

TO: CHAIR AND MEMBERS
FINANCIAL MANAGEMENT COMMITTEE

DATE: 2016 April 07

FROM: DIRECTOR ENGINEERING

FILE: 38100 03
*Ref: Traffic Control –
Parking Management
– Parking Meters*

SUBJECT: PAY-BY-PHONE PARKING PROGRAM

PURPOSE: To introduce a pay by phone option for on-street parking charges, including an increase in parking meter rates.

RECOMMENDATIONS:

1. **THAT** the Financial Management Committee recommend to Council the approval of a Pay-By-Phone Parking Program, including a rate increase as detailed in this report, at an estimated cost of \$30,000 funded from the 2016 Capital Program (EMG.0007).
2. **THAT** the Financial Management Committee approve additional areas within the City as metered zones as shown in Figures 1-6 to allow for the future installation of parking meters when conditions warrant.
3. **THAT** the City's Solicitor prepare the necessary Parking Meter Bylaw amendments to facilitate the introduction of pay-by-phone parking services and other housekeeping amendments.

REPORT

1.0 BACKGROUND

The first parking meters were installed in Burnaby in 1998 around the Metrotown area. Since then, parking meters installations have expanded to many areas of the City where parking demands are high. Currently there are approximately 1,800 metered parking spaces in Burnaby, the majority of which are located in the Metrotown and Brentwood Town Centres. There are two types of meters: one providing short term parking and the other providing convenient all day parking for commuters.

The majority of the meters provide short term parking by charging a rate of \$1 per hour for a maximum of three hours. These are typically installed in busy commercial areas where there is a high demand for short term parking. The all-day meters also charge \$1 per hour, except that payment for the 4th hour provides up to 10 hours of parking. These meters are installed in close proximity to select SkyTrain stations or commercial areas where there is a high demand for commuter all-day parking. The rates for all-day meters are intentionally low to minimize negative impacts to surrounding residential streets. All parking meters are in effect 7 days a week between the hours of 9am and 8pm, except on streets where rush hour parking restrictions would reduce the hours of operation accordingly. All parking meters are also coin operated only with no option for other forms of payment.

The parking meter program has been effective in managing on-street parking spaces in high demand locations creating parking turnover for customers or visitors, and providing some parking for commuters. Compared to time-limited parking regulations, parking meters encourage more parking turnover because they are paid spaces and more easily enforced.

2.0 PAY-BY-PHONE

Pay-by-phone for parking meters was first introduced to the Lower Mainland by the City of Vancouver in 2006. Pay-by-phone allows a user to pay a parking meter using their cell phone after registering a credit card to an account. Today, cell phone technology has advanced considerably and smart phones are now more commonplace and used by many people. Apps have also been developed that make registration and transactions very convenient, with many features to help users manage their accounts. This includes reminders about upcoming meter expirations and the ability to remotely pay for a time extension where appropriate. In response to requests and to improve customer service, it is recommended that a pay-by-phone option be established for all parking meters in Burnaby. This would be achieved by partnering with a pay-by-phone vendor through a Request for Proposal. Partnering with a vendor will provide for a simplified implementation, management and lower cost model for the City. The successful proponent would develop the necessary applications and work with the Engineering, Information Technology and Finance Departments to establish the necessary protocols, certifications, and links to deal with back-end financial transactions and integration with the City's T2 parking management and SAP systems. Through preliminary discussions with affected departments, internal resources have been allocated to help facilitate the introduction of pay-by-phone in 2016. The main up-front cost to implement a pay-by-phone parking program is the re-labelling of all existing parking meters to enable and promote the system.

Although the initial cost of implementing a pay-by-phone system is relatively modest, there are significant ongoing costs to manage and maintain the system. These include transaction costs which offset the cost of service provided by the pay-by-phone vendor, credit card service charges, and communication costs. For a single transaction of \$1 for one hour of parking using the pay-by-phone service, the cost is estimated to be about 30% (\$0.30) excluding any up-front cost for its implementation. To avoid a negative financial impact to the City, parking meter rates in Burnaby will need to be increased.

