



CITY OF MARTINEZ

**CITY COUNCIL AGENDA
January 16, 2013**

TO: Mayor and City Council

FROM: Alan Shear, Assistant City Manager
Tim Tucker, City Engineer

SUBJECT: Parking Meter Upgrade

DATE: January 10, 2013

RECOMMENDATION:

1.) Motion to adopt resolution allocating \$46,000 of undesignated Parking District Reserve for the purchase of up to 69 credit card-enabled electronic meter mechanisms for Main Street between Alhambra Avenue and Court Street. 2.) Provide further direction to staff regarding the long term parking issues.

BACKGROUND HISTORY:

The Downtown Parking District was formed in the 1950's. The current parking boundary was established in 1999 as part of a larger parking enhancement program, when approximately 400 meters were added.

The next major upgrade in the parking program occurred in 2005 with the replacement of mechanical meters with electronic meters. The mechanical meters were easily vandalized, stolen or broken into and a large percentage of the meter inventory was out of service in spite of increased maintenance efforts. The upgrade to electronic meters cost approximately \$436,600 and was funded by the Parking Fund. This upgrade resulted in a significant reduction in vandalism and increased reliability in the operation of the meters.

Staff presented a proposal from IPS Inc on January 11, 2012, to provide a 90-day parking meter trial study to evaluate meters that accept credit cards. IPS Inc. is the leading company providing this technology, with an office based in San Diego. IPS claimed many benefits to their system, including that 33% of the parking public will typically use credit cards when available. The company determined credit card paying customers tend to pay for longer parking periods, which allows more time for increased shopping.

Credit card transactions, on average, pay for up to three times the parking time than coin transactions according to IPS. Another benefit cited for the new meters was that the new meter heads would automatically notify City maintenance staff should there be a failure with a meter. This capability would decrease down time for the meters and therefore enable greater utilization. Council approved the trial study and 61 of the new IPS meters were subsequently installed along Main Street.

The City Council received a report from staff on September 5, 2012, on the results of the parking meter trial study. Staff reported that the percent of parking revenues generated through credit card transactions did not increase significantly during the study, hovering near 10%, and that approximately 4.5% of parkers used credit cards. This average number of credit card users per meter remained consistent during the trial period, although the average credit card transaction was significantly higher than the average cash transaction. Staff stated on the September report, that in August the average cash transaction was \$0.39 vs. \$0.82 for the average credit card transaction.

The City transaction fees and monthly system maintenance costs from IPS of approximately \$600 per month (based on 61 test meters), exceeded the monthly revenue generated through credit card transactions; however, the Council recognized that the new meters other benefits will eventually outweigh the cost of operating the retrofitted meters. At the time Council directed staff to continue with another 90-day trial period.

Staff returned to the City Council on December 19, 2012, to provide an update on the latest parking meter trial study, and to request: 1) an allocation of funds to purchase 165 credit card-enabled electronic parking meter mechanisms; 2) direction to initiate the process to review ordinances related to parking meter fees and operations, including to initiate the process to terminate the practice of allowing free jury parking, and 3) to waive parking meter fees through the holiday season.

The Council approved waiving fees from December 20, 2012 through January 6, 2013 in the downtown shopping district. In addition, the Council provided input regarding initiating the process to further review parking fees and operations. Lastly, Council directed staff to provide additional data regarding the Parking Fund, before they would approve allocating funds to purchase the credit card-enabled mechanisms.

Review of parking fees and operations:

Since the December 19th Council meeting, staff has researched previous Downtown parking studies, including:

- The 1999 parking study completed in conjunction with the construction of the Family Law Building.
- The 2005 Parking Meter Operations Analysis (RAM Associates).
- Revenue and Occupancy reports available through the existing electronic meters.
- Parking Structure feasibility studies.
- Downtown Specific Plan.

Many of the cost estimates, surveys and studies can be updated by staff; however, some degree of outside professional assistance will be required to confirm the findings and finalize the final recommendations. The Parking Fund has funds available in its operating budget to cover these costs. With staff taking the lead, the estimated time to complete the studies will be reduced. Staff will return to Council in late spring with recommendations regarding: 1.) the purchase of additional credit card meters; 2.) report on the results of the fee study; 3.) any operational change recommendations; and, 4.) Determine whether to move forward with financing a parking structure in lot number 4, owned by the City.

