

# MOTION

JUL 21 2005 PERSONNEL

The City has significantly reduced its costs of issuing payroll through the use of electronic direct deposit. The costs of direct deposit are considerably lower and the process is much more efficient than issuing payroll by paper check.

However, many City employees may not have bank accounts making them unable to participate in direct deposit. Many of these employees have difficulties cashing checks and many pay fees to cash payroll checks. A growing number of public and private sector employers who employ significant numbers of 'un-banked' employees use electronic payment cards to reduce their costs for issuing payroll while improving services to their employees.

Electronic payment cards can be procured through qualified financial institutions. Services would be procured at no cost to the City. The card program could be procured with the following specifications:

### Services to City Employees

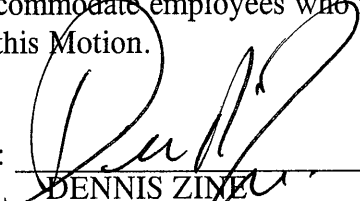
- Card accounts shall be provided with no setup or monthly account fees to cardholders
- No credit shall be issued to employees. Withdrawals shall only be authorized for amounts on deposit at the time of transaction
- The selected financial institution shall accept for enrollment all employees referred by the City, regardless of credit or check history
- Each payment card account shall be individually insured by the FDIC for \$100,000.
- Each payment card account holder shall receive full consumer protection in accordance with the Code of Federal Regulation (CFR) Part 205, Electronic Fund Transfer (Regulation E)
- The financial institution shall be subject to privacy and confidentiality provisions
- The financial institution shall not use payment card accounts to market other services to cardholders, including services offered through its own institution, nor shall it make mailing or customer lists available to any third party
- The financial institution shall not charge punitive fees for overdrawing account balances, and shall take reasonable measure to protect against account overdrafts
- Payment cards shall permit access for retail purchases through either the MasterCard or Visa network
- Payment cards shall be permitted access through ATM's nationally
- Instructional materials shall be provided at no cost to employees, and all cardholder materials shall be printed in English and Spanish

### Services to the City

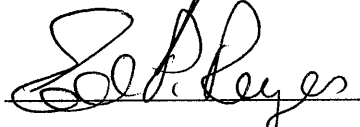
- The financial institution shall accommodate direct deposit of payroll funds through the City's existing process
- The financial institution shall provide one or more automated methods of enrolling card accounts with minimal disruption and cost the City
- To protect the confidentiality of employee confidential information and to protect against electronic information being lost or intercepted by unauthorized parties, the financial institution shall not transmit account or deposit information to any third party

I THEREFORE MOVE that the Personnel Department and the Controller be directed to report with recommendations for implementing a payroll card process as an alternative to direct deposit or payroll check processes in order to accommodate employees who may not have bank accounts; as further described in the text of this Motion.

PRESENTED BY:

  
DENNIS ZINE  
Councilman 3<sup>rd</sup> District

SECONDED BY:



JUL 21 2005

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