3.0 PARKING METER RATES

The parking meter rate of \$1 per hour in Burnaby has been unchanged for the past 18 years. Since that time, labour and material costs to maintain the system have increased without any corresponding offsets. Increasing parking usage has also increased the need for more frequent repairs and collections. With the proposed installation of a pay-by-phone system it is recommended that the parking rate be increased to \$2 per hour (inclusive of GST), with the flexibility to maintain or reduce it in the future to a minimum of \$1 where parking conditions warrant it. Typically, short term parking meter rates should be priced according to market demands and set such that 15% of the parking spaces are available at any one time. A rate that is too low would result in near 100% occupancy of the parking spaces and drivers circling the street looking for a space. On the other hand, a rate that is too high would result in underutilized parking spaces.

For comparison purposes, the cost of public off-street parking spaces varies from no charge (e.g. Metropolis Shopping Mall and Grand Villa Casino) to \$4.25 per hour (Burnaby General Hospital). Paid on-street parking spaces can be competitive with free off-street parking spaces if it provides the convenience desired by short term parkers. However, if on-street parking rates are too low relative to off-street rates, the demand for on-street parking would become too high resulting in reduced availability and convenience for short term parkers.

Also for reference purposes, the hourly parking rates charged for on-street parking in nearby municipalities are provided below. Direct comparisons may not be appropriate due to varying parking supply and demand conditions.

City of Vancouver: \$1.00 - \$6.00 per hour
City of New Westminster: \$1.25 - \$1.75 per hour
City of Richmond: \$2.50 per hour
City of Surrey: \$1.00 - \$2.00 per hour
City of Coquitlam: \$1.00 per hour
City of North Vancouver: \$1.50 - \$2.00

The change in parking meter rates would require adjustments to the parking meter mechanism and re-labelling of the meter rate plates. The work can be completed with existing resources and may be coordinated with the work required to initiate the pay-by-phone program.

4.0 EXPANSION OF METERED ZONES

Expansion of parking metered areas has been deliberately slow and measured, based on parking demands. Typical expansion areas include streets adjacent to new commercial developments within a busy Town Centre area, and minor extensions along a street already metered. Council approval is required to designate a street or portion of street as a metered zone as per the Parking Meter Bylaw.

To: Financial Management Committee
From: Director Engineering
Re: Pay-By-Phone Parking Program
2016 April 07 Page 4

Some housekeeping amendments will be brought forward to confirm existing metered zones and to help establish potential additional zones so that parking meters can be integrated into the design and construction of adjoining new streets as part of new developments or added to manage high parking demands. These are shown in Figures 1-6 (*attached*) and include the following areas:

- Figure 1: Areas around Metrotown including nearby SkyTrain stations (Patterson, Metrotown and Royal Oak).
- Figure 2: Areas around Edmonds Town Centre including Edmonds SkyTrain Station.
- Figure 3: Areas around Brentwood Town Centre including nearby SkyTrain stations (Gilmore, Brentwood and Holdom), portions of the Willingdon/Canada Way Business Centre, and streets in close proximity to Burnaby General Hospital.
- Figure 4: Areas around Lougheed Town Centre.
- Figure 5: Streets in close proximity to Lake City Way SkyTrain Station.
- Figure 6: Streets in close proximity to Production Way/University SkyTrain Station.

It should be noted that designation of additional streets as a metered zone does not necessarily result in the immediate installation of parking meters. Installation would still be dependent upon anticipated parking demands and/or coordinated with the reconstruction of the street as part of new developments. Prior to any installations, notification and opportunity for feedback would be provided to adjacent property owners.

5.0 FINANCIAL IMPLICATIONS

Parking meter revenue has increased by an average of 8% per year over the last 5 years as shown in Table 1 below.

Table 1 – Parking Meter Revenue – 2011-2015

Fiscal year	2011	2012	2013	2014	2015
Parking Meter Revenue	1,387,248.87	1,410,970.26	1,581,915.38	1,720,292.28	1,838,046.77

The implementation of a pay-by-phone program and rate increase for parking meters will have modest up-front costs of about \$30,000, excluding internal resources required for system integration. Funding for the work has been included the 2016 Capital Program (EMG.0007). The pay-by-phone program will result in ongoing transaction charges that are estimated to be in the range of \$80,000 - \$200,000 per year dependent upon the frequency of usage. It is recommended that the parking meter rates be increased to up to \$2 per hour to offset these costs and the increasing cost of parking meter operations. The rate increase will also better reflect market conditions for more effective parking management (i.e. parking turnover). Overall, the implementation of pay-by-phone coupled with a rate increase to \$2 per hour will generate a net positive return of roughly \$200,000 in 2016. Estimates are contingent on parking demands, pay-by-phone usage, and timing of implementation.

