



Date: August 13, 2014

To: Mayor and Members of the City Council

From: ~~X~~ Patrick H. West, City Manager 

Subject: Parking Meter Study Report

The City of Long Beach is examining replacement of the current on-street parking meters with a standardized, single-space smart meter system capable of accepting credit card payment. City staff and its consultants have now completed an intense review of both the technical and financial aspects of a new parking meter system. The attached report outlines the various issues related to metered parking.

Summary of Report Findings

After significant study of the issues, City staff believes smart meters with in-ground sensors can provide significant benefit to motorists, businesses and the City. While providing a number of benefits, these meters come with additional cost and operational considerations. A modest rate increase will be needed to ensure that the City will continue to achieve long-term net-revenue neutrality and be able to afford smart meters in the future as credit card use becomes more prominent, or if revenue from the installation of the new meters does not materialize. The study concluded that, even with the rate increase, Long Beach will still have at or below average parking meter rates, maintaining our competitive advantage over other beach cities. The City has performed the necessary fiscal analysis to ensure the contract is sustainable. Should the community and the Mayor and City Council wish to proceed, the City can utilize the City of Sacramento public bid, which will save time in the procurement process and provide very competitive pricing.

Next Steps

The next step in the process is for staff to reach out to the community to get their input on the proposed changes. Once this input has been received, we will return to the City Council with input from the various groups and provide recommendations for the City Council to consider. Please contact Tom Modica, Deputy City Manager, at (562) 570-5091 if you have any questions.

Cc: Jyl Marden, Interim Assistant City Manager
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Background

The City is embarking on an effort to replace our current on-street parking meters with a standardized single-space smart meter system capable of accepting credit card payment. Since February 2014, the City has performed an intense review of both the technical and financial aspects of a new parking meter system, employing the assistance of Linscott, Law and Greenspan Engineering and Walker Parking Consulting. The following report outlines the various issues related to parking meters based on the consultants' work and the work of City staff.

Efforts to Date to Upgrade Parking Meters

The City is currently in the process of converting all of our beach lots and parking structures to new multi-space technology that has the ability to accept credit cards and serve multiple spaces through a kiosk. Additionally, we have implemented pilot programs in the Downtown area to test multi-space meters for on-street parking over the past few years. As a result of those pilot programs, we have concluded that, while multi-space meters work well in parking lots and structures, the single-space smart meter is a preferred option for on-street parking.

Single-Space Parking Meters

Single-space smart meters have been successfully implemented in other cities, can provide significant benefits to the consumer, and have features that can help with City parking operations, including:

- a single-space meter format that the public is familiar with and prefers over multi-space meters for on-street parking;
- a meter mechanism capable of retrofitting to existing on-street parking meter housings;
- handles coin, credit/debit card, smart card, and tokens as payment options;
- powered by integrated solar panel and internal rechargeable battery pack;
- wirelessly linked to a web-based management system;
- management system operated at a central location generates financial, technical and administrative reporting, and can capture system data 24/7;
- management system can also monitor "in service" versus "out of service" status of individual parking meters and issue a service needed alert to meter maintenance personnel in the case of the latter;
- has capability for mobile payment using a smartphone (pay-by-cell);



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- large screen can display messages to the public; and
- provides vehicle detection within each metered space that can also be tied to a monitoring system of parking space availability reported to potential parkers via web-based means.

While providing a number of benefits, these meters come with additional cost and operational considerations. These meters are significantly different from the City's typical meters and have different operational characteristics. A full analysis of citywide parking meter needs and options for smart meters was required to ensure the City adopts an approach to installing these new parking meters that will not result in a loss of revenue or create operational or customer issues, either City-wide or for a specific area.

