REPORT TO COUNCIL
City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Continued from 12-5-06

STAFF

December 5, 2006

Honorable Mayor and
Members of the City Council

Title: Pay and Display Report Back

Location/Council District: Citywide/All Districts

Recommendation: Adopt a **Resolution**: 1) Approving the expansion of Pay & Display stations on City streets, 2) Authorizing the City Treasurer to secure funding for purchasing additional Pay & Display stations, and 3) Directing staff to report back on project funding and for approval of a purchase agreement for additional Pay & Display stations.

Contact: Howard Chan, Parking Services Manager, 808-7488

Presenters: Howard Chan

Department: Transportation

Division: Parking Services

Organization No: 3481

Description/Analysis

Issue: A pilot program was launched in August 2005 to test the feasibility and customer acceptance of Pay & Display station use on Sacramento streets. Pending the outcome of the pilot program, these Pay & Display units would be considered when replacing the City's existing single-space parking meters.

Policy Considerations: This recommendation conforms to existing City policy for the purchase of supplies and services. It is consistent with the City of Sacramento Strategic Plan Goal to achieve sustainability and enhance livability.

Environmental Considerations: This report concerns ongoing administrative or maintenance activities which are not for purposes of a Department of Transportation construction project and do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) Guidelines Section 15378 (a). These activities are, therefore, not subject to the requirements of CEQA

Rationale for Recommendation: Expanding Pay & Display stations on City streets will provide a higher level of customer service by providing multiple payment options. Pay & Display stations are more reliable and secure than single space meters. They have an aesthetically pleasing design that blends into the urban environment and use energy efficient, solar technology. The City will maximize its buying power by utilizing an inter-agency agreement with the City of Seattle, saving approximately $500,000 in costs.

During the pilot program, which was conducted from August 2005 through July 2006, revenues were compared to both historical revenues for the same time period and to the revenues collected the month prior to the pilot program. On average monthly revenues increased 38% in the pilot area with over 20% of the total revenue collected from credit card sales. Savings in repair costs, including labor, from using Pay & Display stations over the single space parking meters were approximately $85 per parking meter. During the 12-month pilot period there was only one occasion when a Pay & Display station was out of service. This was due to an operational oversight and service was restored quickly.

Financial Considerations: Approximately $800,000 of the $2.1 million originally approved by Council in March 2004 was used for the replacement of single space meters. The balance of the approved funding ($1.3 million) was returned, so the City could explore new technologies. The cost of the new Pay & Display stations, including installation, is estimated not to exceed $2.5 million. The debt will be repaid from increases in revenues and lower equipment maintenance and replacement costs.

Emerging Small Business Development (ESBD): Any goods and services will be purchased in accordance with established City policy.

Respectfully Submitted by: _____
Howard Chan
Parking Services Manager

Approved by: _____ for Jerry Way
Jerry Way
Director of Transportation

Recommendation Approved:

_____
for RAY KERRIDGE
City Manager

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Attachment 1

BACKGROUND

In March 2004 the City Council adopted a resolution authorizing the replacement of the City's single space parking meters and approved a municipal lease agreement with Bank of America Leasing for the purpose of funding the parking meter replacement. Funding in the amount of $2.1 million was secured and was to be paid back over five years from savings from lower equipment maintenance and replacement costs, salary and benefit savings, and increases in revenue. Two thousand five hundred of the oldest parking meters were replaced at a cost of $800,000. Replacement of additional meters was not made because parking staff was considering the use of multi-space Pay & Display stations as an option to the single space parking meters.

In December 2005 the City Council approved the concept of Pay & Display stations and a pilot program was launched to test the feasibility and customer acceptance of their use on Sacramento streets. It was determined that Parkeon best fit the City's needs and was selected as the vendor for the pilot program for the following reasons:

- They have proven technology with installations in major cities throughout the world.
- Parkeon Pay & Display stations have been working successfully in Washington D.C., Chicago, Miami and the City of New York for over ten years.
- Currently Parkeon has over an 80% domestic market share and 56% market share worldwide.
- These identical Pay & Display stations are being used successfully in Portland and Seattle.