To: Financial Management Committee
From: Director Engineering
Re: Pay-By-Phone Parking Program
2016 April 07 Page 5


Pay-by-phone also has the added benefit of reducing the risk of theft by decreasing the amount of coins within each parking meter, and providing better audit controls and usage data to facilitate operational decisions. The successful pay-by-phone vendor will be required to meet City of Burnaby and Payment Card Industry Data Security Standard (PCI DSS) to secure all credit card transactions. Pay-by-phone will also improve real time reporting of revenues and should replace the manual effort currently involved in processing payments and reconciling revenues posted to the financial system.

6.0 FUTURE PLANS

In addition to the pay-by-phone program, there are two other products that are being reviewed and could be tested in the near future. One product is multi-space pay stations that can be used to replace several single space parking meters. The other is single space parking meters that provide the option of credit card transactions without the use of a cell phone. Both of these products have desirable features that increase user friendliness and provide more operational data than the existing parking meters, but they are also generally higher in costs. Further testing and review following the implementation of the pay-by-phone program will help to determine potential applications of these products within Burnaby.

7.0 CONCLUSIONS

To improve customer service, a pay-by-phone parking program for parking meters is recommended. This is supported by the growing popularity and ease of use of smart phone apps. It is also recommended that the parking rate be increased up to \$2 per hour to offset the cost of the new service, to update parking rates that have remained unchanged for the last 18 years to help cover increasing operating costs, and to better reflect market conditions for effective parking management. Housekeeping amendments to support the changes will include the establishment of additional metered zones in high demand parking areas to be implemented over time after notification and input from adjacent property owners. Implementation of the pay-by-phone system and parking rate increase is anticipated to be completed by this fall at an estimated cost of \$30,000 with funding from the 2016 Capital Program (EMG.0007).

