City of Grand Rapids, Michigan
Customer Payment Modernization

The City of Grand Rapids provides a full range of municipal services to approximately 200,000 residents. It operates under a commission-manager form of government that also features an elected comptroller and a city treasurer who is appointed by the city commission and tasked with advising the commission on financial matters, administering the city's investment transactions, collecting city, county, and school district taxes, and collecting fees for city services. In addition to core municipal services, the City of Grand Rapids provides water and wastewater services to approximately 82,000 customers living in several suburban communities, operates the Coldbrook substation, which provides power to the city, and manages approximately 10,000 off-street and on-street parking spaces.

The City of Grand Rapids connected residents and other customers with a modern application it called "GR PayIt" that is used to pay bills, receive notifications, opt out of paper billing, expand payment options, and conduct business with the city. City staff began updating in-house lockbox operations, interactive voice response (telephone) payments, and online payment options starting in 2017 to provide a streamlined, consistent, and accessible payment tool for use across the city. Using a comprehensive marketing campaign, the city communicated with the public and made the case for how GR PayIt could provide superior service for citizens while also improving back-end operations for the city's treasury function. Results from the program included better resident access, cost control, lower administrative fees, and enhancements to customer service. Since it started to launch its modernization efforts, the city has increased internet/mobile payments by 440 percent, and 85 percent of all payments for water, refuse, property taxes, and parking tickets are now collected electronically.

Challenges of disparate software

Because the city provides different services to its residents, it employs several software systems to manage operations, issue invoices, and collect payments. Different software means that customers need to remember multiple IDs and passwords, the user experience differs for each system, and the city needs to maintain several interfaces to import and post payments. In addition, the city may have multiple payment processors, multiple reconciliation processes, additional fees, and difficulty integrating data, provide

The City of Grand Rapids utilized a comprehensive marketing strategy to promote the new payment application, including press releases, direct marketing, and bus advertising.

> "Our goal was to meet residents where they are, on the device they prefer, when they want, and in the way that's most convenient for them."
>
> —**JOHN GLOBENSKY**, GRAND RAPIDS CITY TREASURER

city-wide reporting, or simply administering many different systems. Not only was this inefficient and redundant, but it was also confusing.

One analysis of city web traffic found that 86 percent of customers who accessed city websites did so with the goal of obtaining information about a bill, inquiring about payment options, or to make a payment. In many cases, the lack of customer-friendly options led customers back to paying through more traditional methods—by physical check or even coming down to the city hall. Because of the city's size and business process design, transaction volumes are significant. "We have about 53,000 customers within our trash system," Robert Swain, public works operations manager, said. "Every single day, we have the need to collect payments. Each customer maintains an account with a balance that we are then able to deduct payments from as trash is collected."

Customer friendly design

Motivation for this project started with a new updated design for the city's website. City leaders wanted to improve the online presence and create a digital front door for all city services. "Around the same time, we noticed that it was common for people to stand in line at the treasurer's office, waiting and looking at their phone," John Globensky, city treasurer, said. "We thought, 'why can't residents just complete the transaction on their phone?' Our goal was to meet residents where they are, on the device they prefer, when they want, and in the way that's most convenient for them." In preparing a business case, the city found that more than half of web traffic now goes through smartphones, with that trend only expected to grow. The need was clearly there. "The focus then became how the city can break the mindset of 'that is how we've always done it,'" Globensky said. "We had to

change our customer service thought process."

The city chose to begin work with the four largest departments to accept payments in the following areas: property taxes, water, refuse, and parking. Each had its own software, and collectively these departments accounted for 90 percent of all customer payments. In 2016, the city collected only 53 percent of payments electronically. Today, the city is on track to reach 85 percent of payments electronically. The reconciliation process and administrative procedures were a primary pain point for the city due to complex and redundant payment processors. The city was able to find a vendor to serve as a centralized payment portal that would consolidate all invoices from the four departments and provide one consistent tool for customer accounts, payment processing, payment reconciliation, audit, and fees. Data collected in the

system can be exchanged with the department's systems, payment processors, and banks, using file exports and application programming interfaces. The customer experience was enhanced for all residents by adding online and mobile payment options, interactive voice response phone payments, paperless billing, and bilingual (Spanish) accessibility features.

