	70	70	995
0038	Assessments	79	72	82	85	76	43	106	125	111	102	107	136	1,124
0039	Lawson Misc Billing	421	431	383	419	425	398	383	384	399	452	372	402	4,869
0040	Privilege License	415	413	414	499	517	947	1,432	732	484	465	443	326	7,087
0041	Parking Ticket	1,220	1,109	769	1,001	1,484	993	1,021	865	714	894	881	855	11,806
0300	Water Payments	1,575	1,494	1,373	1,603	1,591	1,351	1,855	1,505	1,379	1,526	1,518	1,452	18,222
5000	Permits	0	0	0	2	1	0	0	0	0	0	0	0	3
	TOTAL	4,982	4,919	4,286	5,001	5,568	5,144	6,292	4,979	4,303	4,969	4,555	4,347	59,345

MIMOB Cashier 2013 Over the Counter Transaction Time by Month (Hours)

Avg Process Time (Seconds)	Code	Payment Type	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
58.8	0009	Bldg Insp w/ Permit #	7.09	7.35	6.97	8.04	8.26	7.73	8.87	8.40	7.53	8.59	7.27	6.86	92.96
37.0	0010	Bus Tickets	0.27	0.33	0.23	0.25	0.20	0.15	0.17	0.20	0.22	0.22	0.16	0.16	2.56
47.3	0011	Cash Disbursements	0.03	0.03	0.03	0.00	0.04	0.08	0.03	0.03	0.01	0.03	0.01	0.03	0.35
48.7	0013	Advance Travel	0.11	0.28	0.28	0.23	0.32	0.41	0.19	0.26	0.24	0.20	0.51	0.31	3.34
57.5	0015	Bldg Inspections	1.07	1.34	1.28	1.41	1.31	1.42	1.21	1.25	0.91	1.47	1.07	0.83	14.57
80.5	0016	Cemetery	0.56	0.60	0.20	0.47	0.27	0.22	0.56	0.76	0.47	0.51	0.45	0.69	5.76
41.3	0018	Coliseum	1.32	1.11	1.04	0.91	0.80	0.70	0.68	0.73	0.78	1.20	1.08	1.22	11.57
45.0	0019	Fire / Revenue / Reports	0.03	0.00	0.01	0.00	0.01	0.00	0.00	0.01	0.00	0.01	0.00	0.01	0.08
63.0	0020	GTA - Report	1.45	1.28	1.28	0.96	1.09	1.61	1.44	0.89	0.75	1.61	0.93	1.07	14.36
139.0	0022	Lakes	0.15	0.50	0.35	0.58	0.81	0.54	0.81	0.62	0.19	0.46	0.00	0.15	5.16
60.7	0023	Landfill	0.83	0.81	0.64	0.98	0.91	0.79	0.71	0.79	0.64	1.01	0.66	0.62	9.39
81.0	0024	Library	1.26	0.83	1.13	0.27	0.50	1.31	1.10	0.38	0.36	0.47	0.27	0.23	8.11
78.3	0025	Misc Receipts	2.57	3.44	2.91	3.65	3.35	2.85	3.18	3.07	3.59	4.05	2.89	2.15	37.70
11.0	0026	Parking Garage	0.10	0.10	0.08	0.09	0.09	0.09	0.09	0.09	0.10	0.10	0.09	0.08	1.10
116.0	0027	Parks & Recreation	3.29	3.64	3.80	4.48	5.83	5.96	5.80	4.87	3.48	4.83	3.48	3.80	53.26
68.0	0028	Planning & Comm Devl	0.74	1.32	0.64	1.08	2.00	1.30	1.44	1.49	0.96	1.15	1.32	1.40	14.84
153.3	0029	Police	1.06	0.98	0.85	0.98	0.98	0.85	0.94	0.98	0.77	0.94	0.85	0.94	11.12
81.8	0030	Eng & Inspections	0.05	0.77	0.25	0.23	0.23	0.41	0.48	0.11	0.45	0.34	0.41	0.09	3.82
77.0	0033	Water & Sewer / Misc Rec	0.00	0.00	0.00	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.06
46.5	0037	HCD Loans	1.06	1.09	1.27	1.32	1.19	0.85	1.18	0.98	0.92	1.20	0.90	0.90	12.86
51.0	0038	Assessments	1.12	1.02	1.16	1.20	1.08	0.61	1.50	1.77	1.57	1.45	1.52	1.93	15.93
34.0	0039	Lawson Misc Billing	3.98	4.07	3.62	3.96	4.01	3.76	3.62	3.63	3.77	4.27	3.51	3.80	46.00
48.8	0040	Privilege License	5.63	5.60	5.61	6.76	7.01	12.84	19.41	9.92	6.56	6.30	6.01	4.42	96.07
46.0	0041	Parking Ticket	15.59	14.17	9.83	12.79	18.96	12.69	13.05	11.05	9.12	11.42	11.26	10.93	150.86
60.8	0300	Water Payments	26.60	25.23	23.19	27.07	26.87	22.82	31.33	25.42	23.29	25.77	25.64	24.52	307.75
43.8	5000	Permits	0.00	0.00	0.00	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03
		TOTAL	75.96	75.89	66.65	77.75	86.15	79.99	97.79	77.70	66.68	77.60	70.31	67.14	919.61