In the past five years, a single-space retrofit meter has become an attractive and affordable option. The computer, solar power and wireless capability have been incorporated into the single-space meter, providing most of the benefits of the multi-space meter, without the customer needing to walk to the multi-space meter. IPS was the first company to develop and market the single-space "smart" meter product, and is the overwhelming market leader with more than 130,000 meters installed, which is more than 95% of the single-space "smart" meter market. They created a new meter mechanism that fits into conventional meter housings. This retrofit meter is less expensive than a multi-space meter and can be installed in minutes. The mechanism is rated to last from 7 to 10 years. The City has completed a technical and financial review, and determined that IPS meters have worked well in other cities and are the preferred solution for Long Beach.

Basic Tenets

City staff recommends that any upgrade to single-space smart parking meters should maintain, at a minimum, the current net revenues (revenues minus any costs), inclusive of enforcement costs, citation revenue and operating costs. In addition to the initial purchase costs, single-space smart meters are expected to be significantly more costly to operate than traditional meters. For example, single-space smart meters are more complex than traditional meters from a technology standpoint, require a power source, require Internet connection, and credit card companies require a transaction fee when credit cards are utilized. However, there are strategies to offset these increased costs with revenue, including operational practices to increase revenue or decrease cost, rate restructuring, or fees for use of credit cards.



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Long Beach Meters

Below is a summary of the City of Long Beach's 1,620 meters and current rate structure.

Meter Location	# of Meters	Current Rate Per Hour
Belmont Shore	368	\$0.50
Downtown Area	599	\$0.50
Downtown Core	515	\$1.00
The Pike	138	\$2.00

Completed Analysis

The City conducted a thorough review of the technical issues associated with upgrading to smart meters. Below is a summary of the major conclusions from the City's study, which included a technical review and experience from the cities of Santa Monica, Manhattan Beach, Los Angeles, Sacramento, Huntington Beach, Laguna Beach, Newport Beach, West Hollywood, Honolulu, and San Luis Obispo.

- **Good Experiences with IPS:** Cities have had good experiences with IPS meters. They have been well received by the public, have a reliability rate of over 99%, and cities have been satisfied with the operation and maintenance. All cities engaged in significant review of major issues, both technical and financial, before proceeding with implementation, as there are many variables to consider.
- **Operating Costs are Higher:** Smart meters have significantly higher operating costs due to credit card transaction fees, the need for a secure gateway, battery and equipment replacement, and wireless communication fees. The City's current operating costs are approximately \$158 per meter annually and our analysis suggests that this cost could increase up to \$446 per meter. Additional revenue will be needed to offset those expenses in order to maintain net-revenue neutrality. Additionally, there will be capital costs of purchasing and installing new meters that will need to be recovered.
- **Credit Card Use is High:** A large component of operating costs are the credit card transaction fees. This is a highly variable cost, due to both the amount of fee charged per transaction, and the volume of transactions driven by customer use. The City of Santa Monica initially projected that 35% of users would utilize credit cards – the actual use was 60% and expected to grow in the future. This one component increased their operating costs by \$1.4 million, demonstrating the need to accurately plan for the increased costs. Increased credit card use is



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also linked to higher rates, thus as the rate increases, people are more inclined to utilize their credit card.

The City's study revealed that it is prudent to expect a high demand for credit card utilization and ensure that the cost can be covered by meter revenue if use increases up to 70%. One question that was explored was whether California cities charge a fee for credit card use. The study revealed that no California cities charged a "convenience fee" or different meter rate to offset the credit card expenses, but rather relied on increases in meter revenue (higher use, expanded hours, rate increases) to offset the cost. For the base case financial analysis, the study assumed credit card use starting at 35% for Belmont Shore and the Downtown Area, 40% for the Downtown Core, and 60% for the Pike (and increasing each year).

