

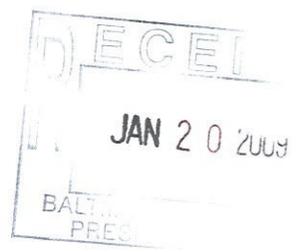
|             |                       |                                                                                              |
|-------------|-----------------------|----------------------------------------------------------------------------------------------|
| <b>FROM</b> | Name & Title          | Henry J. Raymond, Chief<br>Bureau of Revenue Collections <i>HJR</i>                          |
|             | Agency Name & Address | Collection Division, Customer Service Section<br>200 N. Holliday Street, Baltimore Md. 21202 |
|             | Subject               | City Council Bill No. 08-0032R<br>Neighborhood Self-Service Transaction Kiosks               |

City of  
Baltimore  
**MEMO**



Date: December 29, 2008

**TO** The Honorable President and  
Members of the City Council  
Room 400, City Hall  
Attention: Ms. Karen Randle



**CITY COUNCIL RESOLUTION**

Pursuant to City Council Bill 08-0032R, an informational hearing was held on June 19, 2008 for the purpose of investigating the financial and operational efficacy of installing neighborhood self-service transaction kiosks to provide electronic financial processing and consumer bill payment service; and requesting the Director of Finance to direct the Bureau of Purchases to determine the projected costs of installing the kiosks and to instruct the Bureau of Collections to examine the possible effects of self-service payment processing on reducing costs, increasing efficiencies, and generating new revenue streams.

**FOLLOW-UP**

The Finance Department stated that it would report back to the committee by the end of December 2008 after obtaining additional information about kiosks.

With the assistance of the Bureau of Purchases, the Bureau of Revenue Collections issued a Request For Information (see Attachment A) to the kiosk vendor community in October 2008. Four responses were received in November 2008. The responses were reviewed to determine: 1) kiosk costs; 2) operational issues related to kiosks; and 3) technical interface and integration issues.

**PRESENT PAYMENT OPTIONS AVAILABLE TO CONSTITUENTS**

Two primary goals of the Department of Finance and the Bureau of Revenue Collections are to improve the efficiency of its operations and to enhance the customer service provided. The Finance Department has strived to make it more convenient for customers to make their payments to the City. The present methods of making payments include: 1) Home-banking; 2) Web pay; 3) credit card payment; 4) in-person payment through Global Express at 233 neighborhood payment locations; 5) mail-in payments; and 6) walk-in payments at the Municipal Building.

**Home-banking** is a web-based service for customers that prefer to make payments electronically from their checking accounts, with their bank forwarding a check on their behalf to the City of Baltimore. **Web pay** is available for people who choose to go directly to the City's website to pay via debit from their checking account. Additionally, **credit card** payments can be made by citizens to pay City bills via the internet or the telephone. In October 2008, the Bureau of Revenue Collections transitioned to a new credit card vendor. The new credit card arrangement continues to provide the same services to citizens but with lower fees for credit card usage. **Global Express** is a vendor that has established payment sites throughout the City and the region. The **mail-in payment** option is used by customers who prefer a more traditional process. Finally, the **walk-in payment** method is utilized by customers who are cash consumers who prefer to pay by cash or

## TRANSACTION COST COMPARISON

The average transaction cost of a payment made at a kiosk is less than the average transaction cost of a payment made to a cashier. The Cashier cost includes salary, fringe benefits, contractual services, office supplies and equipment costs. The Kiosk costs include all expenditures to support the kiosk. **This is the primary benefit of marketing kiosks to our constituents; the kiosk transaction cost of making a payment is significantly less than having a cashier perform the transaction.**

Table 1. Cost Per Transaction – Cashier versus 1 Kiosk

|                          | Cost of Cashier | Kiosk Year One | Kiosk Year Two |
|--------------------------|-----------------|----------------|----------------|
| Annualized Cost          | \$64,855        | \$5,769        | \$4,919        |
| # of Annual Transactions | 36,742          | 36,742         | 36,742         |
| Cost/Transaction         | \$1.76          | \$0.15         | \$0.13         |

## RECOMMENDATION

The Finance Department believes that kiosks have merit, and potential value to the City's constituents. We propose to prepare a Request for Proposal (RFP) to install approximately eighteen (18) kiosks as a three (3) year pilot project. Based upon the kiosk usage, additional machines could be deployed, up to a total of forty (40) machines for maximum market penetration. The proposed implementation would be July 1, 2009, primarily to coincide with the beginning of the fiscal year.

It is not in the best interests of the City to buy and maintain kiosks, due to the cash investment required. Therefore, we plan to pursue an RFP that will be structured in a manner that will result in no cost to the City.

## PILOT PROJECT

The model for a three (3) year pilot would include eighteen (18) kiosks geographically located throughout the city. City owned locations such as police stations, libraries, and fire stations should be considered. The kiosks could be rolled out for production 6 at a time. This would allow the City to properly stage and manage the deployment of this new initiative.

The goal is for the kiosks to record 129,600 transactions in year 1, increasing to 216,000 transactions within eighteen months.

## UNKNOWNNS

The Finance Department cannot reasonably estimate the number of customers likely to use the kiosks. The goal is that the total number of transactions for the kiosks would be approximately 129,600 in the first year. The City would work cooperatively with the vendor to determine sites that offer the largest opportunity for visitation. Additionally, we recognize that certain customer segments that currently use the walk-in services at the Municipal Building (such as senior citizens) may not want to use the new technology.

**ATTACHMENT A – REQUEST FOR INFORMATION  
NEIGHBORHOOD SELF-TRANSACTION KIOSKS**

The City of Baltimore is requesting vendors to provide information for the stated need, as specified below. Vendors should understand that this is a Request For Information. A Request For Proposal may or may not be issued as a result of the information gathered as a result of this Request For Information.

**OVERVIEW OF PROJECT**

The City of Baltimore is soliciting informational proposals for neighborhood self-service transaction kiosks. The information will be used for the purpose of determining the financial and operational feasibility of installing neighborhood self-service transaction kiosks to provide electronic financial processing and consumer bill payment services. The overall goal for the kiosks is to reduce customer wait time and cashiering expenses by offering alternative service delivery options. Payment options may include cash, checks, credit cards and debit cards. The City of Baltimore does not plan or propose to provide any start-up costs.

The City's desire is for customers to be able to pay municipal bills such as water, parking fines, red light camera and real property. We would like for the kiosks to be accessible daily to users as many hours as possible. Further, we desire for the kiosks to be geographically located City-wide for the convenience of our customers.

**REQUEST FOR INFORMATION**

We would like for interested vendors to share with us the following:

- 1) the methodology for implementing a project of this scale; 2) a management plan to govern the project; 3) an overview of the hardware, software and security that would be used to safeguard the financial transactions conducted; 4) the expertise of the vendor in this arena; 5) demonstrated competence with comparable engagements with other municipalities; and 6) the projected costs of the project.

**The deadline for the response to this Request For Information is Friday, October 31, 2008.**

**VENDOR INFORMATION**

Vendors must provide a company profile. Information provided shall include:

- Company ownership (sole proprietor, partnership, etc).
- Location(s) of the company offices and location of the office that will provide the services described in this Request For Information.