

Honorable Mayor and Members
Of City Council
City Hall
Torrance, California

Members of Council:

SUBJECT: Acknowledge receipt of funds from the newly established ePayable program

RECOMMENDATION

Recommendation of the City Treasurer that City Council acknowledge receipt of funds in the amount of \$33,834.41 from the newly established ePayables program, a public/private partnership program between the City of Torrance and Bank of America.

FUNDING

Not applicable

BACKGROUND/ANALYSIS

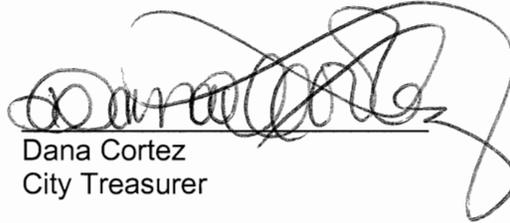
For the past two years, the City Treasurer's Office continues to seek cost savings measures, streamline processes and promote going green by the use of technology. One such program is ePayables. On November 1, 2011 the City of Torrance entered in to a private/public partnership with Bank of America to implement the ePayable program for vendor payments.

The ePayables program is an electronic payment solution that allows the City to pay participating vendors by receiving payments electronically via a bank card solution platform. ePayables allows a vendor to receive their payment directly in their bank once they acknowledge receipt of payment. A secure email or FAX notification including all invoice information is provided to the vendor at the conclusion of each of the City's payment cycle informing the vendor their funds are ready to be acknowledged. Vendors participate in this program because card payments are a part of their normal course of business. Program benefits include: quicker receipt of payment, receive of payment information electronically and process receivables easier, quicker and more efficiently. Vendors do not incur any additional cost for participating in this program.

From the City's perspective the ePayables program, reduces costs by converting to a paperless payment method, it provides greater fraud control and reduces the issuance of 1099s. ePayables promotes the City's going green initiative. It provides the city consistent and predictable cash flow since this card solution works like a credit card where vendors are paid now and the City pays the bank later. Consistent and predictable cash flows allow improved investment practices. Lastly, this program as a private/public partnership provides the City the ability to share in the revenue this program generates in form of an annual rebate that calculated based on the City's spend.

Currently, the ePayables program has 31 vendors enrolled since its mid-year implementation. It is anticipated that the ePayables program will continue to grow as additional vendors are enrolled and other card solution are implemented. The ePayables program is projected to double in the upcoming year. The City Treasurer's office will continue to seek cost savings measures and the use of technology to improve our services to the community.

Respectfully submitted,



Dana Cortez
City Treasurer

Noted:



for LeRoy J. Jackson

Finance Director's Note:

The ePayables program is similar to a "cash" rewards credit card program. The City uses a "credit card" to pay vendors that have signed up for this program and the City receives "cash" back for each payment made to the vendor. Participating vendors benefit because they, in theory, receive payment sooner. The \$33,834 represents the amount earned for the last seven months of the 2011-12 FY. The savings from this program, as well as revisiting the City's "Cal-Card" credit card program, are part of the operational adjustments used to re-balance the budget.

Eric E. Tsao
Finance Director