The project also added other customer service options. Samarhia Giffel, administrative services officer for utilities, noted that the city still uses manually read meters and invoices quarterly, but now can also offer a monthly billing option because of the improved payment process.

"Grand Rapids residents can now see all of their services in one account," Globensky noted. "They are able to link accounts together under one login ID and password. For example, I have my refuse, property taxes, and water bill all connected. I can go into the system, get notified of outstanding invoices, and take action." Angela Dore, 311 manager for the city, added: "This feature is especially helpful for landlords in the city who own multiple properties. They can connect them all together under one profile." Once the project started, the technical conversion and implementation were completed in four and a half months. The city also decided to absorb the processing costs to take the pain point away from the customer and encourage the use of electronic payments.

Going to market

If the project was going to be successful, it not only needed to change the behavior and operating process of the four city departments, but it also needed to change the behavior of the paying customers. The city had offered online payment portals in the past, but they weren't user-friendly. The city identified the need to get the word out and initiate a comprehensive marketing strategy, so it engaged local media, sent out press releases, used direct marketing, and paid for signage to promote www.grpayit.us, the consolidated payment portal.

The city marketed the service in many ways, including QR codes on bills, QR codes on return envelopes, and bus advertising. "Our vendor led the marketing strategy, and we were creative with messaging and worked to raise awareness," Globensky said. "I think we spent almost $30,000 to purchase ads on buses, and that generated 30 million views." He added, "City staff became marketers by learning what works and refreshing our images. One thing we didn't do, and you don't want to do, is put a QR code on the outside of a moving bus. Think about it. We don't want drivers pulling out their phones to take pictures, but the message of type www.grpayit.us in the search bar worked."

Supporting the initial go-live

The morning of the initial launch, customers went in and processed payments almost immediately. By 8:00 am, there were already 25 payments in the system, but there were also questions and some complaints. One component of the user interface was a chatbot feature that helped look up invoice information. "Some people didn't like the chatbot and thought its conversation style was demeaning," Globensky said. "We made a few small changes, but mostly, the users quickly accepted the new format. With each customer interaction, it helped us think through and create a consistent response based on the customer's concern."

Getting results

In rolling out the program, the city developed a partnership with its payment vendor, PayIt, with which it splits ongoing administrative tasks. As the city moves forward, the program continues to evolve and improve—but the results were clear from the beginning. The program worked.

Depending on the specific service, customers are given the option to create an account, enroll in auto-pay, establish an auto reload to deposit funds into accounts, set up a payment plan, or make one-off payments. Based on current data, walk-in customers are down by 65 percent. Not only does this cut down on the number of people needing to travel to the city hall, but the city is able to provide better customer service to those who do, since it now has shorter lines and faster service.

"We've researched savings to the customer and calculate that we are also saving residents more than $500K per year just in the cost of checks, postage stamps, and envelopes," Globensky noted. The city also calculated that this effort contributes to city-wide sustainability goals in the City's Strategic Plan by reducing the impact on the environment by 39.9 tons of wood/paper, along with other significant reductions in energy and carbon emissions.

Collection rates have increased as well, and the city has been able to test out new strategies to create incentives. "QR codes on the parking ticket allow drivers to pay immediately, and we give them a

BY THE NUMBERS | The Results of GR PayIt to Date

440%	65%	90%	$500K+
increase in internet and mobile payments	reduction in walk-in customers at the city hall	collection rate with new parking ticket QR codes	annual savings due to reduction in paper mail

discount if they pay within 24 hours. So far, this has pushed collection rates to 90 percent," Globensky noted. "Because so many people are paying through the QR code, we are researching eliminating the return envelope with parking tickets. We could save 20,000 envelopes per year," Craig Hubert, parking enforcement manager, said. For utilities, on-time payment rates improved to 84 percent, and almost 60 percent of customers are enrolled in e-billing.

