



## Council Agenda Report

From: Damian Nord, Police Chief

Subject: 90-Day Review of the Downtown On-Street Parking Program

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15061, subd. (b)(3) and 15378.

Date: June 6, 2023

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### Facts

1. On [January 31, 2023](#) and [February 21, 2023](#), the City Council reviewed options to update the downtown on-street parking program, which included consideration of changes to the pay structure, discussions on a resident discount parking program, merchant validation program, and extension of the Cale/Flowbird parking mobile app contract. Based on action taken at the February meeting, the City Council approved the following and requested staff return in 90 days for a review of the program:
  - a. 90-day resident discount pilot program with 2 hours free followed by \$2 per hour for all users.
  - b. 90-day extension of the Flowbird contract to include mobile application and pay by text features in addition to ongoing hardware services.
  - c. 12-month pilot merchant validation program that provides downtown merchants the ability to prepurchase parking hours at a 50% discounted parking rate.
2. The pilot program was launched on March 1, 2023, providing customers three options to start or pay for parking: Flowbird mobile application, pay by text, or at one of the pay stations within the downtown area. Temporary signs were posted on all paid parking signs with information on how to pay for parking.
3. During the months of March and April there were 100,046 total parking sessions, of which 88,897 were free parking sessions (less than two hours in session duration). This equates to approximately 89% of sessions being free. During the months of March and April there were 32,604 app or pay by text parking sessions (33% of total).

### Community Outreach

In preparation for the changes to the parking program starting March 1, 2023, staff published a parking update flyer with frequently asked questions and how-to videos on how to use the Flowbird app and Pay by Text. All information on the parking changes was sent via social media, press releases, and posted on the City's parking webpage. In addition, the Parking Ambassadors were on foot answering questions and explaining how to use the new features of the parking program. Staff provided a presentation on the changes at the City Council meeting on March 7, 2023.

### Options

1. Take no action;
2. Maintain the changes to the parking program previously adopted by City Council on February 21, 2023 and authorize the City Manager to renew a contract for parking management services with Flowbird;
3. Direct staff to bring back options to modify the program to achieve cost neutrality;
4. Provide alternative direction to staff.

### Analysis and Conclusions

On March 1, 2023, the Council acted to improve the City's downtown parking program. Council action addressed concerns surrounding parking program revenue neutrality, consumer confusion and maintaining available parking at an 85% occupancy rate during peak days and hours. A majority of Council voted to:

- Retain 2 free hours of initial parking.
- Increase the hourly parking rate from \$1 to \$2 per hour.
- Authorized the implementation of the Flowbird parking management solution.

The Flowbird solution offers consumers the ability to pay for parking via a conveniently located kiosk, by text, or via a mobile phone application.

Since the program started in August of 2019, the program achieved several of the Council majority's objectives:

- Increased parking payment/registration options for consumers via multiple Flowbird technology solutions
- Reduced consumer confusion through improved parking signage
- Marginally improved parking program revenue via an hourly parking rate increase
- Improved on-street parking availability at 85% occupancy rate during peak days and hours.
- Improved parking turnover and customer convenience for local businesses; and
- Limited employees from parking directly in front of local businesses for multiple hours.

The changes to the parking program have improved usability for the customer. The Flowbird mobile application and Pay by Text features provide convenience for users, while the pay stations offer those without cell phones or those that don't want to use their cell phone an alternate option. Updated signs provide clear directions on how to pay for parking with a note that all drivers must start a parking session upon arrival with no exceptions for free parking.

The parking program has yet to achieve cost neutrality through permitting and/or increased hourly parking rates. The paid parking hours were expanded to include evenings and weekends on May 1, 2021. Between May 2021 and February 2023, the parking and permit revenue averaged approximately \$13,900 per month. During the same period ongoing parking expenses averaged approximately \$24,000 per month, which resulted in a net loss of approximately \$10,100 per month.

The increased paid parking rate of \$2 per hour, after the initial free 2 hours, increased the average paid and employee permit parking revenue during March and April 2023 to approximately \$18,000. The monthly expenses increased with the implementation of the Flowbird mobile application and Pay by Text features. There is an added transaction fee of \$0.25 for each paid parking session using the app or text feature and increased credit card processing fees. This resulted in an average monthly expense for March and April 2023 of approximately \$32,650 resulting in an approximate net loss of \$14,650 each month. Excluding citation fines, the current fee structure does not achieve cost neutrality.

Citation fines are a revenue stream accounted for in the downtown parking program and used for ongoing operations and repayment of a general fund loan. Reliance on citation revenue and an enforcement centric business model is not a best practice. Additionally, the intent of any parking program should be to achieve voluntary compliance, not enforcement.

Between May 2021 and February 2023, the City received an average of approximately \$18,700 per month in net citation revenue. During the months of March and April 2023, Parking Ambassadors issued warnings rather than citations for all first-time violators. Warnings provided opportunities to educate consumers and encourage compliance after program changes. This approach resulted in 2,375 warnings and 474 citations.

The most recent addendum to the Flowbird contract expired May 22, 2023. Flowbird is aware of the Council's pending action and has agreed to continue operations pending the Council's decision to permanently adopt

changes. If a new contract addendum is not authorized, all services currently provided by Flowbird will be discontinued. This includes the Flowbird app, pay by text, all electronic permitting (senior permits, employee permits, etc.), and merchant validation.

If the Flowbird contract is not renewed the City will own all pay station hardware, but cloud software services to run the meters will no longer function and the kiosks will be inoperable. Therefore, staff is seeking authorization for the City Manager to sign the attached contract addendum and extend the contract to June 30, 2024, with automatic annual extensions until June 30, 2030, unless formally terminated.

### **Fiscal Impact**

Financial projections estimate that, if no changes are made to the existing parking program, the program will continue to expend more than it receives. By offering 2 hours of free parking to consumers, the City will continue to subsidize the parking program through citation general fund revenue. Any future improvements to the Downtown parking program will require alternate funding sources.

Based on the billed amounts from April 2023, the total cost of the Cale/Flowbird contract is estimated at \$120,000 per year. It should be noted that the actual amount of the contract fee is currently unknown as certain costs are based on the amount of parking sessions each year. For example, the contract includes merchant fees for all credit card transactions. The merchant fee is 30 cents plus 3% of the transaction amount. It is unknown how many credit card transactions there will be.

### **CEQA Determination**

The City find that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15061, subd. (b)(3) and 15378.

### **Recommendation (Option 2)**

Maintain the changes to the parking program previously adopted by Council on February 21, 2023 and authorize the City Manager to renew a contract for parking management services with Flowbird.

### **Attachments**

1. Flowbird Contract Addendum