



Lumpkin County, Georgia

Finance Department

Date: January 7, 2015

Agenda Item: ATM Installation and Merchant Services

Item Description: ATM Installation at the Justice Center and Administrative Building
Merchant Services Terminal Installation in the Planning Department

Facts & Historical Information:

Lumpkin County currently accepts debit/credit cards for payment in the Parks & Recreation Department (online payments only), Tax Commissioner's Office, Clerk of Superior Court's Office (select fines and fees), Probate Court, and Animal Shelter. Research was completed to determine whether ATM placement in the Justice Center and/or Administration Building or the addition of Merchant Services terminals would result in greater efficiency for citizens and employees of the County.

Since United Community Bank holds the banking contract for the County, they were given the opportunity to place an ATM at the Justice Center and/or Administration Building. UCBI will not install an ATM when fewer than 500 non-UCBI customer transactions per month are expected. At this time, the Justice Center and Administration Building are not expected to meet the threshold.

Potential Courses Of Action:

Options:

- A. Place a non-financial institution ATM in the Justice Center.
- B. Install a Merchant Services terminal in the Planning Department; Charge customers \$3 convenience fee
- C. Install a Merchant Services terminal in the Planning Department; Charge customers a 3% convenience fee
- D. Place a non-financial institution ATM in the Justice Center and Install a Merchant Services terminal in the Planning Department; Charge customers \$3 convenience fee
- E. Place a non-financial institution ATM in the Justice Center and Install a Merchant Services terminal in the Planning Department; Charge customers a 3% convenience fee
- F. Reject Options A-E and continue processing as we are currently.



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Discussion of Options:

Option A. Place a non-financial institution ATM in the Justice Center

JC ATM Services, LLC is an ATM company that provides an ATM, free of charge, to public and private entities. The following are facts of JC ATM Services, LLC:

1. JC ATM Services, LLC purchases and installs the ATM and pays for all maintenance of the ATM. There is no cost to the County.
2. JC ATM Services, LLC monitors the cash balances online and sends money only when necessary.
3. If there is a discrepancy with a user's transaction, the user will resolve the dispute with JC ATM Services, LLC.
4. JC ATM Services, LLC is liable if the ATM is stolen.
5. Lumpkin County has no liability for any ATM related issues and is not required to carry addition insurance.
6. If Lumpkin County does not share commissions with JC ATM Services, LLC, the desired number of transactions is a minimum of 67 per month.
7. Lumpkin County will provide a 110 power source and an Internet router, which would only be used when the ATM is processing transactions.
8. JC ATM Services, LLC does not require the County to sign a contract for the placement of the ATM.
9. JC ATM Services, LLC will install the ATM at the Justice Center with a 90 day trial period. After 90 days, if the transaction volume is not sufficient, either the company can remove the ATM or the County can pay to keep it. JC ATM Services, LLC must have a minimum of \$200 per month of income, either by transaction fee income or from County payments. With no contract, the County can determine after 90 days or anytime thereafter whether the ATM should remain in the Justice Center. The chart below provides clarity on the potential cost to the County.
10. The fee to the ATM user is \$3 per transaction.



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JC ATM Services, LLC

One Time Costs

None	\$0.00
Total One Time Costs	\$0.00

Recurring Monthly Costs

\$0 with at least 67
transactions per month
County will make up any
revenue under \$200

Example 1:

Transaction Count: 67
 $67 \times \$3 = \201
Cost to County: \$200 - \$201 **\$0.00**

Example 2:

Transaction Count: 20
 $20 \times \$3 = \60
Cost to County: \$200 - \$60 **\$140.00**

Example 3:

Transaction Count: 50
 $50 \times \$3 = \150
Cost to County: \$200 - \$150 **\$50.00**

Option B: Install a Merchant Services terminal in the Planning Department (Charge \$3 Convenience Fee)

Departments that accept payments for services were contacted to determine whether accepting debit/credit cards for payment would result in more efficient processing within the respective offices. The Planning Department was the sole department that expressed an interest in accepting debit/credit cards. United Community Bank provided a proposal for an additional Merchant Services terminal. The proposed fees from United Community Bank are consistent with the banking industry. The chart below provides the costs associated with accepting cards for payment.