Overall, surveys indicate a 90 percent resident approval rate, with very high levels of awareness throughout the community.

Looking forward

The city continues to refine and expand its services, exploring options such as emergency notifications, additional autopay and auto-reload features, and further integration of data across municipal platforms.

"We're not stopping here," Globensky said. "This project set the foundation for a unified, data-driven, resident-centered payment experience. We're committed to continued innovation and transparency." The city expects that in the future, payment options may need to expand as residents demand additional options. Globensky expects that in the future, other payment tools like Venmo and how customers can use crypto/stable coins

will develop. One consolidated payment portal, however, would be much easier to implement and manage risks.

Globensky also envisions additional integrations. "If we were able to integrate GR PayIt into the court system and could improve collection rates, we could reduce show cause hearings. Right now, some people struggle to pay fines, but if we were able to reduce processing fees and administrative costs, it would provide a win-win situation. In some cases, what is now a $20 fine includes almost $6 in processing fees. That's crazy. The courts have worked very hard to decrease recidivism. Let's find a way for this work to morph into helping in other ways."

## Lessons learned for other governments

The city designed its payment portal to focus on both internal efficiencies and customer service enhancements, and it has realized benefits in both areas. As with any large change, though, the city has needed to make gentle tweaks to its implementation strategy, based on feedback or data that was collected. In some cases, unexpected results showed an unexpected benefit. For example, Globensky noted, "Because we improved our on-time payment rates for utility bills, we actually collect about $200,000 less in late fees." We only want to collect what is owed to the city by receiving on-time payments.

When asked to provide recommendations for other governments that are thinking about implementing a similar project, Globensky stressed the importance of community engagement, "If I did it again, I would have prepared more community engagement and outreach. We had more than 1,600 people who were part of a tester group, but focusing more on how people interact with the tools might have allowed us to catch questions earlier."

Overall, the city's project included a unique combination of policy change, process improvement, technology upgrade, community engagement, and creative advertising—some of which fall outside the typical experience for the treasury office. But by approaching the project systematically and keeping the customer experience as the motivation, the City of Grand Rapids—and many other cities of varying sizes and complexities—can be successful in providing modern payment solutions for the public.

Contacts

- **John Globensky**, *city treasurer*
- **Angela Dore**, *311 customer service manager*
- **Bob Swain**, *public works, operations manager*
- **Craig Hubert**, *parking enforcement*
- **Samarhia Giffel**, *administrative services officer, utilities*
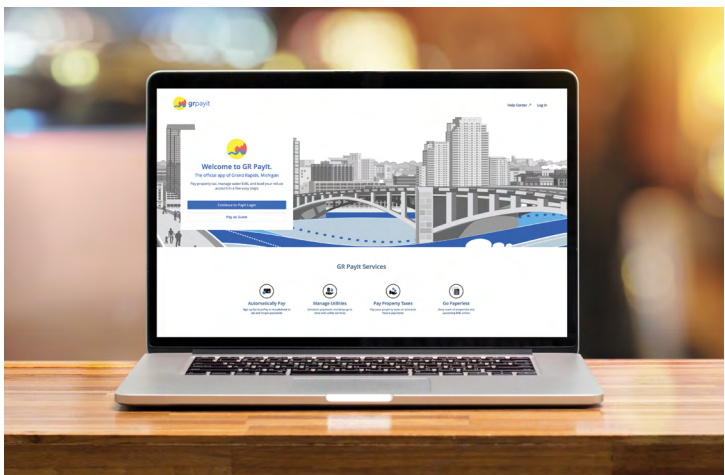
Left: The GR PayIt web page allows Grand Rapids residents to see all of their services in one account. Right: John Globensky, City Treasurer, educates the community about the new payment application.