- ***Some Revenue Increase from New Meters:*** The study showed that some revenue may be realized by installing the new meters, although the amount varied greatly by city. In some cities, simply allowing credit card use resulted in more revenue, as users put more money in the meter. In others, utilizing the sensor in the ground to reset the meter when a car leaves increased revenue as well. Some saw increases in citation revenue, while some experienced decreases in citations. However, virtually all cities reported that, even with this revenue increase, additional revenue in the form of rate increases was needed to fully offset the higher operating costs. The City's financial analysis utilized an estimate of a 15% revenue increase from the installation of new meters, and a 7.5% increase in revenue from the installation of sensors. As this is a projection of the increased revenue and not actual revenue, a sufficient reserve of revenue will need to be available if this revenue does not materialize.
- ***Nearly All Cities Raised Meter Rates:*** Virtually all cities revisit and increase their parking meter rate to offset the increased operating costs due to smart meters. Santa Monica increased from \$1.00 to \$2.00 in the downtown, and from \$0.75 to \$1.00 outside of the downtown. Manhattan Beach increased from \$0.75 to \$1.25. The City of West Hollywood increased from \$1.00 to \$1.50, and also increased enforcement hours to encourage meter turnover and use of off-street parking. The City of San Luis Obispo increased from \$1.25 to \$1.50. The City of Los Angeles implemented variable rates that average \$1.75, but can range from \$0.50 to \$6.00, depending on demand.
- ***Pay-By-Phone Option Not in Demand:*** While the technology is available to allow users to pay through their smart phones and to extend the time remotely, the study concluded that very few cities use this option. After a study period, the City of Santa Monica found that less than 1% of users paid by phone. IPS reports that, nationwide, only 0.1% of revenue is generated from cell phone use. In addition, the pay-by-phone technology requires increased use of the battery,



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costing an estimated \$200,000 in battery replacement costs. Most cities do not utilize pay-by-phone, but keep the option open to add that feature in the future.

- ***Use of Sensors Is Recommended:*** IPS smart meters present the option of a sensor in the ground that offers various features. The sensor, or “puck,” can assist with enforcement, provide critical data about how often the space is used and for how long, provide information about the number of open spaces, and be reset once a car leaves, providing the potential for additional revenue. The study determined that most agencies utilize the puck, and those that do not are considering installing pucks. Cities that utilize the puck to reset the meter have found that a five-minute grace period is preferred to an automatic reset. Occupancy monitoring can also be used to advise motorists where available parking spaces are located. This is typically done in real time, and communicated via mobile apps, the internet or on dynamic signage. Several independent app providers are able to post the City’s parking availability. City staff recommend implementing the sensors at the same time as the smart meters, as it will provide additional data to assist with operations, public convenience, and revenue.
- ***Staffing Remains the Same:*** One of the areas explored was whether there are operational changes to staffing with the introduction of smart meters. The experience from the other cities suggests that, while some of the tasks currently performed by staff may be modified, there will be other duties that need to be performed, so staffing remains fairly constant. For example, while staff will not need to empty meters as often, there will be a need to replace batteries in meters. The City currently has a staff of four people serving the meters, which the study found to be a lean staff for the size of the operation.
- ***Citation Revenue May Fluctuate:*** One of the areas to study is the potential effect on citation revenue, as it makes up a portion of the total revenues from parking meters. Smart meters can have two different effects on citation revenue. Some cities saw an increase, as the use of pucks can help make enforcement more efficient. However, some cities saw decreases, as users would put more money in the meter using a credit card, as “insurance” against getting a ticket. This analysis does not assume any change in citation revenue.

Current Rate Structure Will Not Support New Meters

One of the City’s main concerns is maintaining net revenue neutrality. The current rate structure cannot fund the operating cost of new meters and still maintain net revenue neutrality. This is primarily due to credit card transaction fees, gateway fees, and other IPS management fees that are estimated to total more than \$460,000 per year. The uncertainty of credit card processing fees is also a concern, as they are a significant and variable cost. Credit card usage is projected to range from 35% to 70% of all transactions, increasing with higher meter rates and also annually, as customers will



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use credit cards more frequently as they become more familiar with credit card enabled parking meters.