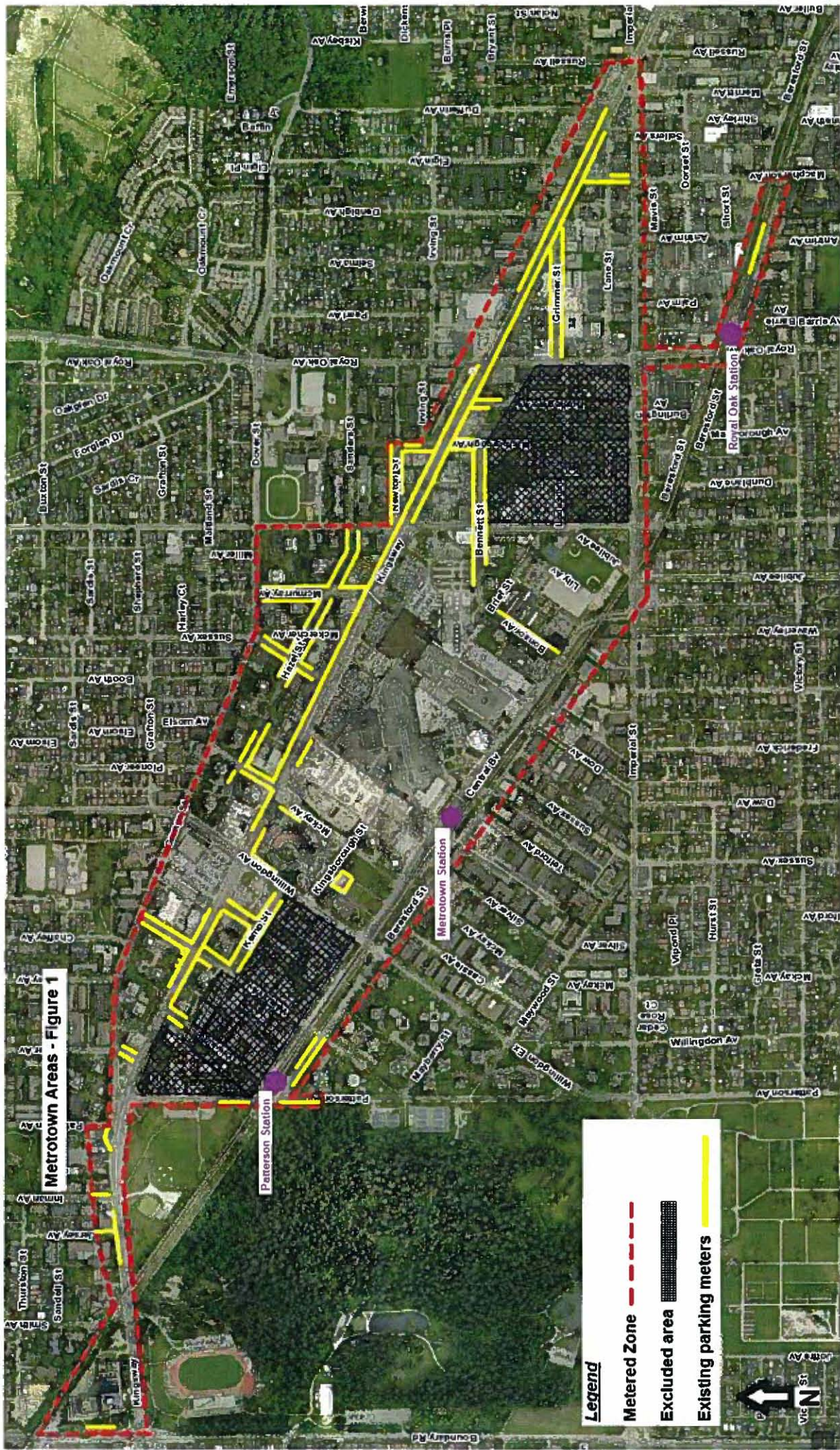


Leon A. Gous, P. Eng., MBA
DIRECTOR ENGINEERING

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Attachments

Copied to: City Manager