In August, 2005 the pilot program began with the installation of nine Pay & Display stations around the perimeter of Cesar Chavez Park and in front of the Historic City Hall. The Pay & Display stations replaced the single space parking meters at those locations. The new solar-powered Pay & Display stations accept credit cards or coins of all denominations to make paying for parking easier for shoppers, diners and those conducting business downtown. Customers pay for parking then display a receipt indicating the expiration time. Unexpired time may be transferred to any parking space citywide. The objectives of the trial program were:

- To improve service by providing customers with multiple payment options.
- To determine if the new collection system would have a positive impact on the City's collection resources.
- To determine if the Pay & Display stations would enhance revenue as compared to historic revenue totals.

To kick off this pilot program, a press conference was held and news stories ran on several radio and television stations and in the Sacramento Bee. Initially, Parking staff and the Downtown Guides were available to answer questions and to provide assistance in using the new Pay & Display stations. Prior to the start of the pilot

program an informational brochure on how to use the new Pay & Display stations was produced and distributed to businesses adjacent to the pilot area. The brochure was also placed on the windshields of parked vehicles in the pilot area notifying parkers of the upcoming change. Signage for the Pay & Display stations was also designed and installed.

Revenue

The nine Pay & Display stations replaced 49 single-space parking meters. On average, monthly revenue increased 38% with over 20% of the total revenue collected from credit card sales. The following table details the monthly revenue during the trial period compared to historic revenues for the same time period.

August 2005/July 2006	**Total**	**Average**
Cash	$45,124.33	$3,760
Credit Card	$12,086.00	$1,007
Total 05/06	$57,210.33	$4,767
August 2004/July 2005		
Cash	$41,455.66	$3,454
Credit card	0	0
Total 04/05	$41,455.66	$3,454
%Inc	38.00%	38.00%
%Credit Card	21.13%	21.13%

Collection

The City's current single space parking meters must be collected individually, twice per week and only accept quarters. The newest single space meters also accept pre-paid debit cards. However, since it is not possible to know how much money is in a single space parking meter at any given time, each single space parking meter must be collected twice per week (parking meter collection routes average 500 meters per route). In contrast, the nine Pay & Display stations in the pilot area were only collected when they reached a predetermined collection point. When this point was reached the Pay & Display stations notified the collection staff via wireless communication. This resulted in fewer collections with each pay station being required to be collected only once per month as compared to eight times a month for each single space meter. The Pay & Display stations also provide an audit of the amount of money collected. Due to the accuracy of the Pay & Display station audit, consideration is being given to depositing the revenue directly to the bank, eliminating the need to count the money altogether.

Repair

Current single space parking meters are repaired when someone calls in to report a malfunction or when parking staff spots a failed meter. In addition, single space meter batteries must be replaced every six months. Based on the average number of calls for service on single space parking meters citywide and the requirement to replace the meter batteries, it is estimated that the 49 meters that were replaced in the pilot area

collectively would have required 210 repairs and/or battery changes during the twelve month pilot period.

In contrast, the Pay & Display stations constantly report their status using a secure wireless connection to an internet site that can be monitored from any personal computer that has Internet connectivity provided the user has the proper clearances. As a result, preventative maintenance can then be provided before the Pay & Display station goes out of service eliminating downtime. In the unlikely event that a Pay & Display station is out of service the parker can simply use another station to pay for parking.

During the pilot program from August 2005 through July 2006, there was only one occasion when a Pay & Display station was out of service. This was due to an operation oversight and was not caused by the Pay & Display station. Service was quickly restored. Also during the pilot period there were two calls for service, when credit cards were forced backwards into the machine, and the receipt paper on all machines had to be replenished. Savings in repair costs, including labor, from the Pay & Display stations over the single space parking meters was approximately $85 per meter.