Parking Fund Summary:

Revenue

The Parking Fund's budgeted revenue for Fiscal Year 2012-13 is \$457,000. This projected revenue includes \$360,000 for metered parking and \$40,000 from the sale of 10 hour parking permits. The relocation of County staff from downtown buildings will have a negative impact on revenues due to the loss of this group of customers who would normally use metered parking. The reduction of County parking demand can be offset by increased juror parking, provided jurors are not provided free parking passes. In addition, emerging growth of downtown business can take advantage of any surplus parking that may result from the relocation of County departments.

Expenditures

Total Parking Fund expenditures are budgeted at \$368,693. These expenditures include \$87,850 for salary and benefits (which includes workers compensation and liability insurance costs) for the parking meter service worker who collects the metered coin revenue and maintains the meters; and \$81,500 for Police Assistants who enforce parking regulations on a continued and consistent basis. The hours worked on enforcement are documented on the police assistant's timesheet and then charged to the Parking Fund at the cost of their particular hourly rate, which includes benefits, workers compensation and liability costs. During the natural turnover of staff or unanticipated long absences, there are times when enforcement fluctuates resulting in a decrease in parking meter revenues.

FISCAL YEAR 2012-13 BUDGET	
<u>REVENUE</u>	
Meter Revenue	360,000
Permits	40,000
Property Tax	53,000
Interest Income	4,000
Budgeted Revenue	457,000
<u>EXPENDITURES</u>	
Parking Meter Worker	87,850
Parking Enforcement	81,500
Job Costing	13,712
Utilities	45,420
Banking-coin processing	8,000
Other Services	3,000
Maintenance & Repair	15,000
Professional Services	7,600
Rental of Equipment (from IS Funds)	13,453
Supplies & Equipment	18,300
Direct Costs/Indirect Costs	50,000
Depreciation	24,858
Budgeted Expenditures	368,693
Net	88,307

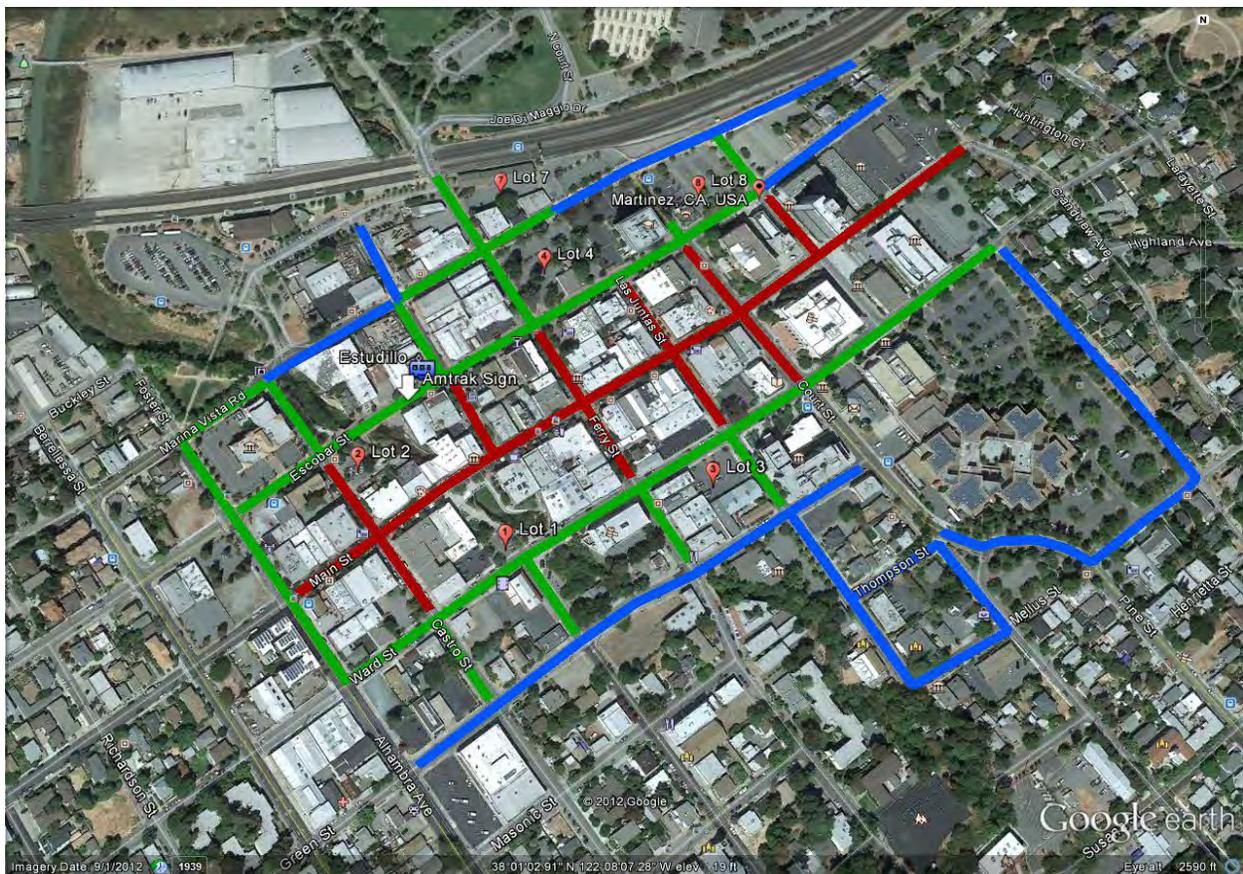
A review of Parking Fund Unrestricted Net Assets is as follows:

PARKING FUND								
	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
REVENUE	324,795	397,915	434,851	483,761	456,194	457,657	427,997	379,284
EXPENDITURES	(405,313)	(361,517)	(300,748)	(324,656)	(375,276)	(371,213)	(406,135)	(320,313)
Income (Loss) before non-operating	(80,518)	36,398	134,103	159,105	80,918	86,444	21,862	58,971
NET ASSETS								
Prior Year Unrestricted Assets	905,746	389,614	426,012	560,115	695,720	767,436	852,880	749,742
Transfer to Capital Projects							(125,000)	
Capital Assets	(435,614)			(23,500)	(9,201)	(1,000)		
Net Revenue/(Expense)	(80,518)	36,398	134,103	159,105	80,918	86,444	21,862	58,971
Ending Unrestricted Net Assets	389,614	426,012	560,115	695,720	767,436	852,880	749,742	808,713
Capital Assets Expenditures								
Parking Meters	435,614							
Paving: Parking Lot 3				23,500				
Solar Powered Coin Machine					9,201	1,000		

Existing Parking Meter Program:

The City currently has approximately 1100 parking meters. The parking meter area within the downtown is shown below. The inventory includes:

- 300 two-hour meters located primarily along Main Street and the side streets between Escobar and Ward Streets.
- 350 four-hour meters located primarily along Escobar and Ward Streets extending to the side streets to Marina Vista on the north, and Green Street on the south and a portion of Marina Vista in the vicinity of Ferry Street.
- 450 long term, ten-hour meters located along Marina Vista, Green Street and areas surrounding County facilities in the southeast portion of the downtown.



The City's current parking meter rates were established in 1999. The fee structure was established to fund maintenance and enforcement along with short and long term parking solutions. There are three types of meters which are outlined in the map above:

- RED: Two hour zone (\$0.50/hr)**
- Green: Four hour zone (\$0.50/hr)**
- Blue: Ten hour zone (\$0.25/hr)**

DISCUSSION:

Proposed Parking Meter Upgrade:

As was previously mentioned, parking meters on a section of Main Street were retrofitted during the summer of 2012 with credit card-enabled electronic mechanisms provided by IPS Group, Inc. on a trial basis. Staff reported to the City Council on September 5, 2012, that credit card transactions comprise 10% of the meter revenue and that the City transaction fees and monthly system maintenance costs from IPS and US Bank exceeded the revenue generated through credit card transactions. However, the Council recognized that the new meters have benefits that outweighed the cost of operating the retrofitted meters, such as having other payment options which gives flexibility to the public. Since the trial period had ended, Council approved another 90-day trial with the meters. Staff provided an update on the second trial period with the new meters at the December 19, 2012 Council meeting. During that update, staff reported that the average coin transaction had remained relatively constant at \$0.38 since August, and the average credit card transaction had risen slightly to \$0.84 as opposed to the \$0.82 per transaction figure from August. The Council recognized the longer parking time allows users to spend more time shopping and eating in the downtown, and provides the benefit of improving the image of the downtown by offering the latest technology on such a visible infrastructure. Other benefits associated with using the new meters which are difficult to quantify include handling fewer coins, streamlined maintenance due to the electronic notification of failed meters, and the user-friendliness of the new meters.

The costs associated with IPS mechanisms from June through November are as follows:

	06/30/12	07/31/12	08/31/12	09/30/12	10/31/12	11/30/12	Total
IPS Meter Report							
Number of Credit Card Meters	62	62	62	62	62	59	
Cash Amount Collected	\$ 2,798	\$ 2,778	\$ 3,034	\$ 2,581	\$ 2,839	\$ 2,653	\$ 16,683
Credit Card Amount Collected	\$ 314	\$ 286	\$ 387	\$ 392	\$ 484	\$ 436	\$ 2,299
	\$ 3,112	\$ 3,064	\$ 3,421	\$ 2,973	\$ 3,323	\$ 3,089	\$ 18,982
Percent of Cash Collected	90%	91%	89%	87%	85%	86%	88%
Percentage of Credit Card Collected	10%	9%	11%	13%	15%	14%	12%
	100%	100%	100%	100%	100%	100%	100%
Number of Cash Transactions	7,480	7,253	7,897	6,742	7,575	7,128	44,075
Number of Credit Card Transactions	481	402	470	468	577	516	2,914
	7,961	7,655	8,367	7,210	8,152	7,644	46,989
Avg Cash Transaction	\$ 0.37	\$ 0.38	\$ 0.38	\$ 0.38	\$ 0.37	\$ 0.37	
Avg Credit Card Transactions	\$ 0.65	\$ 0.71	\$ 0.82	\$ 0.84	\$ 0.84	\$ 0.84	
IPS Invoice							
Number of Credit Card Meters	62	62	62	62	62	61	
IPS Credit Card Trans Fee (13c x # Credit Card Transactions)	\$ 62.53	\$ 52.26	\$ 61.10	\$ 60.84	\$ 75.01	\$ 67.08	\$ 378.82
IPS Monthly Gateway Fee (\$3.75 x Number of Meters)	\$ 232.50	\$ 232.50	\$ 232.50	\$ 232.50	\$ 232.50	\$ 228.75	\$ 1,391.25
IPS Monthly Mgmt System Fee (\$2 x Number of Meters)	\$ 124.00	\$ 124.00	\$ 124.00	\$ 124.00	\$ 124.00	\$ 122.00	\$ 742.00
Total IPS Fees	\$ 419.03	\$ 408.76	\$ 417.60	\$ 417.34	\$ 431.51	\$ 417.83	\$ 2,512.07
US Bank Merchant Billing Statement							
US Bank Monthly Fee	\$ 84.00	\$ 100.44	\$ 117.91	\$ 131.72	\$ 150.13	\$ 142.67	\$ 726.87
Summary							
Credit Card Amount Collected	\$ 314	\$ 286	\$ 387	\$ 392	\$ 484	\$ 436	\$ 2,299
Total Credit Card Related Fees	\$ (503.03)	\$ (509.20)	\$ (535.51)	\$ (549.06)	\$ (581.64)	\$ (560.50)	\$ (3,238.94)
US Bank Costs Associated if Paid by Cash instead of Credit Card	\$ 10.31	\$ 9.69	\$ 9.54	\$ 9.96	\$ 9.74	\$ 9.87	\$ 59.11
Net Income (Loss) From Credit Card Transactions	\$ (178.72)	\$ (213.51)	\$ (138.97)	\$ (147.10)	\$ (87.90)	\$ (114.63)	\$ (880.83)

Staff has met with IPS regarding concerns with operating costs and fees. IPS indicated that during the test period, in an attempt to control credit card fees, Congress passed what is known as the Durban Bill. This legislation sets flat credit card transaction fees. This benefits consumers purchasing large ticket items. The unintended consequence of the bill was significantly increasing “micro” transaction credit card fees. What was once a fee of approximately five cents was increased to twenty-two cents. There are efforts underway to address this unintended consequence, but it is unclear when such issues will be corrected.