If the City proceeds with meters, rates will need to cover known costs, as well as account for costs that may increase if credit card usage grows as well. Without any rate increase, the financial analysis concludes that the City would lose \$1.4 million for the capital costs and operating costs of just the meters over the next five years. That estimate does not include the costs of the sensors, which would result in a further loss.

Rate Survey

As part of the City's review, staff examined the rate structures of other comparable cities, specifically focusing on cities that have installed the smart meter systems. As mentioned above, nearly all cities increased their rates when adopting the smart meter system. In addition, the data concluded that Long Beach has some of the most affordable rates of the cities studied. A modest rate increase of \$.50 per hour would continue to keep Long Beach at or below average for other comparable cities using IPS meters.

HOURLY ON-STREET PARKING RATES								
Long Beach	Huntington Beach	Laguna Beach	Los Angeles	Manhattan Beach	Newport Beach	Sacramento	Santa Monica	Pasadena
\$0.50 - \$1.00	\$1.50	\$1.00	\$0.50 - \$6.00	\$1.25	\$1.50	\$1.25	\$1.00 - \$2.00	\$0.25 - \$1.25*

Note: In Long Beach, The Pike is at \$2.00 per hour

*Most common hourly rate in Pasadena is \$1.25

All cities use smart meters with the exception of Long Beach and Pasadena

Belmont Shore, Downtown and Pike Restrictions

The City's three metered areas have different agreements and restrictions on their funding as follows:

- **Belmont Shore:** Belmont Shore parking meter proceeds are deposited into the Belmont Shore Parking Meter Fund per City ordinance under a long-standing agreement. Expenditures from the Fund are limited to uses which are for the benefit of the Belmont Shore Parking and Business Improvement Area only. This includes acquisition, construction, improvement, operation or maintenance of City parking facilities, fixtures and equipment, as well as improvements to and equipment for public streets, alleys, curbs, gutters and sidewalks.
- **Downtown:** Downtown parking proceeds are deposited into the General Fund; however, pursuant to an agreement with the Downtown Long Beach Association (DLBA), DLBA receives 50% of net (revenue minus expense) parking meter revenue from downtown meters.



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- **The Pike:** The Pike parking meter proceeds are deposited into the Rainbow Harbor Fund and are designated to offset the cost of parking operations in the Pike area, and are restricted for use in operating and maintaining the structure, including debt service, with net proceeds accruing to the benefit of the Aquarium of the Pacific.

Each of these funding agreements and restrictions need to be factored into the financial analysis to ensure the entire system can be appropriately funded.

Tiered Pricing in Downtown

Like many urban areas, the City has consciously implemented a tiered pricing structure in the Downtown, to improve parking flow and maximize the use of the City's parking assets (meters and garages). This structure increases the rates in the Downtown Core, and lowers rates outside of the Core. The City Traffic Engineer has reviewed this structure and continues to recommend a tiered rate structure in the Downtown.

Non-Metered Areas

Particularly in the Downtown, there are a number of areas where parking meters have not been installed, but could be in the future. At this time, City staff is not recommending installing or removing any meters. It is recommended that the City first proceed with the implementation of smart meters where meters currently exist, which will provide critical data regarding parking patterns. After implementation, if desired, the City can study additional areas that may benefit from parking meters, as well as existing meters that may no longer be needed.

Capital Costs

The capital costs for procuring meters and sensors is significant, yet can be financed through an increase in rates and use of one-time dollars for the initial investment. The purchase of 1,620 meters at \$425 per meter (installed cost) will cost approximately \$688,500 before sales tax. The purchase of the sensors is estimated to cost approximately \$405,000 at \$250 per sensor before sales tax. There will also be an additional cost to raise or lower some of the meter poles in order to ensure a uniform look and American Disabilities Act compliance. These costs are estimated at \$100 per pole and estimated to cost no more than \$81,000.