	Single Space Parking Meter	**Pay & Display Station**
Payments accepted	Quarters only	All coins + credit cards
Credit card payments	N/A	20%
Monthly collections	8 each meter	1 per station
Calls for service & preventative maintenance	210*	17
Repair costs	$92 per meter $4,487/49 meters	$43 88 per station ($8 05 per parking space)
Provides receipt	No	Yes

*Estimated number of calls that would have been required based on the 49 single space meters

Benefits

The Parkeon Pay and Display stations provide the following benefits:

Public Benefits

- Parking customers have more payment options (various coin denominations and debit/credit card).
- Customers can use purchased time at any parking meter citywide.
- Removing the parking meter posts enhances the aesthetics of the area.
- The Pay & Display stations are more reliable and secure.
- Pay & Display stations are user friendly.

City Benefits

- Higher level of customer service. Multiple payment options provide flexibility to the customer.
- Increased level of meter revenue security.
- Reduced maintenance.
- Aesthetically pleasing design blends into the urban environment and is easy to locate.
- Increased revenue.
- The City would maximize its buying power by utilizing an inter-agency agreement with the City of Seattle saving approximately $500,000 in costs.

Implementation

A phased implementation schedule is planned over an 18-month period. Savings in repair costs, including labor, from the Pay & Display stations over the single-space parking meters was approximately $85 per parking meter. Pay & Display Stations will be located for maximum customer convenience. In determining where to place the Pay & Display stations, staff will use the following guidelines:

- The maximum walking distance from a parking space to a Pay & Display station will be no greater than two hundred feet (one-half block).
- A Pay & Display station will serve a minimum of six parking spaces.
- Where possible, street segments with Pay & Display stations will be contiguous.
- Pay & Display stations will be placed where parking demand is greatest.

RESOLUTION NO.

Adopted by the Sacramento City Council

EXPANSION OF PARKING PAY & DISPLAY STATIONS ON CITY STREETS AND AUTHORIZATION FOR THE CITY TREASURER TO SECURE FUNDING FOR PURCHASING ADDITIONAL PARKING PAY STATIONS

BACKGROUND

A. In December 2005 the City Council approved the concept of Pay & Display stations in lieu of single space parking meters and a pilot program was launched to test the feasibility and customer acceptance on Sacramento streets. It was determined Parkeon best fit the City's needs and was selected as the vendor for the pilot program.

B. In August 2005 the pilot program began with the installation of nine Pay & Display stations around the perimeter of Cesar Chavez Park and in front of Historic City Hall. The Pay & Display stations replaced the single space parking meters at those locations.

C. The nine Pay & Display stations replaced 49 single space parking meters. On average, monthly revenue increased 38% with over 20% of the total revenue collected from credit card sales. The following table details the monthly revenue during the pilot period compared to historic revenues for the same time period.

August 2005/July 2006	**Total**	**Average**
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%Inc	38.00%	38.00%
%Credit Card	21.13%	21.13%

D. Savings in repair costs form August 2005 through July 2006, including labor, from the Pay & Display stations over the single space parking meters were approximately $85 per meter.

	Single Space Parking Meter	Pay & Display Station
Payments accepted	Quarters only	All coins + credit cards
Credit card payments	N/A	20%
Monthly collections	8 each meter	1 per station
Calls for service & preventative maintenance	210*	17
Repair costs	$92 per meter	$43.88 per station ($8 05 per parking space)
Provides receipt	No	Yes

*Estimated number of calls that would have been required based on the 49 single space meters

E. A phased implementation schedule is planned over an 18-month period. Pay & Display stations will be located for maximum customer convenience. Inn determining where to place the pay stations staff will use the following guidelines:

- The maximum walking distance from a parking space to a Pay & Display station will be no greater than two hundred feet (one-half block).
- A Pay & Display station will serve a minimum of six parking spaces.
- Where possible, street segments with Pay & Display stations will be contiguous.
- Pay & Display stations will be placed where parking demand is greatest

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The expansion of Pay & Display stations on City Streets is approved

Section 2. The City Treasurer is authorized and directed to secure funding for purchasing additional pay stations

Section 3. Staff is directed to report back on project funding and for approval of a purchase agreement for additional Pay & Display stations.