



# AGENDA REPORT


**TO:** Jestin D. Johnson  
City Administrator

**FROM:** Josh Rowan, Director  
Department of  
Transportation

**SUBJECT:** (Pay-By-App) System

**DATE:** April 29, 2024

City Administrator Approval

  
Jestin Johnson (May 15, 2024 09:55 PDT)

Date: **May 15, 2024**

## RECOMMENDATION

### Staff Recommends That The City Council Adopt A Resolution

- (A) Authorizing The City Administrator To Enter Into Professional Services Agreements With (1) PayByPhone US Inc., (2) Passport Inc., (3) ParkMobile LLC, (4) Honkmobile USA LTD., And (5) IPS Group, Inc., For Five Years, In An Amount Not To Exceed Five Hundred Thousand Dollars (\$500,000) Each Per Year, For A Total Not To Exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) For Each Agreement, With The Authority To Extend Each Agreement For Two Additional One-Year Periods For A Total Cost Of Three Million Five Hundred Thousand Dollars (\$3,500,000) For Each Agreement, To Collect Transaction Fees From Parkers; And**
- (B) Accepting And Appropriating A One Time Payment Of Up To Six Thousand Dollars (\$6,000) Each From (1) PayByPhone US Inc., (2) Passport Inc., (3) ParkMobile LLC, (4) Honkmobile USA LTD., And (5) IPS Group, Inc., For A Total Of Thirty Thousand Dollars (\$30,000), And Annual Payments Of Up To Five Thousand Dollars (\$5,000) From (1) PayByPhone US Inc., (2) Passport Inc., (3) ParkMobile LLC, (4) Honkmobile USA LTD., And (5) IPS Group, Inc., For A Total Of Up To Twenty-Five Thousand Dollars (\$25,000) Annually For Parking Signage Installation And Maintenance.**

## EXECUTIVE SUMMARY

Staff recommends approval of the proposed Resolution to allow the City of Oakland (City) to enter into contracts with five mobile parking payment companies (Providers): PayByPhone US Inc. (PayByPhone); Passport, Inc. (Passport); ParkMobile, LLC (ParkMobile); HonkMobile USA Ltd. (Honk); and IPS Group, Inc. (IPS). The proposed contract term will be for five years with two optional one-year extensions. The City will receive the revenues including a \$6,000 initial fee from each Provider for a total of \$30,000 to help offset the cost new signage and a 10% share of each Provider's fees up to \$5,000 per year for a total of up to \$25,000 to help offset the cost of sign maintenance. Each Provider will be reimbursed for their transaction fees in an

amount not to exceed \$500,000 each year. The total reimbursement to all Providers will not exceed \$2,500,000 per year. The City will pay no other fees to the Providers.

The benefits of moving from a single-provider to a multi-provider mobile payment system include:

- **Greater convenience for users.** New signage will direct Users to choose one of the five Provider's apps to pay for parking. If Users already have one of the Provider's apps, then they will not have to download a new app or create a new account.
- **Fostering competition.** These five Providers will compete to provide the best experience to customers, especially residents, through sign-up promotions, reduced transaction fees, and more.
- **City specific messaging and branding.** All parking signs will include the new Oakland-specific "OakPark+" branding, rather than displaying a private company's branding. Additionally, the new signs will not need to be replaced if Providers drop from the payment system, but rather the program's website, as listed and linked via QR (Quick Response) code on the signage, will be updated accordingly.

In compliance with the Surveillance Technology Ordinance, Staff developed the City Data Addendum (Exhibit A to the Resolution), Anticipated Impact Report (Exhibit B to the Resolution), and Use Policy (Exhibit C to the Resolution) to set standards and actions that assure the protection of parking data and privacy of parkers. The Privacy Advisory Commission (PAC) voted to accept these standards in September 2023. The Addenda will be incorporated into the Provider's contracts.

If this proposed Resolution is approved, Oakland Department of Transportation (OakDOT) staff will conduct a thorough community outreach effort to gather feedback and increase awareness about the new payment options in tandem with outreach regarding the "OakPark+" demand-responsive parking pricing initiative. These efforts include working with Business Improvement Districts, Neighborhood Services Councils, and community groups. Staff will also go door-to-door to educate business owners, residents, and stakeholders about the project.

Approval of this proposed Resolution will not impact the ability to pay for on-street parking via credit or debit cards or coinage.

## **BACKGROUND/LEGISLATIVE HISTORY**

On July 5, 2011, the City Council approved [Resolution Number 83463](#), C.M.S., authorizing a contract between the City and ParkMobile to provide a pay-by-app pilot program, allowing parkers to use their mobile device to pay for their on-street parking meters. During the pilot program, the transaction fee charged by ParkMobile to the parker was \$0.35 per transaction. The pilot program proved to be successful and popular with the City's parking meter patrons, and Staff recommended continuing with this payment option.

In 2013, the City Council adopted a set of Parking Principles ([Resolution Number 84664](#), C.M.S.). These Principles inform and guide the active management of the parking system and

include goals such as achieving 85% on-street parking occupancy, bolstering the economic vitality of neighborhood commercial areas, encouraging the use of off-street parking lots and garages, and reinvesting a portion of parking revenue directly back to commercial district investments, potentially through Parking Benefit Districts.

On April 19, 2016, the City Council approved [Resolution Number 86119](#), C.M.S., and authorized another professional services agreement between the City and ParkMobile to continue providing pay-by-app services for Oakland's on-street parking meters. In this agreement, the transaction fee charged by ParkMobile to the parker was reduced to \$0.30 per transaction.

In 2020, responsibility for managing pay-by-app services, including the agreement between the City and ParkMobile, was transferred from the Finance Department to the OakDOT's Parking and Mobility Division.