Operational Costs

As mentioned above, the operational costs are higher for smart meters when compared to the current system. The new operating costs for smart meters, include assumptions as follows:



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- The Belmont Shore and Downtown Area, with \$1.00 hourly rates, are both projected to average 45% credit card usage year one, 50% year two, and 55% years three through five.
- The Downtown Core, with a \$1.50 hourly rate, is projected to average 50% credit card usage year one, 55% year two, and 60% years three through five.
- The Pike area, with a \$2.00 hourly rate and current MSM credit card usage of 60%, is projected to average 60% credit card usage year one, 65% year two, and 70% years three through five.

The City must be cognizant that credit card usage may rise as people become more accustomed to utilizing the meters. While credit card usage has primarily been linked to higher rates, the City should conservatively plan that rates may rise as high as 70% and have sufficient revenue available to accommodate that increase in cost.

Recommended Rate Structure

After significant technical and financial review, assuming the City moves forward with a single-space smart meter system, City staff is recommending an increase of \$0.50 per hour for all meters, with the exception of the Pike. This rate increase would bring the City to at or below average of other beach cities, and provide the necessary revenue to cover the operational and capital costs of the meters. It would also provide a slight reserve to ensure the City could afford the meters if the credit card usage increased to 70%, or if the revenue from the IPS meters and sensors did not increase revenue as estimated.

Meter Location	# of Meters	Current Rate	Increase by \$0.50
Belmont Shore	368	\$0.50	\$1.00
Downtown Area	599	\$0.50	\$1.00
Downtown Core	515	\$1.00	\$1.50
The Pike*	138	\$2.00	\$2.00

*For the Pike, the study does not recommend an increase as revenue can cover the costs and the rate is at the high-end of parking rates in the region.

This rate increase will result in positive cash flows and include a cushion in case credit card transactions exceed the projections. While the attached tables show that a \$0.50 hourly rate increase would generate a small net increase in revenue, there are several factors that could quickly add costs, as highlighted in the report. Thus, the study recommends that sufficient net revenues be available to ensure that increased costs can be absorbed without the need for sudden future rate increases.



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The following three tables show an estimate of the various costs of the system, capital costs, and the expected revenue from the recommended \$0.50 cent rate increase:

BELMONT SHORE

Belmont Shore	Year One	Year Two	Year Three	Year Four	Year Five
Revenue					
Resetting meters (7.5% of meter revenue)	\$68,155	\$68,155	\$68,155	\$68,155	\$68,155
(Rate increase plus 15% due to IPS meters)	\$469,730	\$469,730	\$469,730	\$469,730	\$469,730
Annual Revenue Increase	\$537,885	\$537,885	\$537,885	\$537,885	\$537,885
New Meter Expenses					
368 IPS Sensors (\$250/ea. installed)	\$92,000	\$0	\$92,000	\$0	\$92,000
368 IPS Meters (\$425/ea. installed)	\$156,400	\$0	\$0	\$0	\$0
Spare Parts	\$4,998	\$0	\$0	\$0	\$0
Sales Tax @ 9%	\$22,806	\$0	\$8,280	\$0	\$8,280
Meter Pole Adjustment	\$18,400	\$0	\$0	\$0	\$0
Total One-Time	\$294,603	\$0	\$100,280	\$0	\$100,280
Meter Battery Replacement (Once/year)	Included	\$11,040	\$11,040	\$11,040	\$11,040
Warranty (\$35 per sensor/yr.)	Included	\$12,880	\$12,880	\$12,880	\$12,880
Mgmt & Real Time Fees (\$4.50/sensor/month)	\$19,872	\$19,872	\$19,872	\$19,872	\$19,872
IPS Mgmt. /Gateway Fees (\$8.00/meter/mo.)	\$35,328	\$35,328	\$35,328	\$35,328	\$35,328
IPS CC Transaction Fees (\$0.06/CC trans.)	\$15,804	\$17,560	\$19,316	\$19,316	\$19,316
Merchant CC Processing Fees (\$0.24/CC trans.)	\$63,216	\$70,240	\$77,264	\$77,264	\$77,264
Non-warranty R&M	\$1,136	\$1,136	\$1,136	\$1,136	\$1,136
Parts Warranty	Included	\$12,880	\$12,880	\$12,880	\$12,880
Total Ongoing	\$135,356	\$180,936	\$189,716	\$189,716	\$189,716
Annual Expense	\$429,959	\$180,936	\$289,996	\$189,716	\$289,996
Annual Net	\$107,926	\$356,949	\$247,889	\$348,169	\$247,889