Director Finance
Chief Information Officer

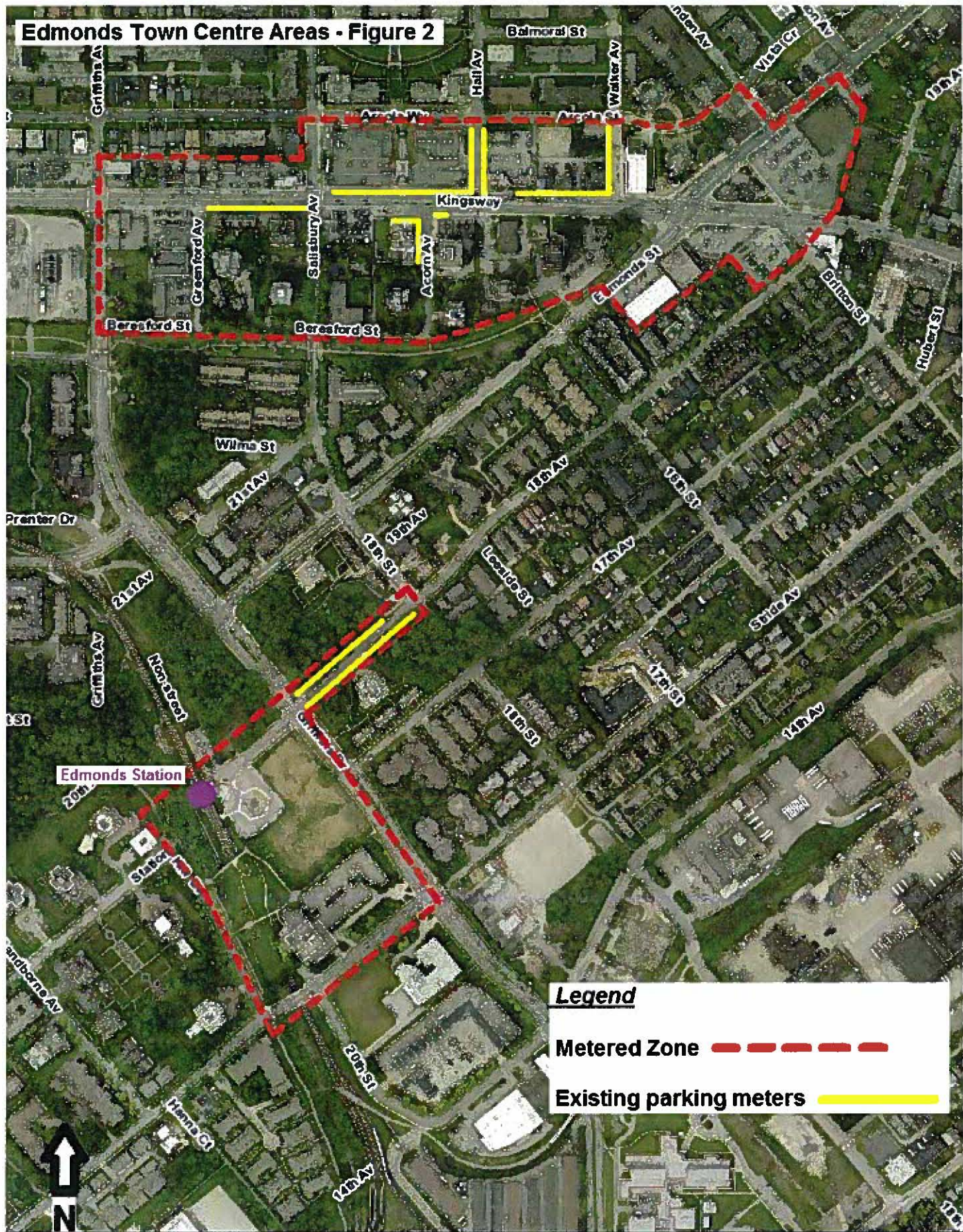


Metrotown Areas - Figure 1

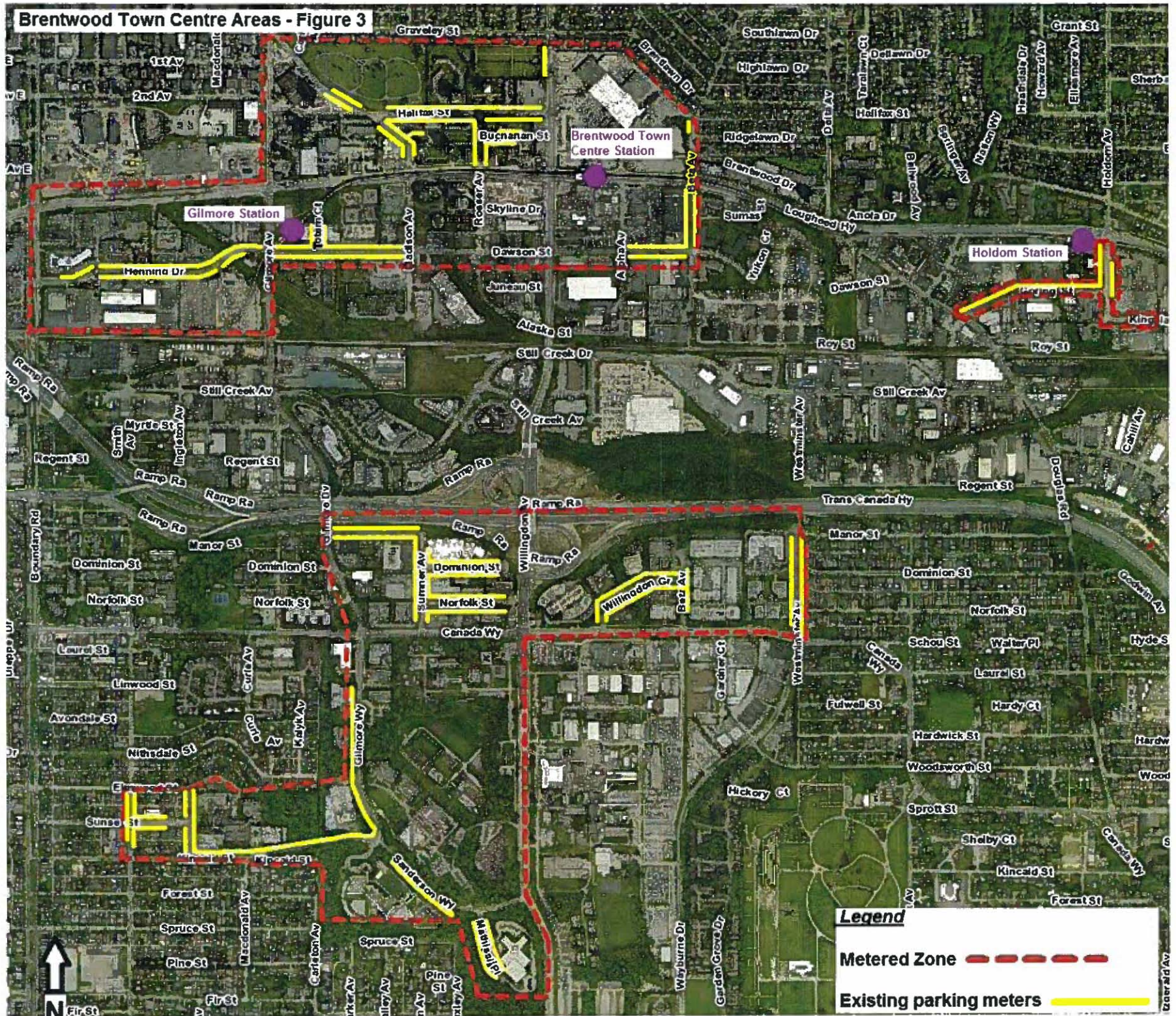
Legend