In July 2021, ParkMobile's contract was temporarily extended for one (1) year on a month-to-month basis in an amount not to exceed \$250,000 in reimbursed user transaction fees. The agreement extension with ParkMobile expired on July 31, 2022.

In March 2022, Staff released an RFP to procure the enhanced mobile parking payment system, followed by two amendments. Proposals were due April 19, 2022. Seven proposals were received, of which one was deemed Non-Responsive, and one declined to participate.

In June 2022, the City Council extended the ParkMobile contract until July 31, 2023, per [Resolution Number 89277](#), C.M.S.

In September 2023, the PAC voted to accept the Anticipated Impact Report (see Exhibit B to the Resolution) and Use Policy (see Exhibit C to the Resolution) of the mobile parking payment system.

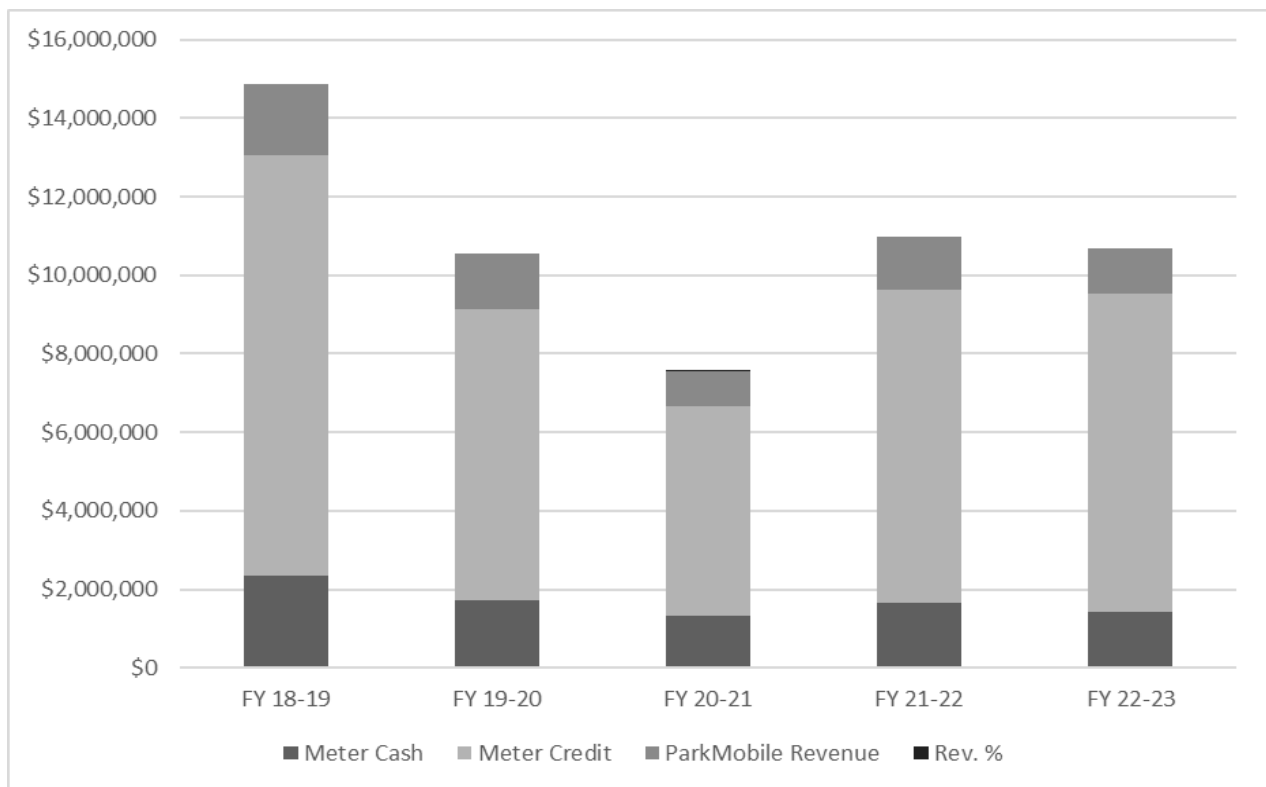
## **ANALYSIS AND POLICY ALTERNATIVES**

Pay-by-app/mobile parking payment services provide a contactless payment option that makes parking convenient for parking customers in Oakland by allowing them to pay for or extend time at parking meters. This service thus supports the City's Parking Principles ([Resolution Number 84664](#) C.M.S.) and has demonstrated consistent demand among parkers in Oakland. This mobile parking payment system furthers the Citywide priority of **vibrant, sustainable infrastructure** by reducing the need for parking meter maintenance, as parkers will pay parking fees virtually. The mobile payment system also furthers the Citywide priority of **housing, economic, and cultural security** by reducing the City's cost of parking transactions, thus freeing up funds for higher priorities such as affordable housing. The cost to the City of credit card transactions is nearly double that of a mobile parking payment transaction and the cost of a cash transaction is over 300 times more expensive. The mobile parking payment system furthers the Citywide priority of a **responsive, trustworthy government** by providing multiple mobile payment options to parkers, increasing the convenience of using the parking system.

**Mobile parking payment revenues**

From Fiscal Years (FY) 2018-19 through 2022-23, approximately \$6.5 million were paid by parkers using the pay-by-app system, which represents about 11% to 13% of the City’s total on-street parking meter revenue annually (see **Figure 1** and **Figure 2**). The COVID-19 pandemic began affecting parking revenue during FY 2019-20, causing cash payments to drop 24%, credit payments to drop 31%, and payments via ParkMobile’s app to drop 22%. This trend continued into FY 2020-21 as mobile payments dropped an additional 28%. The trend reversed in FY 2021-22 as total revenue from all forms of payment rose above total revenue from all forms of payment in FY 2019-20.