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DOWNTOWN

Downtown	Year One	Year Two	Year Three	Year Four	Year Five
Revenue					
Resetting meters (7.5% of meter revenue)	\$129,087	\$129,087	\$129,087	\$129,087	\$129,087
(Rate increase plus 15% due to IPS meters)	\$697,802	\$697,802	\$697,802	\$697,802	\$697,802
Annual Revenue Increase	\$826,888	\$826,888	\$826,888	\$826,888	\$826,888
New Meter Expenses					
1,114 IPS Sensors (\$250/ea. installed)	\$278,500	\$0	\$278,500	\$0	\$278,500
1,114 IPS Meters (\$425/ea. installed)	\$473,450	\$0	\$0	\$0	\$0
Spare Parts	\$15,128	\$0	\$0	\$0	\$0
Sales Tax @ 9%	\$69,037	\$0	\$25,065	\$0	\$25,065
Meter Pole Adjustment	\$55,700	\$0	\$0	\$0	\$0
Total One-Time	\$891,815	\$0	\$303,565	\$0	\$303,565
Meter Battery Replacement (Once/year)	Included	\$33,420	\$33,420	\$33,420	\$33,420
Warranty (\$35 per sensor/yr.)	Included	\$38,990	\$38,990	\$38,990	\$38,990
Mgmt & Real Time Fees (\$4.50/sensor/month)	\$60,156	\$60,156	\$60,156	\$60,156	\$60,156
IPS Mgmt. /Gateway Fees (\$8.00/meter/mo.)	\$106,944	\$106,944	\$106,944	\$106,944	\$106,944
IPS CC Transaction Fees (\$0.06/CC trans.)	\$22,105	\$24,561	\$27,017	\$27,017	\$27,017
Merchant CC Processing Fees (\$0.24/CC trans.)	\$88,418	\$98,242	\$108,066	\$108,066	\$108,066
Non-warranty R&M	\$3,438	\$3,438	\$3,438	\$3,438	\$3,438
Parts Warranty	Included	\$38,990	\$38,990	\$38,990	\$38,990
Total Ongoing	\$281,061	\$404,741	\$417,021	\$417,021	\$417,021
Revenue Sharing Agreement w/DLBA	(\$172,994)	\$211,074	\$53,151	\$204,934	\$53,151
Annual Expense	\$999,882	\$615,815	\$773,737	\$621,955	\$773,737
Annual Net	(\$172,994)	\$211,074	\$53,151	\$204,934	\$53,151

*Note: In Year One, the net cost will be offset with one-time dollars in the FY 15 Budget to offset the capital purchase costs. Those costs will be recouped from the net revenue of parking meters over the next few years.