- Metered Zone
- Excluded area
- Existing parking meters

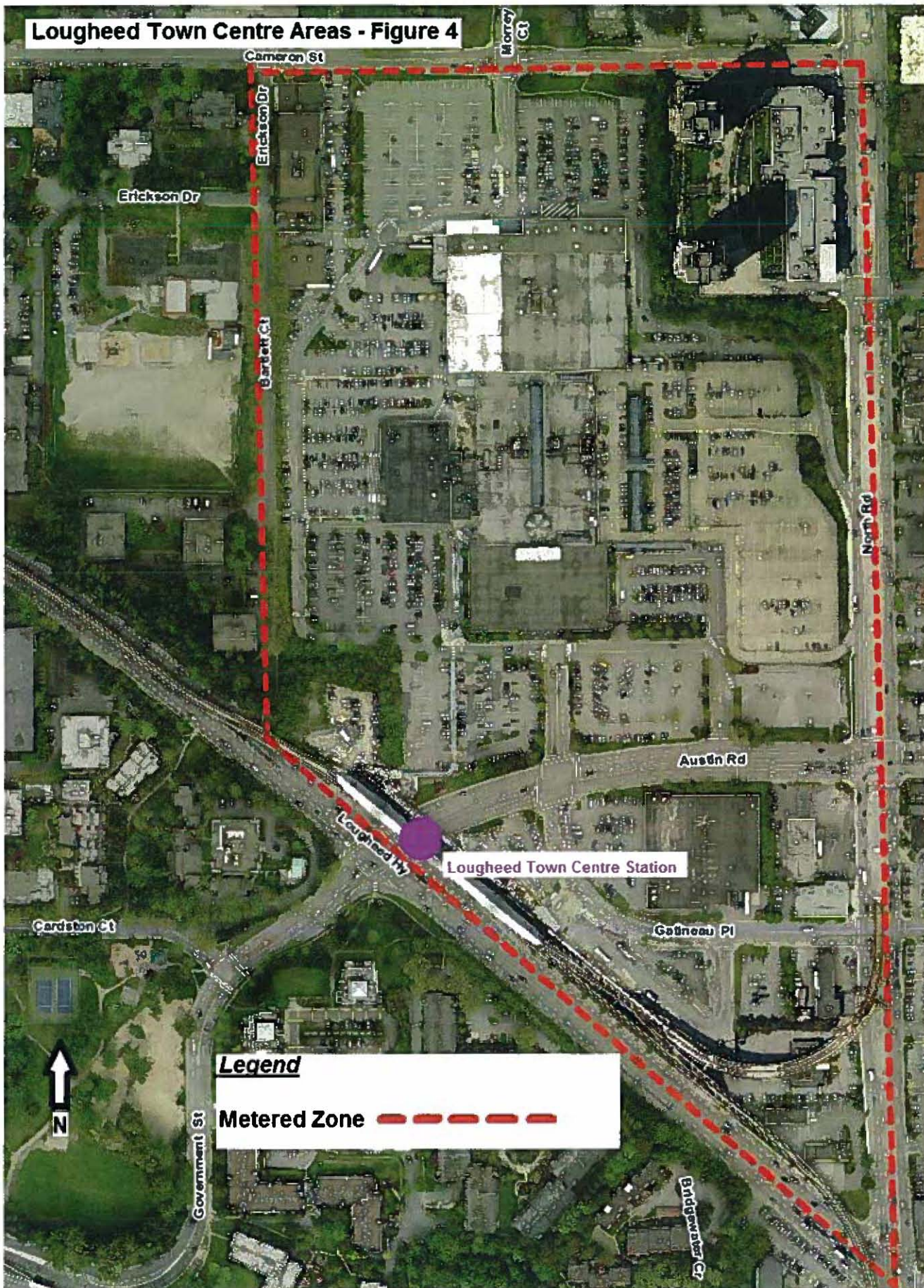
Edmonds Town Centre Areas - Figure 2



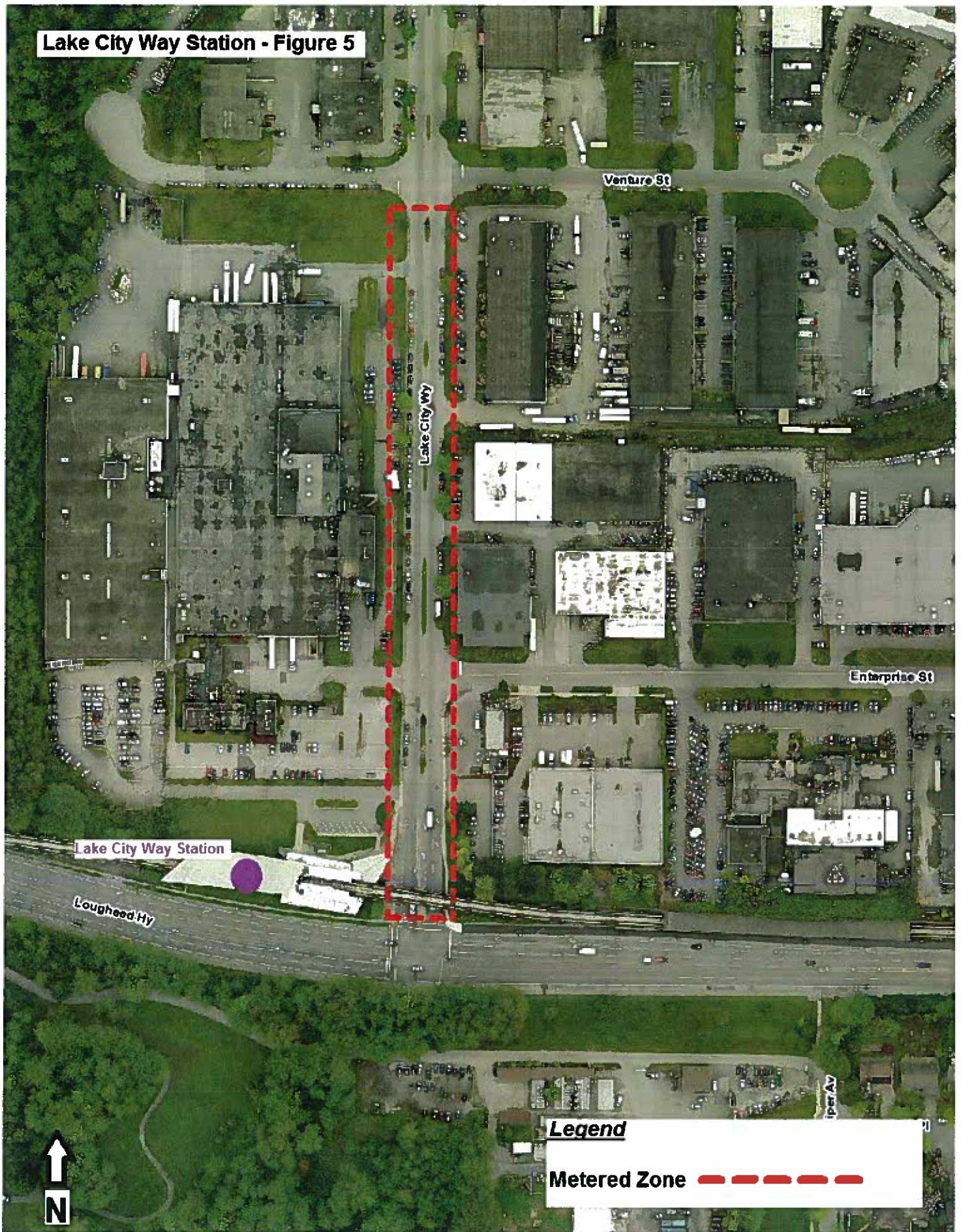
Brentwood Town Centre Areas - Figure 3



Lougheed Town Centre Areas - Figure 4



Lake City Way Station - Figure 5



Production Way University Station - Figure 6