**Figure 1. Parking Meter Revenue by Payment Method**

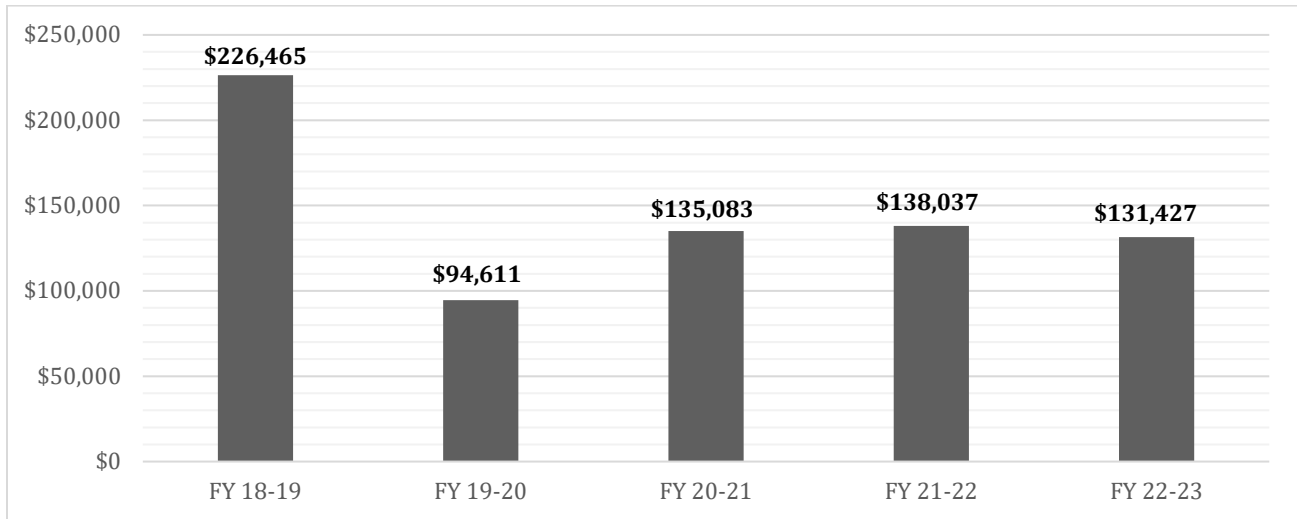


**Figure 2. Parking Meter Revenue by Payment Method**

	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23
ParkMobile (% of FY total)	\$1,801,842 (12.1%)	\$1,405,160 (13.3%)	\$892,586 (11.8%)	\$1,319,098 (12.0%)	\$1,165,998 (10.9%)
Credit (% of FY total)	\$10,707,476 (72.0%)	\$7,395,777 (70.2%)	\$5,319,131 (70.4%)	\$7,984,878 (72.8%)	\$8,074,294 (75.6%)
Cash (% of FY total)	\$2,354,574 (15.8%)	\$1,738,914 (16.5%)	\$1,340,878 (17.8%)	\$1,661,642 (15.2%)	\$1,441,320 (13.5%)
Total Revenue	\$14,863,892	\$10,539,851	\$7,552,595	\$10,965,618	\$10,681,612

During this same time period, ParkMobile collected approximately \$725,000 from the transaction/user fees at a rate of \$0.25 per transaction (see **Figure 3**).

**Figure 3. ParkMobile User Fees from Last Contractual Period**



To calculate the contract total amount of \$500,000 per Provider, Staff estimated a total of 14 million transactions generated over the seven years of the contractual period, including the optional extension years. Staff expects the 14 million transactions will be distributed equally among all five Providers. The maximum contract amount of \$500,000 per Provider in user transaction fees annually was calculated based on the proposed user fees in Oakland (\$0.25 and \$0.30) and total estimated transactions per year. This amount also reflects the anticipated growth in adoption and usage of this next-generation system, compared to other parking payment options such as credit cards, debit cards, or coins (see **Figure 4**). This growth will be primarily facilitated by more Provider app options being available in Oakland, new signs clearly showing zone numbers, integration of off-street parking facilities, and Providers' marketing and promotion efforts.

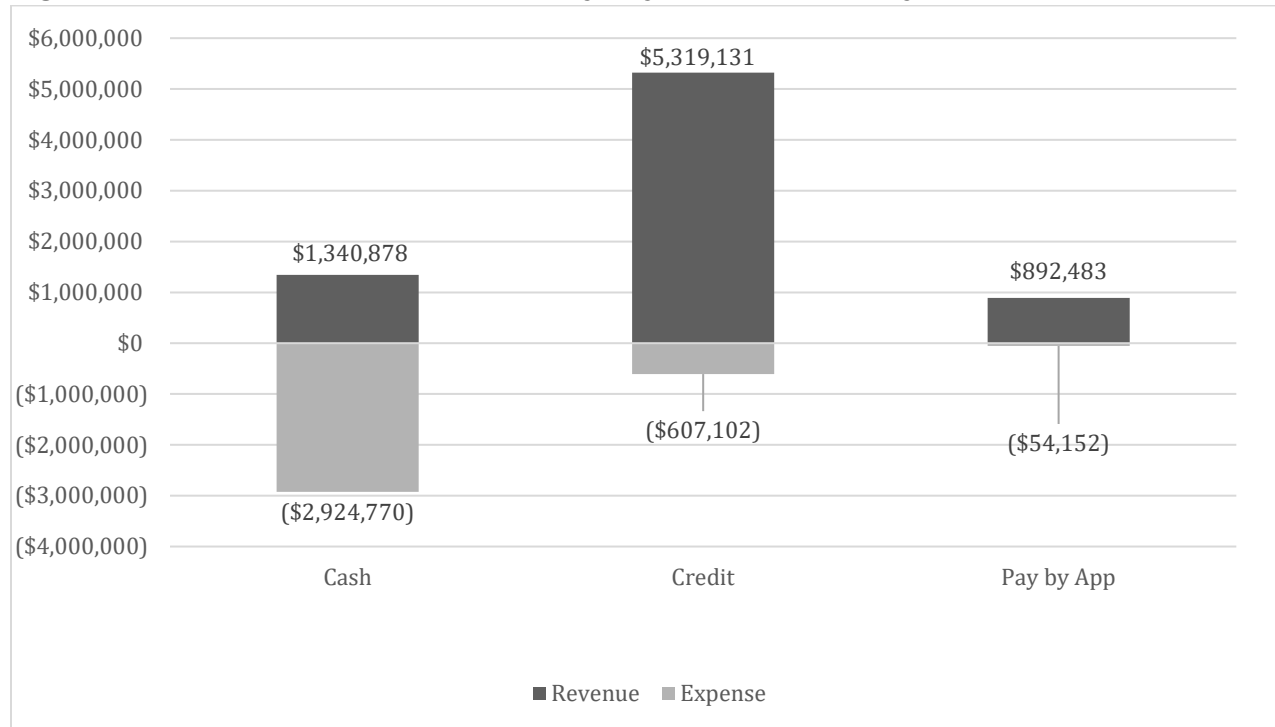
**Figure 4: Projected Revenues Generated Through the Mobile Parking Payment System**