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THE PIKE

The Pike	Year One	Year Two	Year Three	Year Four	Year Five
Revenue					
Resetting meters (7.5% of meter revenue)	\$34,536	\$34,536	\$34,536	\$34,536	\$34,536
(Rate increase plus 15% due to IPS meters)	\$60,062	\$60,062	\$60,062	\$60,062	\$60,062
Annual Revenue Increase	\$94,598	\$94,598	\$94,598	\$94,598	\$94,598
New Meter Expenses					
138 IPS Sensors (\$250/ea. installed)	\$34,500	\$0	\$34,500	\$0	\$34,500
138 IPS Meters (\$425/ea. installed)	\$58,650	\$0	\$0	\$0	\$0
Spare Parts	\$1,874	\$0	\$0	\$0	\$0
Sales Tax @ 9%	\$8,552	\$0	\$3,105	\$0	\$3,105
Meter Pole Adjustment	\$6,900	\$0	\$0	\$0	\$0
Total One-Time	\$110,476	\$0	\$37,605	\$0	\$37,605
Meter Battery Replacement (Once/year)	Included	\$4,140	\$4,140	\$4,140	\$4,140
Warranty (\$35 per sensor/yr.)	Included	\$4,830	\$4,830	\$4,830	\$4,830
Mgmt & Real Time Fees (\$4.50/sensor/month)	\$7,452	\$7,452	\$7,452	\$7,452	\$7,452
IPS Mgmt. /Gateway Fees (\$8.00/meter/mo.)	\$13,248	\$13,248	\$13,248	\$13,248	\$13,248
IPS CC Transaction Fees (\$0.06/CC trans.)	\$5,848	\$6,336	\$6,823	\$6,823	\$6,823
Merchant CC Processing Fees (\$0.24/CC trans.)	\$23,393	\$25,343	\$27,292	\$27,292	\$27,292
Non-warranty R&M	\$426	\$426	\$426	\$426	\$426
Parts Warranty	Included	\$4,830	\$4,830	\$4,830	\$4,830
Total Ongoing	\$50,368	\$66,604	\$69,041	\$69,041	\$69,041
Annual Expense	\$160,844	\$66,604	\$106,646	\$69,041	\$106,646
Annual Net	(\$66,246)	\$27,993	(\$12,048)	\$25,557	(\$12,048)

Note: In Year One, the net cost will be offset with Tidelands funds for the capital purchase costs. Over the long-term, the costs of the meters is expected to be net-revenue neutral.



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Potential to Adjust Meter Rates and Hours in the Future

The IPS meters offer the unique ability to adjust the rates and hours in the future. This feature will allow the City to make changes after seeing the results of the implementation. The City can work with the community to determine the appropriate rates and hours, and make adjustments as necessary, even making adjustments to specific meters.

Public Outreach

Before the City Council considers the procurement of the meters and any associated rate increases, it is recommended that City staff conduct outreach meetings with various stakeholders to explain the results of the study, discuss the City's recommendations, and take input from the various stakeholders. Stakeholders will include businesses and business associations in areas where smart meters will be installed, residents in those same areas, members of the community who use the meters, and anyone else interested in this topic. City staff plan to conduct those outreach meetings in early August and will report back the result of that input to the City Council.

Streamlined Bid and Selection Process

Should the City Council elect to proceed with procurement, the City will be able to speed procurement of IPS meters. The City has a practice of utilizing the competitive bid processes of other cities to speed up the procurement process, while ensuring the City receives the benefits of a competitive bid process. The City of Sacramento recently competitively bid single-space smart parking meters in November 2013 and identified the IPS Group (IPS) as the most responsive and low-cost bidder for single-space smart parking meters. The analysis of the Sacramento bid, when compared to other pricing, revealed that the Sacramento bid is superior. In particular, the City will be able to benefit from bulk pricing through the Sacramento contract, saving \$85 per meter over the City of Berkeley price. City staff recommends piggybacking on the City of Sacramento bid for IPS in order to speed the procurement process and to achieve a competitive price. In discussions with the vendor, IPS has agreed to honor the Sacramento bid.



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Review of Pricing

Below is an analysis of the various contracts the surrounding cities have utilized to purchase IPS meters, demonstrating that the City of Sacramento bid is the most beneficial.