KOC 2013 Over the Counter Transaction Counts by Month and Code

Code	Payment Type	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
0009	Bldg Insp w/ Permit #	16	17	50	14	30	33	0	0	10	25	29	24	248
0010	Bus Tickets	0	0	0	1	1	1	0	0	1	1	0	0	5
0011	Cash Disbursements	0	1	0	1	1	1	0	0	1	0	1	0	6
0013	Advance Travel	0	4	18	8	17	1	3	29	11	17	23	8	139
0015	Bldg Inspections	0	0	2	5	0	1	0	4	4	3	4	2	25
0016	Cemetery	0	0	0	0	0	0	0	0	0	0	0	0	0
0018	Coliseum	0	0	0	7	4	9	0	4	0	0	0	0	24
0019	Fire / Revenue / Reports	0	0	0	0	0	0	0	0	0	0	0	0	0
0020	GTA - Report	44	23	48	53	59	24	24	64	64	40	46	64	553
0022	Lakes	7	0	1	14	4	4	0	10	16	6	6	14	82
0023	Landfill	0	0	8	0	0	5	6	7	8	0	3	0	37
0024	Library	63	55	52	80	100	57	46	100	76	102	73	84	888
0025	Misc Receipts	46	48	32	57	36	41	33	29	30	28	26	24	430
0026	Parking Garage	0	0	0	1	1	0	0	0	0	0	0	0	2
0027	Parks & Recreation	66	70	67	92	77	104	114	68	60	70	57	88	933
0028	Planning & Comm Devl	15	0	22	1	0	3	0	8	13	6	6	0	74
0029	Police	4	8	6	7	5	5	10	3	7	7	4	3	69
0030	Eng & Inspections	0	0	1	0	0	0	0	0	0	0	0	0	1
0033	Water & Sewer / Misc Rec	3	5	3	3	5	3	4	8	6	3	4	4	51
0037	HCD Loans	19	27	23	31	26	26	27	22	21	23	18	20	283
0038	Assessments	3	2	4	4	4	5	2	1	3	12	5	2	47
0039	Lawson Misc Billing	48	42	41	68	33	26	29	49	47	46	24	38	491
0040	Privilege License	36	48	46	370	72	82	140	458	175	165	74	96	1,762
0041	Parking Ticket	157	447	734	783	357	500	445	525	675	692	425	512	6,252
0300	Water Payments	9,336	9,400	8,324	9,558	9,269	8,730	9,689	9,243	8,858	9,535	8,271	9,126	109,339
5000	Permits	23	67	82	53	99	56	64	70	43	60	40	62	719
	TOTAL	9,886	10,264	9,564	11,211	10,200	9,717	10,636	10,702	10,129	10,841	9,139	10,171	122,460

KOC 2013 Over the Counter Transaction Time by Month (Hours)