	FY 2022-23 Actual	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 (optional)	Year 7 (optional)
Total Estimated Parking Revenue Across <u>All</u> Payment Methods	\$12.6 million	\$13.4 million	\$14.2 million	\$15 million	\$15.8 million	\$16.6 million	\$17.4 million	\$18.2 million
Estimated Proportion of Parking Payments by Phone/ App	9.5%	15%	20%	25%	30%	35%	40%	45%
Estimated Average Parking Trans- action Amount	\$2.40	\$2.60	\$2.65	\$2.70	\$2.75	\$2.80	\$2.85	\$2.90
Total Estimated Pay-by- app Trans- actions	575,000	987,000	1,200,000	1,500,000	1,900,000	2,300,000	2,700,000	3,100,000
*Note: Calculations assume a 5% per year increase in mobile payment adoption rate.								

***Benefits of mobile parking payment***

The mobile parking payment system provides several key advantages that contribute to the system's importance. The primary advantage is a vastly lower cost of collection. Unlike the physical parking meter payment system, the mobile parking payment system requires no hardware for the City to maintain. Also, the City pays significantly lower fees for transactions made by pay-by-app than transactions made by coin or credit/debit card (see **Figure 5**). In FY 2020-21, 6% of parking revenues received through the mobile parking payment system were spent on fees and expenses, compared to 11% for credit/debit cards and 218% on coin expenses. Coin collection expenses are primarily made up of expenses associated with the Meter Collection Unit, such as labor, armored truck services, and equipment. The cost of collecting parking meter payments by coin is now more than double the revenue received. Approval of this Resolution will not affect coin payment options for parkers. If requested, Staff may return with recommendations for equitably phasing out coin payments over the next five years and replacing them with free, no-fee debit cards.

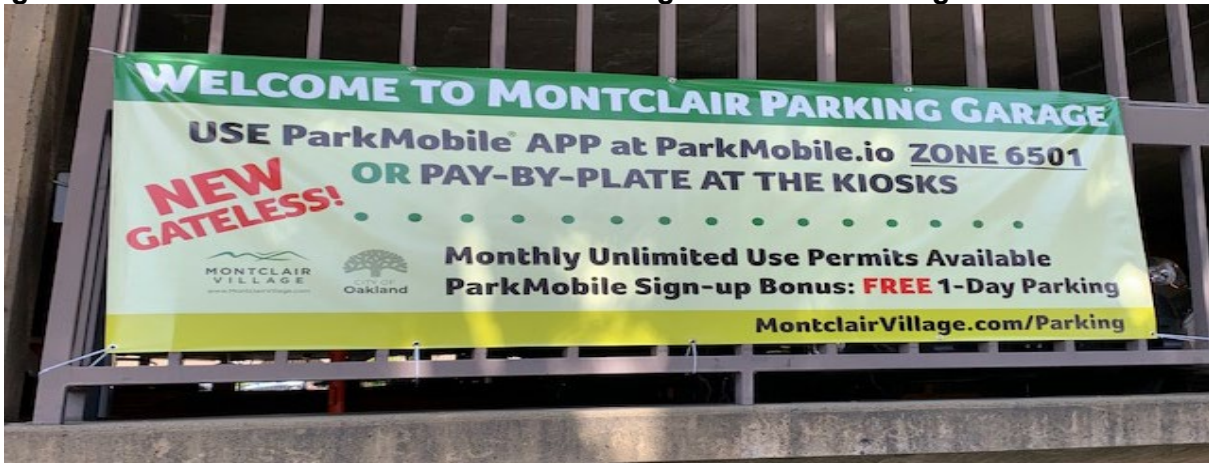
**Figure 5: Meter Revenue and Expenses by Payment Method (July 2020 to June 2021)**



Mobile payment can also be used in City-owned parking lots and garages. Over the past three years, and per the City Council-adopted FY 2021-22 Budget, OakDOT has worked with its professional parking facility operators to convert almost all City-owned garages from "gated" to "gateless" operations. Parkers can pay for parking using the ParkMobile app or at pay-by-plate kiosks located in the garages (see **Figure 5**). From the pilot's launch in November 2020 through November 2023, approximately 60% of people who paid for parking daily did so through ParkMobile. From the rollout of gateless garage parking, Staff learned that parkers both benefitted and appreciated the assistance provided by parking ambassadors when they chose between the pay-by-app and the parking kiosk options. The group that benefitted the most from the assistance was the elderly.