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Merchant Services Terminal

One-Time Costs

Terminal Cost	<u>\$186.00</u>
Total One Time Costs	\$186.00

Recurring Monthly Costs

Monthly On File Fee	\$7.00
PCI Compliance Fee	<u>\$7.50</u>
Total Recurring Monthly Costs	\$14.50

Transactional Costs (VS/MC/DC)

Qualified Credit	1.69%
Mid Qualified	2.54%
Non Qualified	3.67%
Rewards	1.99%
Debit Card	1.39%
AVERAGE RATE	2.26%

Transaction Fee	\$0.15
Batch Fee	\$0.20

Example 1:

\$50 transaction @ 1.39% + \$.15	\$0.85	Lowest Fee
\$50 transaction @ 2.26% + \$.15	\$1.28	Average Fee
\$50 transaction @ 3.67% + \$.15	\$1.99	Highest Fee
(Plus \$.20 Batch Fee)		

Example 1:

\$100 transaction @ 1.39% + \$.15	\$1.54	Lowest Fee
\$100 transaction @ 2.26% + \$.15	\$2.41	Average Fee
\$100 transaction @ 3.67% + \$.15	\$3.82	Highest Fee
(Plus \$.20 Batch Fee)		

Example 2:

\$250 transaction @ 1.39% + \$.15	\$3.63	Lowest Fee
\$250 transaction @ 2.26% + \$.15	\$5.80	Average Fee
\$250 transaction @ 3.67% + \$.15	\$9.33	Highest Fee
(Plus \$.20 Batch Fee)		



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In 2014, the Planning Department received 1,060 payments, which averaged \$120.27. Sixty-eight percent (68%) of transactions totaled less than \$100.00. As seen in Example 1 above, the average transaction fee a \$100 payment is \$2.41. In order to offset the cost to the County for larger transactions as well as the recurring monthly fees, \$3 would be an appropriate convenience fee. Accepting debit/credit cards and charging a \$3 convenience fee will increase efficiency in the Planning Department by offering customers an electronic payment method and reducing time spent preparing deposits.

C. Install a Merchant Services terminal in the Planning Department; Charge customers a 3% convenience fee

As with Option B, the one-time costs and monthly costs remain the same. The average rate charged by UCBI for credit/debit cards is 2.26%. In order to offset the processing and \$.15 transaction fee, charging a 3% convenience fee would be necessary to cover average transaction costs to the County. Due to the convenience fee changing as transaction amounts change, calculating a percentage may be cumbersome to Planning Department employees as well as inefficient in processing payments for customers.

D. Place a non-financial institution ATM in the Justice Center and Install a Merchant Services terminal in the Planning Department; Charge customers a \$3 convenience fee

Installing an ATM in the Justice Center, as outlined in Option A and installing a merchant services terminal in the Planning Department and charging a \$3 convenience fee, as outlined in Option B, would provide citizens the convenience of having ATM access in the Justice Center as well as create a more efficient payment process in the Planning Department. The Planning Department would simply add the \$3 convenience fee to the total amount due to the County.

E. Place a non-financial institution ATM in the Justice Center and Install a Merchant Services terminal in the Planning Department; Charge customers a 3% convenience fee

Installing an ATM in the Justice Center, as outlined in Option A and installing a merchant services terminal in the Planning Department and charging a 3% convenience fee, as outlined in Option C, would provide citizens the convenience of having ATM access in the Justice Center as well as create a more efficient payment process in the Planning Department. The Planning Department may experience a delay in processing payments due to calculating the 3% fee to add to the amount due.

F. Reject All Options



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Rejecting all options will result in the continuation of payment methods currently in place. There will be no cost to the County if all options are rejected.

Budget Impact: Impact to the budget will be minimal for offering these services.

Staff Recommendation: The staff recommends Option B, Install a Merchant Services terminal in the Planning Department; Charge customers \$3 convenience fee. Based upon conversations with Department employees in the Justice Center, citizens rarely do not have an accepted payment method. Also, with the six Lumpkin County financial institutions being within close (<1/2 mile) proximity to the Justice Center, we believe that an ATM in the Justice Center would have minimal use. Furthermore, we believe installing a Merchant Services terminal in the Planning Department will increase efficiency and will enhance the experience of customers by offering expanded payment methods.