

# PARKING ADVISORY COMMISSION

**JUNE 24, 2013**

***Case Number***

PAC2013-1

***Requested Action***

Make a recommendation to the City Commission about the Downtown Passport-Parking Program.

***Recommendation***

Staff recommends the Commission either deny approval of the PassportParking program or consider raising rates for downtown parking to keep the parking program finances in good standing.

***Project Planner***

Jana Cooper, RLA

## PASSPORTPARKINGPROGRAM



### Overview

In a Parking Advisory Commission (PAC) meeting held on February 19, 2013, the PAC discussed starting a pilot program for PassportParking, a concept whereby customers are able to pay for their parking with debit or credit cards. The pilot program went into effect on March 15, 2013 and ran through June 15, 2013.

Staff has done the following analysis of the PassportParking program to help determine whether or not the program should continue and be expanded in downtown Great Falls.

## Passport Parking Analysis

In 2012, the City completed the Downtown Master Plan. As a part of that study, the community recommended a parking study be undertaken in order to assess the condition of the parking program and consider recommendations to improve the operation of the program. On January 14, 2013, Walker Park Consultants released the final draft of the parking study. The study made several recommendations including replacement of cash-only meters with newer electronic meters that accept credit card payment. Further, the study stated the City may need to increase meter fees slightly as necessary to cover credit card transaction costs.

Staff researched options for providing a system that would allow the use of credit or debit card payment, including upgrading the meters, which was too cost prohibitive. Staff ultimately implemented PassportParking for a pilot program, which gives customers the option to pay with their credit/debit cards using their smart phones or other electronic device. With this program, the City does not need to upgrade the existing meters; rather there is a sticker placed on the existing meters which explains the program to customers.

### **Pilot Program Statistics**

The pilot program for PassportParking includes 157 meters along the Central Avenue corridor in Great Falls. Statistics for the three month trial for the PassportParking program at these meters are as follows:

- Requires minimum parking of 1 hour at \$0.50 per hour. Customer pays PassportParking convenience fee of \$0.25 per transaction on top of the \$0.50 per hour. City pays merchant processing fee at \$0.35 per transaction. If customer adds time to meter, there is not a second transaction charge.
- March 1-31, 2013: 51 PassportParking transactions with a gross revenue of \$47.30, PassportParking fees of \$12.75 and processing fees of \$17.85 for a net revenue of \$16.70.
- April 1-30, 2013: 58 PassportParking transactions with a gross revenue of \$58.75, PassportParking fees of \$14.50, processing fees of \$10.46, validation credits of \$1.50 for a net revenue of \$35.29.
- May 1-31, 2013: 42 PassportParking transactions with a gross revenue of \$41.25, PassportParking fees of \$10.50, processing fees of \$7.54, validation credits of \$10.50 for a net revenue of \$33.71.
- Approximately loss of 25% of revenue in processing fees.
- PassportParking statistics show a total of 178 transactions with 100 unique users.



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## Opportunities

The PassportParking program offers a number of opportunities for the downtown Great Falls including:

- Provides an opportunity to create an additional level of customer service in downtown Great Falls. Customers may be more likely to stop and stay longer downtown knowing they do not have to keep change with them and continually worry about running out of time at the meter. With PassportParking, the customer can use their phone or other device to add time to the meter without returning to the meter to insert coins. Providing good customer service may lead to return customers, which may in turn lead to a more flourishing downtown. The two-hour limit will still be enforced.
- Provides an opportunity for a validation program with businesses downtown. Business owners can purchase a monthly amount of parking and in turn offer a validation option to customers for shopping, dining, etc. at their business. This option reduces the amount of merchant processing fees, which would offset some of the fees associated with the program (discussed in Constraints).

## Constraints

There are some constraints associated with the program, including:

- The time it takes for a parking attendant to verify whether or not a meter has been paid. Since the program is internet based, there is no way for the meters to show whether or not someone has paid on the meter itself. Instead, the attendant must use an electronic device to login to the PassportParking website to verify if the parking has been paid or not. This adds additional time on how long it takes an attendant to verify parking. If the program is implemented throughout downtown, each attendant on duty would be equipped with a smart phone or other electronic device and wi-fi in order to verify payment on the meters. This system would be an additional cost as discussed below.
- Cost for PassportParking Program. There are a number of immediate and ongoing fees associated with the Passport Parking program including:
  - Startup fees for stickers and signage: \$1.50 per meter ( $\pm 1050$  meters) = \$1,575.00 (Note stickers will need to be replaced approximately every 3 years.) Signage costs have not been determined at this time.
  - PassportParking program fee: \$0.25 per transaction. The City is currently passing this fee onto the customer as a convenience fee for the program. Staff recommends if the program is implemented that this fee continue to be part of the customer fee for using the program. The City will enter into an agreement with PassportParking so we are ensured these fees will remain at this level in perpetuity.
  - Electronic Devices for Parking Attendants: Varies includes cost for devices (\$0-550) and monthly service fee for wi-fi (\$50-170) (see Exhibit A - Cost Estimate for Electronic Devices). Staff has researched a number of options for the most financially feasible way to implement the program. Further research would be completed prior to any purchases being made.
  - Merchant Processing Fee: \$0.15 per transaction. Credit card transactions are sent electronically to merchant processing banks for authorization, capture and deposit and there is a fee associated with this process. The City of Great Falls uses Automated Merchant Systems, Inc. (AMS) to process transactions through the City. Staff requested an estimate from AMS on the cost to process electronic payment at meters downtown. AMS estimated the cost at \$0.33-\$0.39 per transaction. During the pilot program, the City used PassportParkings merchant processing system at a rate of \$0.35 per transaction. Staff expressed their concern about this number to PassportParking and they have since worked with their merchant processing system to lower these fees to \$0.15 per transaction, which is substantially lower than the City's system. Therefore, if the program were to move forward, Staff would recommend using PassportParking's merchant transaction system. While these new rates lower costs program costs Staff still has a concern for the bottom line of the Parking Program.

## Conclusions

Staff finds that the PassportParking program would provide another payment option and a better customer experience for the downtown customer. However, this experience comes with a significant cost to the Parking Program. The Parking Fund operates on a tight budget that is used for ongoing maintenance of all of the parking facilities including major capital improvements to the parking garages slated for this fiscal year. With the current rates of \$0.50 per hour (in most locations), and the overhead costs of the program (processing fees and monthly device fees), Staff finds it may not be fiscally responsible to implement the program without consideration of a rate increase. There are a number of options for increasing parking meter rates downtown. Some of these include:

- Full rate increase across all meters downtown. In this option Staff would recommend an increase of \$0.25 per hour to help offset fees and improve the parking fund.
- Increase rates at highly utilized meters downtown (primarily the Central Avenue, 1st Avenue North/South corridor). Leave the other meters at existing rates. Again, Staff recommends an increase of \$0.25 per hour to these meters.
- Pass a portion or all of the merchant processing fees onto the customer. To use the program, it would cost up to an additional \$0.15 per transaction. Only those people wanting to use the program would be affected by the cost increase. The parking program would still have to fund the monthly costs for the electronic devices for the meter attendants. Staff has spoken with PassportParking regarding this option, and they did not recommend passing the fee onto the customer due to utilization rates dropping on the program.

It should be noted that downtown parking rates were raised in September, 2008 by \$0.25 per hour by Resolution 9779 with some protest from the Community.

## Staff Recommendation

Staff recommends the Parking Advisory Commission consider the value of having the PassportParking program to offer an enhanced customer service experience downtown versus the ultimate cost of implementing and maintaining the PassportParking program. If the Parking Advisory Commission recommends the program be implemented throughout downtown, they should further consider recommending that City Commission consider increasing the fees to park downtown; otherwise Staff finds the program may not be financial sustainable in downtown Great Falls.

## Recommendation:

The Parking Advisory Commission recommends the City Commission (approve/approve with a recommendation to increase parking rates downtown/deny) the implementation of the Passport Parking program.

## Next Steps:

The recommendation of the Parking Advisory Commission will be forwarded to the City Commission. City Commission will be asked to approve or deny the Passport Parking program as recommended by Staff and the Parking Advisory Commission.

## Attachments:

Exhibit A - Cost Estimate for Electronic Devices

CC: Craig Raymond, Interim Director of Planning & Community Development  
Jennifer Reichelt, Deputy City Manager  
Tena Grigsby, Standard Parking, tgrigsby@standardparking.com

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## EXHIBIT A - COST ESTIMATE FOR ELECTRONIC DEVICES

### Parking Fund Telephone/Tablet quotes from Verizon

6/14/2013

#### **Option 1:**

Two Smart Phones:	\$0 to \$250 per phone
Monthly Data/Phone Plan:	4 gig shared: \$150 (for two phones) before taxes and City discount – (taxes and discount are basically a “wash”) 8 gig shared: \$170 (for two phones) \$20 jet pack per phone if the phone is not Verizon
Activation Fee:	\$35 per phone/device

#### **Option 2:**

Tablet Cost (IPad Verizon):	\$550 per tablet**
Monthly Data Plan:	4 gig = \$40 per month for first tablet +\$10 each additional tablet
Activation Fee:	\$35 per phone/device

#### **Option 3:**

To add tablets to our Current Planning & Community Development Verizon plan:

Tablet Cost (IPad Verizon):	\$550 per tablet**
Monthly Plan:	\$50 per month, per tablet
Activation Fee:	None

\*\*Note: Refurbished tablets are available online at a lower cost.