As demonstrated in this special use of mobility parking payments, the pay-by-app system can also promote off-street facilities and a "park once" approach, encouraging individuals to park long-term to shop, explore, and enjoy Oakland's commercial areas without parking concerns. In turn, this result supports the City's Parking Principle ([Resolution Number 84664](#), C.M.S.) to enhance access to commercial districts. An example of signage promoting pay-by-phone options is shown in **Figure 6**.

**Figure 6: ParkMobile Promotion at La Salle Garage in Montclair Village**



***Benefits of a multi-provider mobile parking payment system***

OakDOT has pursued an enhanced multi-provider mobile parking payment system for several reasons: (1) to increase the convenience of this service to parkers, (2) to promote the use of this contactless payment method with City-branded signs in the public right of way, and (3) to support the active management of the parking system more holistically.

The proposed multi-provider mobile parking payment system will support the effective and holistic management of the City’s parking system by providing a payment system that is convenient to residents and visitors alike, promotes official City branding in the public right of way, and applies to all on-street and off-street facilities in the City.

By contracting with multiple providers, visitors will not need to download any new apps and share their information with another Provider if they already have any of the five apps. Instead, they can use an existing app to conveniently pay for their parking session. Residents will also benefit from having multiple Provider options, as Staff expects Providers to compete for long-term customers with lower user fees, security, promotions, etc.

Each Provider’s user fee and website, among other information, will be clearly shown on the City’s parking resource webpage ([oaklandca.gov/services/oakparkplus](http://oaklandca.gov/services/oakparkplus)). The link to this website is printed and linked through a QR code on the new parking signs.

***Parking Signage***

Under the proposed multi-provider system, physical signs near meters will not convey specific companies’ brands, like the current signs, which are in a severe state of disrepair (see **Figure 7**).



Figure 7. Existing Pay Here and Mobile Parking Payment Signs



Instead, a new City-branded, 18-inch by 24-inch sign (see **Figure 8**) will direct users to a webpage showing all available options and instructions for paying for parking via mobile app. The new signs also indicate whether a given block is a lower cost “Value” zone or a higher cost “Premium” zone. These new signs were installed in Montclair in 2021, and bilingual versions were installed in Chinatown in 2023. Staff has received positive feedback on the new signs.

Figure 8. New Mobile Parking Payment Signs



Staff estimates that approximately 2,000 new signs will need to be printed and installed on up to 300 new sign poles throughout metered areas to replace the existing signage. The existing signage is over fifteen years old and would need to be replaced without a new mobile payment contract. The estimated cost for printing and installing the new signage is \$941,900. The Providers' initial one-time combined \$30,000 contribution reduces the amount to be paid by the City to \$911,900. Additionally, Providers will contribute up to \$25,000 annually towards sign installation and maintenance. These contributions reduce the amount to be paid by the City to \$861,900. This remaining sign cost will be requested over the next three years, with \$284,098 requested during the first and second years and \$283,704 requested during the final year, starting with the OakDOT FY 2024-25 mid-cycle budget proposal. **Figure 9** shows the estimated costs of new signs, poles, and installation, as well as these costs per year over three years.

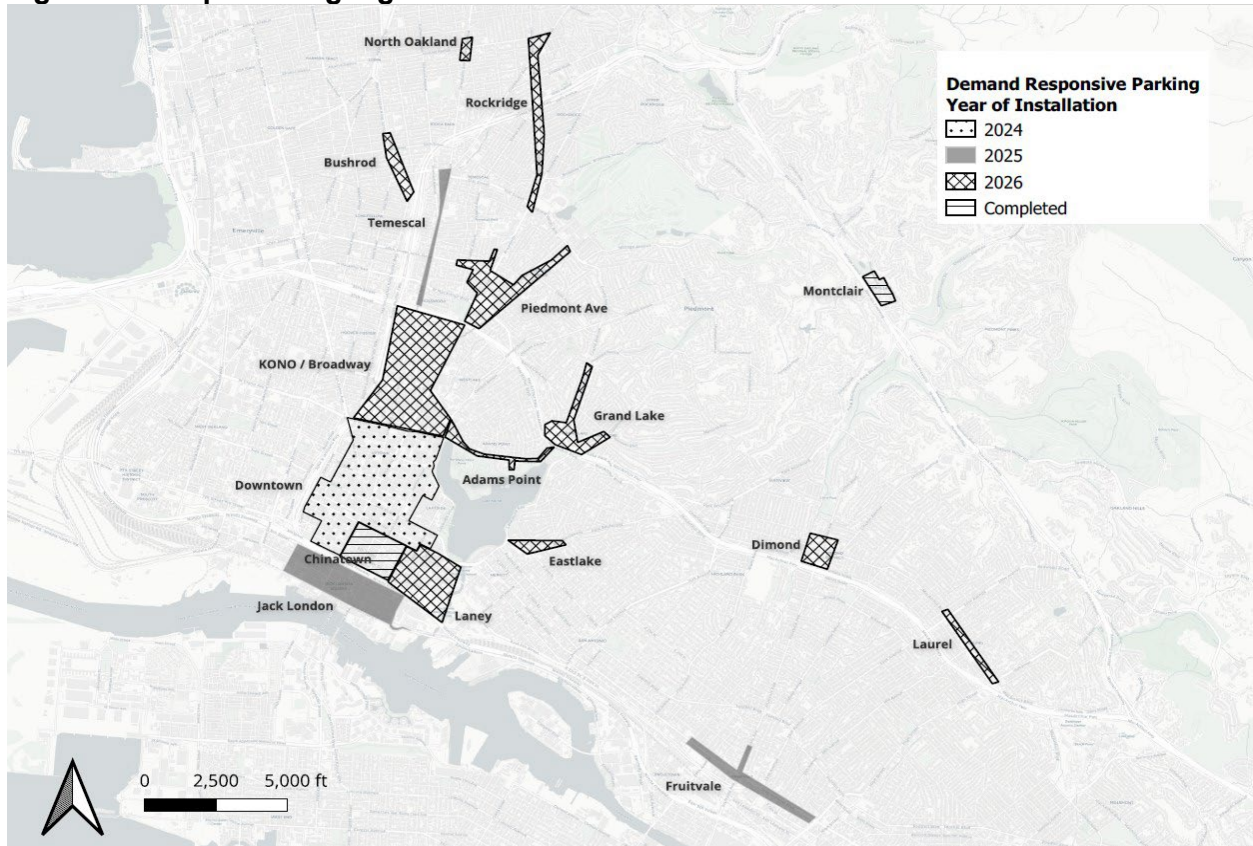
**Figure 9. Estimated Cost of New Signs and Installation**