Staff had initially proposed purchasing 180 credit card meters in January 2012, if the trial study proved successful. Staff modified this proposal in December 2012 to a purchase of 165 meters.

Staff is now proposing the purchase of only 69 meters for replacement on Main Street, between Alhambra Avenue and Court Street, and postponing the purchase of meters on Escobar Street (from Castro to Court Street), and meters on the side streets until the Council is provided the updated fee study requested at the December 19th Council meeting.

Standard IPS costs and fees:

Capital Purchase:

Meter Mechanism (per meter)	\$ 495.00	
RF ID Tag	15.00	
Installation	5.00	
Shipping	<u>2.00</u>	
TOTAL	\$ 517.00	X 69 = \$35,673

Operating Fees:

Annual

Gateway/data fee	\$ 45.00	
Management System	<u>24.00</u>	
	\$ 69.00	X 69 = \$ 4,761

IPS and US Bank
Credit Card Transaction fees \$5,566**

**estimated fees

FISCAL IMPACT:

Undesignated Parking Fund Reserve June 30, 2012	\$ 808,713
69 Meters w/ 12 mos. Operating costs	<u>(46,000)</u>
Undesignated Parking Fund Reserve	\$ 762,713

The short term losses of the new parking meters could be offset by increased revenues generated by the elimination of free juror parking. This is explained further in another staff report.

ACTION:

1. Motion to adopt resolution allocating \$46,000 of undesignated Parking District Reserve for the purchase of up to 69 credit card-enabled electronic meter mechanisms for Main Street between Alhambra Avenue and Court Street.
2. Provide further direction to staff regarding the long term parking issues.

Attachment: Resolution
Map

APPROVED BY:



City Manager

RESOLUTION NO. -13

ALLOCATING \$46,000 OF UNDESIGNATED PARKING DISTRICT RESERVE
FOR THE PURCHASE OF UP TO 69 CREDIT CARD-ENABLED
ELECTRONIC METER MECHANISMS FOR MAIN STREET
BETWEEN ALHAMBRA AVENUE AND COURT STREET

WHEREAS, the City of Martinez maintains parking meters in the downtown area; and

WHEREAS, there is a general benefit to the public, merchants and City to enable the electronic meters to accept credit card payments on and in the vicinity of Main Street; and

WHEREAS, the cost to retrofit 69 existing parking meters with electronic mechanisms to accept credit cards is estimated to be \$46,000; and

WHEREAS, the cost for installation, shipping and twelve months for IPS management costs of the retrofitted meters is included in the purchase price.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Martinez, that \$46,000 be allocated from the Undesignated Parking Reserve funds for the purchase of electronic retrofit parking meter components and operating costs.