Avg Process Time (Seconds)	Code	Payment Type	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
58.8	0009	Bldg Insp w/ Permit #	0.26	0.28	0.82	0.23	0.49	0.54	0.00	0.00	0.16	0.41	0.47	0.39	4.05
37.0	0010	Bus Tickets	0.00	0.00	0.00	0.01	0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.00	0.05
47.3	0011	Cash Disbursements	0.00	0.01	0.00	0.01	0.01	0.01	0.00	0.00	0.01	0.00	0.01	0.00	0.06
48.7	0013	Advance Travel	0.00	0.05	0.24	0.11	0.23	0.01	0.04	0.39	0.15	0.23	0.31	0.11	1.87
57.5	0015	Bldg Inspections	0.00	0.00	0.03	0.08	0.00	0.02	0.00	0.06	0.06	0.05	0.06	0.03	0.39
80.5	0016	Cemetery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
41.3	0018	Coliseum	0.00	0.00	0.00	0.08	0.05	0.10	0.00	0.05	0.00	0.00	0.00	0.00	0.28
45.0	0019	Fire / Revenue / Reports	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
63.0	0020	GTA - Report	0.77	0.40	0.84	0.93	1.03	0.42	0.42	1.12	1.12	0.70	0.81	1.12	9.68
139.0	0022	Lakes	0.27	0.00	0.04	0.54	0.15	0.15	0.00	0.39	0.62	0.23	0.23	0.54	3.16
60.7	0023	Landfill	0.00	0.00	0.13	0.00	0.00	0.08	0.10	0.12	0.13	0.00	0.05	0.00	0.61
81.0	0024	Library	1.42	1.24	1.17	1.80	2.25	1.28	1.04	2.25	1.71	2.30	1.64	1.89	19.99
78.3	0025	Misc Receipts	1.00	1.04	0.70	1.24	0.78	0.89	0.72	0.63	0.65	0.61	0.57	0.52	9.35
11.0	0026	Parking Garage	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
116.0	0027	Parks & Recreation	2.13	2.26	2.16	2.96	2.48	3.35	3.67	2.19	1.93	2.26	1.84	2.84	30.07
68.0	0028	Planning & Comm Devl	0.28	0.00	0.42	0.02	0.00	0.06	0.00	0.15	0.25	0.11	0.11	0.00	1.40
153.3	0029	Police	0.17	0.34	0.26	0.30	0.21	0.21	0.43	0.13	0.30	0.30	0.17	0.13	2.95
81.8	0030	Eng & Inspections	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02
77.0	0033	Water & Sewer / Misc Rec	0.06	0.11	0.06	0.06	0.11	0.06	0.09	0.17	0.13	0.06	0.09	0.09	1.09
46.5	0037	HCD Loans	0.25	0.35	0.30	0.40	0.34	0.34	0.35	0.28	0.27	0.30	0.23	0.26	3.67
51.0	0038	Assessments	0.04	0.03	0.06	0.06	0.06	0.07	0.03	0.01	0.04	0.17	0.07	0.03	0.67
34.0	0039	Lawson Misc Billing	0.45	0.40	0.39	0.64	0.31	0.25	0.27	0.46	0.44	0.43	0.23	0.36	4.63
48.8	0040	Privilege License	0.49	0.65	0.62	5.02	0.98	1.11	1.90	6.21	2.37	2.24	1.00	1.30	23.89
46.0	0041	Parking Ticket	2.01	5.71	9.38	10.01	4.56	6.39	5.69	6.71	8.63	8.84	5.43	6.54	79.90
60.8	0300	Water Payments	157.67	158.76	140.58	161.42	156.54	147.44	163.64	156.10	149.60	161.04	139.69	154.13	1,846.61
43.8	5000	Permits	0.28	0.82	1.00	0.64	1.20	0.68	0.78	0.85	0.52	0.73	0.49	0.75	8.74
		TOTAL	167.55	172.45	159.22	186.56	171.79	163.47	179.17	178.27	169.10	181.02	153.50	171.03	2,053.13