	FY 24-25	FY 25-26	FY 26-27	Total
Per Sign Cost	\$81	\$81	\$81	
Number of Signs	667	667	666	2000
Total Sign Material Cost	\$54,027	\$54,027	\$53,946	\$162,000
Sign Installation	\$313	\$313	\$313	
Total Sign Installation Cost	\$208,771	\$208,771	\$208,458	\$626,000
Poles- Material and Installation	\$513	\$513	\$513	
Number of Poles	100	100	100	300
Total Pole Cost	\$51,300	\$51,300	\$51,300	\$153,900
Total Cost Subtotal	\$314,098	\$314,098	\$313,704	\$941,900
Less Provider's Initial Contribution	-\$30,000	n/a	n/a	-\$30,000
Less Provider's Annual Contribution	n/a	-\$25,000	-\$25,000	-\$50,000
Total	\$284,098	\$289,098	\$288,704	\$861,900

**Implementation Timeline**

If approved, the multi-provider mobile parking payment system will be available citywide as soon as contracts are finalized with each of the Providers. To help alert the public to the new payment options, the new city-branded parking signs shown in **Figure 7** will be installed over the next three years in tandem with new demand-responsive parking rates. **Figure 10** displays the neighborhoods where the new signs and demand-responsive rates have already been implemented and where Staff proposes to install them over the next three years.

**Figure 10. Proposed Signage Installation Schedule**



### **Privacy Protections**

The new mobile parking payment system will benefit parkers through improved user data and privacy protections. Staff sought guidance from the PAC to inform the development of this new system and identify potential protections that Providers could provide to parkers, particularly following a ParkMobile data breach impacting over 20 million users nationwide.<sup>1</sup> In July 2022, Staff returned to the PAC with an updated Use Policy and Impact Report for the Commissioners' review. The Use Policy and Impact Report now require Providers to submit a System Security Plan detailing security practices, including the use of strong passwords, multi-factor authentication (MFA), up-to-date software, secure uniform resource locators (URLs), education for employees, and the creation of a data breach response plan compliant with Senate Bill 34 guidelines. The mobile parking payment system's City Data Addendum, Anticipated Impact Report, and Use Policy were accepted by the PAC in September 2023 (see Exhibits A, B, and Exhibit C to the Resolution, respectively).

### **Community Engagement**

OakDOT Staff will ensure a robust and ongoing community engagement effort is conducted to help inform the public about these new payment options and gather community feedback.

<sup>1</sup> More information for users regarding this data breach is available here:  
<https://www.oaklandca.gov/topics/parkmobile-march-2021-data-breach>

OakDOT Staff will conduct outreach for the new mobile payment options in tandem with outreach to expand demand responsive parking rates as part of the OakPark+ project. This outreach will include working with business improvement districts, neighborhood services councils, and community groups. Staff will also attend community events and do door-to-door outreach with businesses.

The proposed contracts require the Provider's staff to attend up to four community events per year, in-person, or virtually. These events will be organized by OakDOT or will be existing community events that are in coordination with OakDOT Staff. This includes business improvement district meetings, Neighborhood Services Council meetings, and neighborhood events. Additionally, at least two of these events must occur in Equity Priority Communities. Providers will incorporate community feedback into the system's functionality. For instance, Providers may implement promotions and marketing materials that are informed by the community's priorities.

***Recommendation: Enter Into A Contract With Up To Five (5) Providers***

Staff recommends that the City enter into contracts with five Providers. Staff believes that when operating together, these five Providers will maximize the enhanced system's potential benefits. Each of the five Providers brings unique strengths and features that give parkers in Oakland greater choices in paying for parking. Additionally, by selecting all proposed Providers, Staff is more likely to meet its goal of increasing the convenience of using the mobile parking payment system – namely, not having to download another app –for residents and visitors parking in Oakland.

The five proposed Providers are:

- PayByPhone US Inc (PayByPhone)
- Passport, Inc (Passport)
- ParkMobile, LLC (ParkMobile)
- Honkmobile USA Ltd. (Honk)
- IPS Group, Inc. (IPS)

The staff took deliberate care to ensure a fair and equitable competitive process. The five (5) selected providers met the City's strict selection criteria and scored above the cutoff of 70 out of 100 points. Providers' proposals were scored using the following criteria (see **Figure 11**).