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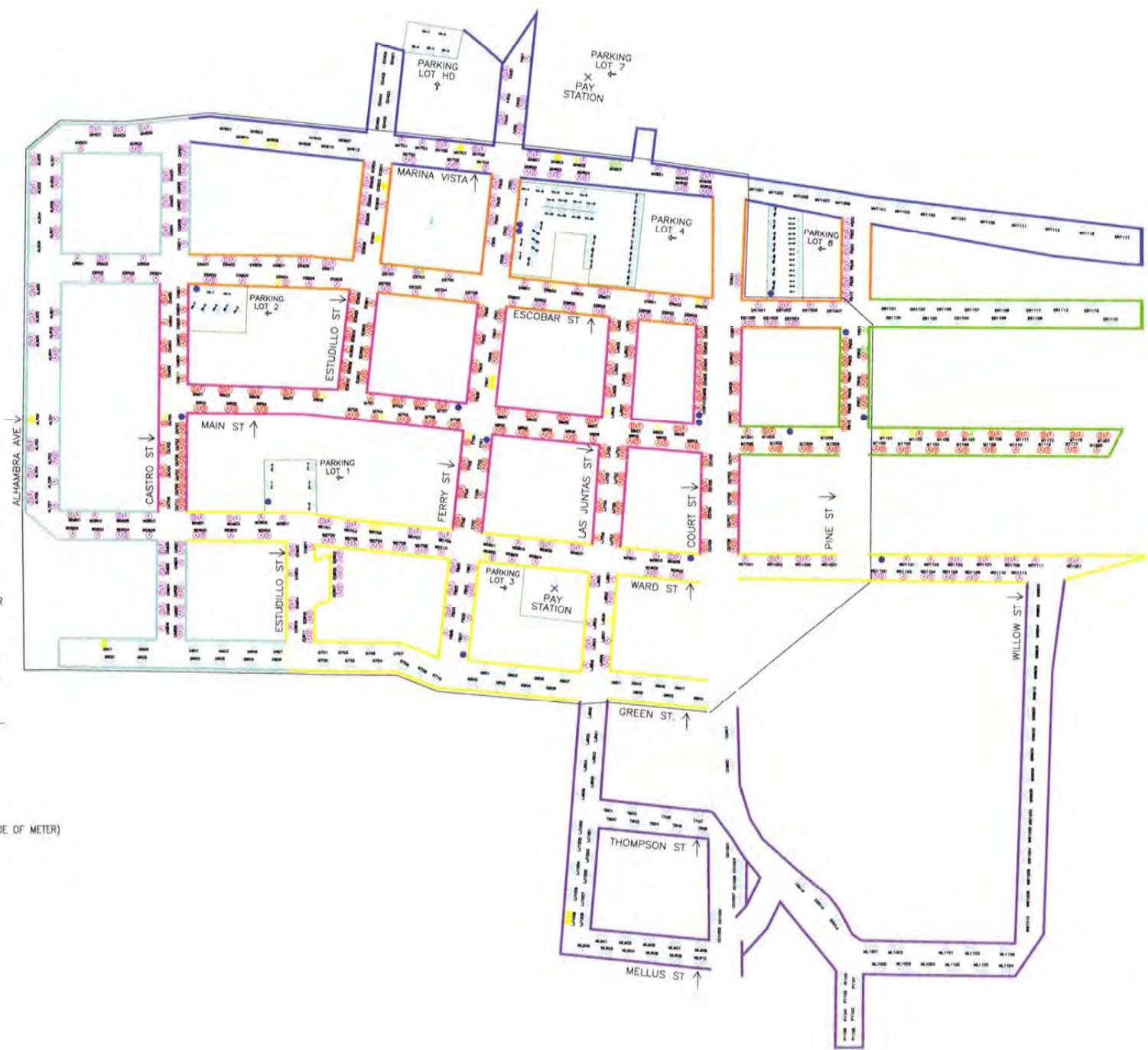
I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 16th day of January, 2013, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK
CITY OF MARTINEZ



NO. OF SPACES	COLOR	METER TYPE AND RATE
257	Red	TWO HOUR METER @ \$0.50/HR
348	Purple	FOUR HOUR METER @ \$0.50/HR
404	Light Blue	TEN HOUR METER @ \$0.25/HR
6	Green	15 MINUTE METER @ \$1.00/HR
23	Yellow	30 MINUTE METER @ \$0.50/HR
15	Dark Blue	HANDICAPED UNMETERED

1,038 TOTAL SPACES (METERED)

- (A)(B) DOUBLE HEADED METER
- (A) SINGLE HEADED METER
- G502 POST LOCATION (ON STREET SIDE OF METER)
- ROUTE 1 - 122
- ROUTE 2 - 206
- ROUTE 3 - 162
- ROUTE 4 - 99
- ROUTE 5 - 80
- ROUTE 6 - 94
- ROUTE 7 - 149
- PARKING LOTS - 118
- INSIDE PARKING DISTRICT