From Paper to Electronic: the IRWD Case Study on Remittance Processing

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Debby Cherney
Director of Finance
Irvine Ranch Water District
Irvine, California
Case Study:
Irvine Ranch Water District

- Provides water and sewer services to a population of 330,000 in Orange County, California
- Approximately 95,000 water and 88,000 sewer connections
- Over 50% growth in last 10 years through development and through consolidation of some adjacent agencies
2002 to 2006: “Baby Steps”

- Automated Bill Payment (Direct Debit)
- Credit card / convenience fee-based transactions

Manual: 80%
Direct Debit: 13%
Other: 7%
Challenges faced in 2006

- Customer service
  - Expectations – both internal and external
  - Green initiatives – reduce paper and carbon footprint

- Finance
  - Challenges with home banking payments
    - Time delays in conversion to paper checks
    - Customer payment errors ($2,000 instead of $20.00)
    - High cost to process returns
    - Home-grown systems

- Recognized need to do more with less
2006: eBilling, Check 21 & Payment Consolidation

- Three major initiatives:
  - eBilling
  - Check 21/Image Cash Letter
  - Payment Consolidation

- Goals:
  - Meet customers’ requests and expectations
  - “Electronify” as much as possible
  - Streamline processes and reporting
  - “No barriers” to revenue
eBilling & Check 21 Benefits

**eBilling Benefits:**
- Greener
- Customer friendly
- Reduced handling costs/staffing demands

**Check 21 Benefits:**
- Streamlined processing
- Time cutoffs eliminated
- Reduced expenses for courier and banking fees
- Faster funds availability
Customer Adoption: eBilling Enrollment

Over 20% have opted out of paper billing
Payment Consolidation Benefits

- Streamlined processing
- Reduced exceptions through account number validation process
- Integrated with home-grown Accounts Receivable processing system
- Detailed on-demand reporting
- Payment returns are simple, fast
- Reduced handling expenses
Migration to Electronic Payments

IRWD Remittance Distribution

Calendar Year

- Manual
- CC/Custom
- Direct Debit
- E-Receipts
### Collector Payment and Remittance Report

**Company Name:** Biller Sample 1  
**Collector Account:** BillerSample.Collect1  
**Bank Account #:** XXXX5664

<table>
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<tr>
<th>DPA #</th>
<th>Payment Reference #</th>
<th>Disbuser Account ID</th>
<th>Payment Amount Remittance Attachment Status</th>
<th>Payment Date</th>
<th>Payment Amount</th>
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</table>

**Number of Remittances:** 12  
**Grand Totals:** 2 payments(s) for $2,287.85
Payment Consolidation implementation lessons learned:

- Dedicated project management
- Get your technical teams talking early
- Clearly define the escalation processes
- Test, test, test
- Understand how your vendor is going to interact with you moving forward

Applicable to almost any implementation!
2009: Still Facing Challenges

- eBilling services:
  - Clunky enrollment process
  - Customers don’t want to be passed to another site
  - Email/marketing capabilities limited
  - Can’t take one-time payments

- Separate eBilling vendor from payment consolidation vendor

- Some consolidators/clearinghouses still converting to paper checks
2010: Opportunities for Improvement

- Big leap to improve eBilling experience
  - Seamless site integration
- Eliminate “Barriers to Revenue”
  - Take one-time payments
  - Provide incentives for making recurring payments electronic
- Convert ACH/Direct Debit Customers
- Improve Reporting/History
- Leverage bills for customer messaging
- Integrate into new ERP implementation
- Mobile applications
Thinking about eBilling or Payment Consolidation?

Ask:

- Where can I save direct banking costs?
- Where can I save indirect labor/benefits costs?
- Does my existing bank offer these services?
- If I have an eBilling vendor, do they offer payment consolidation services?
- If I implement both eBilling and payment consolidation with a single vendor, what kind of a “deal” can I get?
Thinking about eBilling or Payment Consolidation? (con’t)

Ask (con’t):

◦ Will you reach out to other banks/clearinghouses to correct customer information on my behalf?
◦ Will you reach out to those vendors who are still sending me paper checks?
◦ Do you have the right technical resources available to implement a secure transmission protocol?
◦ Do you have to make changes to your existing software?
Questions?

- Contact information: 
  cherney@irwd.com
  (949) 453-5350