**Figure 11: RFP Scoring Criteria**

<b>MAX POINTS</b>	<b>CRITERIA</b>
25	Technical ability and verifiable recent (i.e., within the past five years) experience in providing an effective mobile parking payment system
25	Demonstrated ability to provide the knowledge, expertise, and skills needed for implementing a mobile parking payment system or other proposed product/service
15	Innovative, flexible, and progressive approach to supporting the City's parking system and payments by mobile phone through both product and sign, sticker, and decal fund contribution
10	Experience managing product or service accounts for cities with a parking and transportation system comparable to Oakland's
10	Project and Project Manager references
5	Overall quality and completeness of the proposal
10	Proposal Price(s) as submitted in the Proposal Price Schedule Form
<b>100</b>	<b>POSSIBLE RFP CRITERIA POINTS</b>
<b>12.5</b>	<b>POSSIBLE BONUS POINTS</b> A maximum of 12.5 preference points may be earned through the Local and Small Local Business Program described in Section IV.I.
<b>112.5</b>	<b>TOTAL POSSIBLE POINTS</b>

When the RFP was issued, there was a 50% minimum participation requirement for Oakland-certified local businesses. An availability analysis was conducted for North American Industry Classification System (NAICS) codes 522320 (financial transactions processing, reserve, and clearinghouse activities), 518210 (data processing, hosting, and related services), and 561440 (collection agencies). The Department of Workplace and Employment Standards did not identify any Local and Small Local businesses and determined that the Local and Small Local Business Enterprise Program's 50% requirement is set to 0% for this project. Therefore, the Capital Contracts Division waived the Local and Small Local Business Enterprise (L/SLBE) Program requirement for this project. Though the L/SLBE requirement was ultimately waived for this RFP, Staff retained the initial start-up fee discount for local businesses awarded an agreement. This discount gives local providers a 25% discount on the initial fee.

Several proposals included local Oakland businesses in their approach to participating in the mobile parking payment system. One proposer, Oakland Parking Solutions, was originally selected to participate, but it later declined to participate. Two other proposers, Passport and ParkMobile, are partnering with local businesses to meet the City's requirements for this system through community outreach and marketing. Passport is partnering with the Unity Council for outreach and Arrow Sign Company, in the event that the City requests printed signs. ParkMobile is partnering with Lowe Consulting Group for media and community outreach and PREMIERE Consulting Group for diversity business compliance.

PayByPhone, Passport, and ParkMobile are the most popular and prevalent mobile parking payment providers in the U.S. Among many markets, PayByPhone is used in San Francisco, ParkMobile in Berkeley/Oakland, and Passport in San Jose. Honk specializes in unique signage and issuing permits and is a smaller provider in this sector. IPS primarily operates hardware such as parking meters, including the parking meters used in Oakland, and a mobile parking payment app. PayByPhone, Passport, ParkMobile, Honk, and IPS currently operate mobile parking payment apps that meet the City's requirements. All Providers have agreed to pay their portion of the initial start-up fee and share 10% of the ongoing revenues with the City up to \$5,000 per year. For the revenue sharing arrangement, Providers will invoice the City for only 90% of their user transaction fee revenues generated; the remaining 10% will stay with the City and help fund parking system expenses until Providers reach the \$5,000 annual limit.

Each of the five proposed providers offers a different strength to the mobile parking payment system in Oakland. For example, registration requirements (in order to make a payment) differ between each of the Providers. PayByPhone and ParkMobile both provide an option to pay for a parking session without requiring users to register. Passport requires registration but collects the minimal amount of data. IPS and Honk require registration as well.

One potential challenge of accepting all five Providers and moving to a multi-provider system is clearly communicating all of the payment options available to parkers. The new parking signs will be the primary method to address this potential challenge. However, the City's webpage (linked and shown by QR code on signs) and community outreach events are expected to resolve any questions or concerns that parkers have about how to use the new system. Notably, meters will continue to be an option for the foreseeable future due to California Vehicle Code Section 22508.5(d), so parkers will not be required to use a smartphone to pay for parking.

To implement this system and proceed with the five selected Providers, professional services agreements will be signed with each Provider. Upon receipt of the Providers' proportion of the initial fee, the City will proceed to enter into the agreement with said Provider and collect any necessary payments. Staff anticipates that Providers will be added to the mobile parking payment system in phases. By accepting the incumbent Provider among all selected Providers, parkers will experience no interruption in paying for parking using the mobile parking payment system. Instead, parkers' mobile payment options will grow over time.

***Alternative 1: Enter Into Contract With A Single Provider***

Another option is to enter into a contract with a single pay-by-app provider, whether that is ParkMobile or another one of the Providers that submitted a proposal. Staff does not recommend this alternative as it is inconvenient for customers and could result in higher customer fees and costs to the City. Limiting mobile payments to a single option makes it inconvenient for drivers—especially those from out of town—that have a different app, and may deter them from paying with mobile, resulting in higher fees and maintenance costs to the City.

***Alternative 2: No Pay-By-App Available As Parking Payment Method***

The City has the option not to continue offering mobile parking payments to drivers. Staff does not recommend this alternative as it would make it harder for drivers to pay for parking, and result in higher costs and lower revenue to the City. Payment cards, especially, cash payments result in higher transaction fees and maintenance costs to the City. Currently, over 10% of

parking payments are made using mobile. All paid parking spaces have mobile payment options. Demand responsive pricing, complete with signage, is currently in place in Montclair Village and Chinatown and will be rolled out downtown in mid-2024. Removing pay-by-app as an option would require drivers to pay using cash or card, significantly increasing City costs. For example, if all ParkMobile payments during FY 2022-23 had been made by credit, then the City costs would have increased by \$58,300, and if all the ParkMobile payments had been made by cash, then the City costs would have increased by \$2,471,916. Eliminating mobile parking payment could impact parking revenues as drivers that prefer mobile payment may find alternatives for parking and not park on-street. Drivers might also opt not to pay the meter and end up receiving a citation, which is contrary to the City's Parking Principles. Without mobile payments as an option, it would be challenging and costly to install new meters and implement parking management strategies due to greater demands on labor.

### **FISCAL IMPACT**

Pay-by-app parking services are provided via a transaction fee paid by the user, which covers the cost of app usage and credit card fees, allowing the City to retain 94% of the parking meter revenue collected through this method. The City's parking meter revenues and the transaction fees collected by the mobile parking payment providers depend on the number of mobile parking transactions, and therefore, the transaction fees collected by the Providers can vary from year to year. In accordance with generally accepted accounting principles (GAAP), all parking revenues generated through the pay-by-app system, including the transaction fees, will be deposited into the City's bank account daily, and the transaction fee is then expensed to the selected Providers. No other fees will be paid by the City to mobile parking payment Providers.

