



Council Agenda Report

From: Damian Nord, Police Chief
Subject: Downtown On-Street Parking Program

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, §§ 15060, subd. (b)(2)-(3), 15378.

Date: February 21, 2023

Facts

1. On [January 31, 2023](#), City Council reviewed options for a resident discount parking program, merchant validation program, and extension of the Cale/Flowbird contract. City Council tabled the discussion to the next regular meeting and requested a presentation on the following topics:
 - Parking program cost/revenue projections
 - Cost benefit analysis of timed parking vs paid parking
 - Financial costs of parklets in lost parking revenue
 - Estimated contract costs with transaction fees
 - Financial comparison: 5 vs 10 hours of free parking for City residents
 - Senior permit program review
2. The WayToPark application used since inception of the paid parking program—created at no cost to the City—has been discontinued and is no longer active as of February 10, 2023. Our current vendor, Flowbird (previously known as Cale America), offers an enhanced mobile application with optional features such as ‘pay by text’.

Options

1. Take no action;
2. Authorize the City Manager to execute the contract renewal with Flowbird to include ongoing hardware services, on-site maintenance services two times per year, and digital services including a mobile parking application and a pay by text feature with a fixed annual cost not to exceed \$66,605 plus variable transaction fees; approve a 12-month resident discount pilot program; and approve a subsidized discounted merchant validation program for downtown merchants.
3. Provide alternative recommendations and/or direction to staff.

Analysis and Conclusions

At the January 31, 2023, City Council meeting, staff presented available program enhancements via a new mobile parking application. Additionally, Council received a presentation, detailing options to implement a program that would offer City residents free monthly parking hours.

After the discussion at the January 31, 2023 Council meeting, staff identified three parking program options Council could adopt to reduce parking costs for merchants and/or City residents. They are as follows:

Option 1: Adopt a resident parking program that provides free monthly parking hours (e.g., five hours per month) to verified City residents as presented at the January 31, 2023 City Council meeting. It should be noted

that each mobile parking transaction, independent of hours used, would still incur a five-cent vendor transaction fee. This option would result in less parking program revenue and an increase of costs borne by the City.

Option 2 (*in place of Option 1 above*): Adopt a parking program that offers City residents and merchants the ability to purchase parking hours at a 50% discounted rate. Prepaying hours would incentivize merchants to market their business by subsidizing parking costs for patrons. Allowing residents to prepay parking hours, at a discounted rate, would reduce costs associated with parking in paid parking zones. It should be noted that both the downtown merchants and City residents could purchase parking hours at a 50% discounted rate. To pre-purchase parking hours, staff recommends a \$100 minimum purchase to reduce the per transaction costs. Each transaction, once used, regardless of hours used, would incur a five-cent vendor transaction fee, or up to \$5 per \$100 transaction.

Option 3 (*in place of option 2 above*): Would not provide a program to local's directly, but rather this option would adopt a subsidized merchant validation parking program as presented to Council on January 31, 2023, offering merchants the ability to purchase bulk discounted parking. Again, staff recommends a \$100 minimum purchase to reduce costs for the City by limiting transaction fees. Similarly, each transaction, regardless of hours used, would incur that same five-cent vendor transaction fee.

Fiscal Impact

Projecting future parking program revenue and costs poses unique challenges due a lack of data correlated with the parking habits of our consumers during their first two hours of parking. Because the City has been offering two hours of free parking, staff is unable to establish the parking habits of consumers during their first two hours of free parking. Put another way, there is no data revealing if the initial parking session lasts five minutes or 1 hour and 59 minutes.

For the purposes of this report, and to provide estimates as directed by Council, parking staff utilized statistical parking data from various sources. The City analyzed local WayToPark and Flowbird Kiosk data and data from outside jurisdictions for assumptions to better predict revenue and costs. Until the City can collect data on the average stay attributable to a local consumer's first two hours of parking, assumed revenue and cost predictions could vary greatly.

Option 1: The fiscal impacts for proposed mobile parking application enhancements, a merchant validation program, and a resident discount program were provided to Council at the January 31, 2023, Council meeting (see attachments). This option will increase costs borne by the City and reduce parking program revenue.

Option 2: If adopted, would provide City residents and merchants the option to prepay for parking at a 50% discounted rate. Each parking session would incur a \$0.05 transaction fee charged by the vendor and any associated merchant credit card fees. It is unknown how many residents will pre-purchase bulk parking, therefore, estimating the cost of lost parking revenue is not possible. This option will increase costs borne by the City and reduce parking program revenue.

Option 3: If Council were to adopt this option, and provide a prepaid parking discount to merchants only, each validated parking session would incur a \$0.05 transaction fee and any associated merchant credit card fees. Merchants could pre-purchase bulk parking sessions at a 50% discount. Transaction fees would be paid by the City using parking program revenue. It is unknown how many merchants will pre-purchase bulk parking therefore estimating the cost of lost parking revenue is not possible. This option will increase costs borne by the City and reduce parking program revenue.

Should the City authorize a contract with Flowbird and implement a mobile parking application, the consumer would incur a per parking transaction fee (not hour) of \$0.25. *As a point of emphasis transaction fees are charged per transaction, not per hour.* If the consumer uses a parking Kiosk, there is not a transaction fee. For the price

conscious parking consumer, using a kiosk to initiate a parking transaction is the most economical method to pay for parking.

The contract with Flowbird also includes merchant fees (charged to the City) for all credit card transactions. The merchant fee is 30 cents plus 3% of the transaction amount. This fee applies to all credit card transactions regardless of whether payment is made at the kiosks, the app, or by text. *As a point of emphasis merchant fees for credit card transactions are charged per transaction, not per hour.* For a 1-hour (\$2) parking session, the merchant credit card fee is 36 cents; for 2 hours (\$4), the merchant credit card fee is 42 cents. It is unknown how many credit card transactions there will be. Historically, 98% of all paid parking transactions have been paid by credit card.

CEQA

The City finds that this action is categorically exempt from CEQA pursuant to CEQA Guidelines section 15378(b)(5), because the approval involves organizational or administrative matters of the government that will not result in direct or indirect physical changes in the environment.

Recommendation

It is recommended that the City Council take the following actions:

1. Authorize the City Manager to execute the contract renewal with Flowbird to include ongoing hardware services, on-site maintenance services two times per year, and digital services including mobile application and pay by text with a fixed annual cost not to exceed \$66,605 plus variable transaction fees and authorizing the City Manager and City Attorney to make minor, technical and non-substantive changes to the agreement as necessary with the Council's overall intent;
2. Approve a 12-month Resident Pilot Parking Program that provides residents with five free hours of parking per month; and
3. Approve a 12-month Pilot Merchant Validation Parking Program that provides downtown merchants the ability to prepurchase parking hours at a 50% discounted parking rate.

Attachments

1. Flowbird Contract Addendum with Rate Sheet
2. Downtown Parking Map
3. December 20, 2022 Staff Report
4. January 31, 2023 Staff Report
5. December 20, 2022 City Council PowerPoint Presentation
6. January 31, 2023 City Council PowerPoint Presentation
7. February 21, 2023 City Council PowerPoint Presentation
8. Parking Program Flyer