SINGLE-SPACE RETROFIT	Sacramento		Berkeley	Santa Monica		Newport Beach	
Year of Agreement	2013		2012	2011		2010 (Proposal)	
Quantity	6,000	6,000	1,000	2,100	6,000+	1,644	1,644
Per Unit Cost (installed)	\$425.00	\$425.00	\$485.00	\$470.00	\$445.00	\$500.00	\$1,025.00
Training	(Included)	(Included)	\$4,500.00	(Included)	(included)	(included)	(included)
Extended Warranty	\$35.00	\$35.00	\$60.00	\$60.00	\$60.00	\$50.00	\$50.00
Mgmt. & Gateway Fees	\$5.50	\$8.00	\$5.75	\$5.75	\$5.75	\$5.75	(included)
Gateway Transaction Fees	\$0.13	\$0.06	\$0.13	\$0.13	\$0.13	\$0.13	(included)
VEHICLE SENSOR	Sacramento		Berkeley	Santa Monica		Newport Beach	
Quantity	6,000		1,000	2,100	6,000+	\$1,644.00	
Per Unit Cost (installed)	\$250.00		\$275.00	\$235.00	\$210.00	\$200.00	
Training/Commissioning	Not Stated		Not Stated	\$10.00	\$10.00	Included	
Extended Warranty	\$35.00		Not Quoted	\$25.00	\$25.00	Not Quoted	
Mgmt. & Real Time Fees	\$4.50		Not Quoted	\$6.25	\$6.25	\$5.00	

Budget for Capital Costs

The City Manager has included funding in the Proposed FY 15 Budget to provide the upfront funding for the implementation of smart meters in the Downtown and the Pike, provided the community continues to be interested in installing smart meters, and the Mayor and City Council approve the procurement. The Downtown meters are expected to cost approximately \$900,000 in the General Fund, and the Pike meters are expected to cost \$110,000 in Rainbow Harbor funding. The Belmont Shore Parking Meter Fund has the funds available to fund the \$295,000 capital cost of the installation.

Information Campaign

Should the City Council desire to proceed with smart meters, it is recommended that the City conduct extensive public outreach to assist with the implementation of the meters, and to educate the public related to the meter rate increase and the associated benefits of the new meters. Many cities have experience with these outreach campaigns, and the City's study reviewed the best practices. These include:



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- Issue press release announcing plans for new system, with a focus on the positives of added customer convenience.
- Conduct community outreach meetings with the stakeholders in advance of the rate change.
- Deploy a website with press releases, project updates, meter directions and “frequently asked questions and answers.”
- Display “sample” meters in a public area for people to see, touch, and feel prior to beginning the installation.
- Carefully train all related staff on all aspects of the new meters so they can easily assist motorists and communicate a consistent message regarding the details of the program.
- Develop and distribute informational and instructional handouts (card and/or fliers) illustrating how to use the new meters.
- Develop a directional video for municipal television and / or YouTube.
- Provide citation warnings, rather than fines, for a short period of time following meter deployment.
- Design, publish, and distribute a parking guide, including a parking map and brochure describing the locations and availability of on-street and off-street parking, simplicity of access, rules and fees for parking for errand, short-term, and employee parking patrons.
- Establish an enhanced parking website and parking information program. An on-street parking website should be linked with City government and local websites. The municipal parking website should provide accurate and timely data of parking availability, rates and maps. The website may also be used to conduct an online interactive survey of the perceptions and concerns of citizens and stakeholders.

Conclusion

After significant study of the issues, City staff believes that smart meters can provide significant benefit to motorists, businesses and the City. A modest rate increase will be needed to ensure that the City will continue to achieve net-revenue neutrality and be able to afford smart meters in the future as credit card use becomes more prominent, or if revenue from the installation of the new meters does not match the City’s projections. The study concluded that the City will still have at or below average parking meter rates, even with the increase, maintaining our competitive advantage over other beach cities.



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Should the community and the Mayor and City Council wish to proceed, the Sacramento bid provides very competitive pricing, and the City has performed the necessary fiscal analysis to ensure the contract is sustainable. Staff will gather additional public input on the study during public outreach meetings in August 2014, and bring that input back to the Mayor and City Council for consideration.