When compared to cash or credit/debit card payment, the cost of collecting mobile payment is far less costly for the City. Therefore, approving these contracts will result in savings of \$2,471,916 per year if all of those payments were instead made by cash or \$58,300 per year if they were made by credit/debit card.

In addition to the savings from fee collections, the City also requires an initial one-time combined payment of \$30,000 from all five selected Providers (\$6,000 each per Provider) to contribute to the costs of establishing the new mobile parking payment system through the printing and installation of new signage, as well as 10% of their annual transaction fees up to \$5,000 each per Provider (\$25,000 annually in aggregate). The total cost of new and replacement signage across the City between FY 2024-25 and FY 2026-27 is expected to be \$861,900, which will provide 2,000 new City-branded parking signs. Funding for parking sign replacement is not currently secured, but OakDOT is committed to identifying funds for this three-year project through a combination of the upcoming mid-cycle budget process, FY 2025-27 two-year budget cycle, and eligible competitive grant opportunities.

## **PUBLIC OUTREACH / INTEREST**

This report was prepared by OakDOT in coordination with the City Attorney's Office and Budget Bureau. In preparing the RFP and agenda report, Staff sought input from the City's PAC. Staff presented on the Mobile Parking Payment RFP at the PAC meeting on July 2<sup>nd</sup>, 2022. The PAC provided input on the privacy related aspects of the proposed contracts, which was integrated into the City Data Addendum (see Exhibit A to the Resolution), Anticipated Impact Report (Exhibit B to the Resolution), and Use Policy (Exhibit C to the Resolution). On September 7, 2023, the PAC voted to approve the City Data Addendum, Anticipated Impact Report, and Use Policy.

Staff also met with stakeholders from the Oakland Chinatown Chamber of Commerce and Montclair Village Association on topics including mobile payment and demand responsive parking pricing. The Montclair Business Association advised Staff that the ambassadors in the parking garage have been very helpful in educating parkers on the mobile parking payment system, and that special pricing for using the mobile parking payment system in the garage (such as the first 15 minutes being free) would increase garage occupancy, and that business owners are in favor of demand responsive meter rates that encourage turnover. A key point of discussion from the Oakland Chinatown Chamber of Commerce meeting included a request for bilingual (English and simplified Chinese) parking signage, including mobile payment information. Staff responded to this request by translating the sign content and installing bilingual signage in Chinatown in 2023. If requested, bilingual signage could also be included in other neighborhoods and other languages.

## **COORDINATION**

This report and proposed legislation have been reviewed by the Office of the City Attorney and the Controller's Bureau. The Department of Workplace and Employment Standards provided the compliance analysis of firms. The Information Technology Department reviewed the City Data Addendum (Exhibit A to the Resolution)

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** The cost of collecting mobile parking payments is far less than credit card or cash payments, saving the City \$2,471,916 per year if all of those payments were made by cash and \$58,300 per year if they were made by credit/debit card. Instead of the City, Parkers in Oakland will pay fees to the Providers per transaction, in addition to the meter payment. Local businesses included in the mobile parking payment system, including the Unity Council, Arrow Sign Company, Lowe Consulting Group, and PREMIERE Consulting Group, will receive a portion of the system's profits per Providers' agreements with sub providers and providers' user transaction fee revenues generated.

**Environmental:** This program will provide ease and accessibility by enabling parkers to use mobile phones to extend time on parking meters from the convenience of their locations without moving their vehicles or making unnecessary trips to feed the meter.



***Race and Equity:*** Each Provider is required to participate in two to four OakDOT organized outreach events, or existing community events that are in coordination with DOT Staff, per year. Two of these events must be in high priority areas according to the OakDOT Geographic Equity Toolbox. This requirement is intended to increase awareness of, and access to, mobile parking payment services while reducing barriers to Oakland's parking and mobility system that the system's Providers can assist in addressing.


### **ACTION REQUESTED OF THE CITY COUNCIL**

#### **Staff Recommends That The City Council Adopt A Resolution**

- (A) Authorizing The City Administrator To Enter Into Professional Services Agreements With (1) PayByPhone US Inc., (2) Passport Inc., (3) ParkMobile LLC, (4) Honkmobile USA Ltd., And (5) IPS Group, Inc., For Five Years, In An Amount Not To Exceed Five Hundred Thousand Dollars (\$500,000) Each Per Year, For A Total Not To Exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) For Each Agreement, With The Authority to Extend Each Agreement For Two Additional One-Year Periods For A Total Cost of Three Million Five Hundred Thousand Dollars (\$3,500,000) For Each Agreement, To Collect Transaction Fees From Parkers; And**
  
- (B) Accepting And Appropriating A One Time Payment Of Up To Six Thousand Dollars (\$6,000) Each From (1) PayByPhone US Inc., (2) Passport Inc., (3) ParkMobile LLC, (4) Honkmobile USA Ltd., And (5) IPS Group, Inc., For A Total Of Thirty Thousand Dollars (\$30,000), And Annual Payments Of Up To Five Thousand Dollars (\$5,000) From (1) PayByPhone US Inc., (2) Passport Inc., (3) ParkMobile LLC, (4) Honkmobile USA Ltd., And (5) IPS Group, Inc., For A Total Of Up To Twenty-Five Thousand Dollars (\$25,000) Annually For Parking Signage Installation And Maintenance.**

For questions regarding this report, please contact Michael Ford, Parking & Mobility Division Manager, at 510-238-7670.

Respectfully submitted,

  
Josh Rowan (May 14, 2024 14:33 PDT)

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