



Title: Authorizing Electronic Fund Transfers for All District Vendor Payments

Resolution number: 24-016

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Recommended action: Approval to Move Vendor Payments from Paper Checks to Electronic Fund Transfers

Past Board action: Res #: 19-043 Title: Authorization to Establish ACH Transactions for Recurring Payments

Summary:

In 2019 (via resolution 19-043) the Board of Managers approved moving 19 Operations vendors from paper checks to electronic payments. This was done to help create efficiencies in the payment process with vendors that are consistently paid on a month-to-month basis. This change provided cost savings with the elimination of paper checks, envelopes and postage, and also created a more efficient process for staff. For these same reasons staff is proposing, that to the extent possible, all current and any new or future District vendors, be paid via electronic fund transfers rather than by paper check.

The paper check process, from printing to archiving, is an 11-step process, taking several hours each month to complete. Conversely, paying vendors via electronic fund transfer is a three-step process.

An electronic payment process would reduce hard costs by lessening and/or eliminating the need for envelopes, paper check stock and postage. These are not huge cost expenditures, however savings nonetheless. The number of vendor checks produced each month averages 30, and many of the same vendors are paid month over month. (Note that staff is proposing this change only for vendors paid via the general funds account and no changes are being proposed for how staff processes surety returns. Although surety returns are completed via paper checks the number of returns each month, if any, are minimal, and the process is significantly less involved than that of vendor check payments.)

This change will require upfront work in obtaining vendor banking information and entering that information into the District's Bremer Bank portal, however once that is complete the electronic payment process becomes significantly more efficient.

The general funds checking register presented to the Board each month for approval will not change other than to reflect a larger number of electronic payments versus check payments. Additionally, the process of releasing electronic payments will not change and payments will only be released after board approval of the checking registers.

This change will also benefit the District's vendors with faster payment turnaround. Many of the District's vendors have requested an option for electronic payments which staff has thus far been unable to accommodate. Lastly, the issue of lost checks, stop payments and reissuing checks would be eliminated with this change.



RESOLUTION

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WHEREAS, in 2019 the Board of Managers approved Operations department vendors paid monthly via paper check to move to an electronic fund transfer payment method;

WHEREAS, the District processes on average 30 paper checks per month across all departments;

WHEREAS, the process of producing and managing paper checks is less efficient and more costly than electronic fund transfers;

WHEREAS, District vendors have requested an electronic payment option which provides for faster receipt of payment and more efficient handling on their part; and

WHEREAS, the creation of check registers for board approval prior to release of electronic payments would not change

NOW, THEREFORE, BE IT RESOLVED that the Minnehaha Creek Watershed District Board of Managers authorizes District staff to eliminate the creation and distribution of paper check payments to current, and any new or future vendors, and to the extent possible move to electronic fund transfers.

Resolution Number 24-016 was moved by Manager _____, seconded by Manager _____. Motion to adopt the resolution ___ ayes, ___ nays, ___ abstentions. Date March 28, 2024

Secretary Date: _____