



AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Josh Rowan
Director, Department of
Transportation

SUBJECT: Parking Meter Operations

DATE: January 13, 2025

City Administrator Approval


Jestin Johnson (Feb 1, 2025 18:20 PST)

Date: Feb 13, 2025

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution (A) Authorizing The City Administrator To Execute A Three-Year Agreement With IPS Group Inc. For Parking Meters, Repair Parts, Communication and Transaction Fees, Related Services And A Contingency of Ten Percent (10%) In The Amount Of \$2,748,530 In Year One, \$2,542,129 In Year Two And \$2,680,846 in Year Three, For A Three-Year Total Not To Exceed Amount Of \$7,971,504; (B) Authorizing A One-Time Payment In the Amount Of \$224,013.73 To Pay Outstanding IPS Invoices; (C) Waiving The Request for Qualifications/Proposals Competitive Selection Requirement; And (D) Adopting Appropriate California Environmental Quality Act (CEQA) Findings.

EXECUTIVE SUMMARY

Staff recommends the approval of a new three-year agreement with IPS, using pricing from a recent competitive process, to ensure uninterrupted parking meter services and the benefits and revenues these bring to the City. Together with a grant-funded project to add hundreds of new metered spaces and the recent effort to restore parking enforcement, this action is expected to result in net new meter revenues to the City of approximately \$2 million over the three-year term of the agreement. Staff is also requesting that the City Council authorize a one-time payment of \$224,013.73 for outstanding IPS invoices from Fiscal Year 2023-24, an amount included in the first-year capacity of the recommended agreement.

In addition to an analysis of the component parts of parking meter operations and their respective costs, the report provides justifications for waiving the request for proposal/competitive selection requirement and findings for California Environmental Quality Act (CEQA) requirements.

BACKGROUND / LEGISLATIVE HISTORY

In September 2012, the Public Works Agency's Department of Infrastructure and Operations issued a Request for Proposal (RFP) for the City's Parking Meter Management System. After an extensive review of the RFP submissions by the RFP review panel, IPS achieved the highest

cumulative ranking through their original proposal submission, lowest bid for services, as well as the subsequent consultant interview process and was selected by the City to provide parking meter services per [Resolution No. 84804 C.M.S.](#)

In 2013, the City Council adopted a set of Parking Principles ([Resolution No. 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, and making paid-parking easier.

On April 1, 2014, the City entered into a contract with IPS Group and the contract continued until 2019.

Since 2019, staff have used cooperative agreements based on other jurisdictions' contracts (i.e., "piggybacking") to continue parking management services with IPS. Recent changes in purchasing policy limit the City Administrators authority to \$250,000 for cooperative agreements.

In October 2023, the City Council adopted [Resolution No. 89971 C.M.S.](#) accepting a federal grant in the amount of \$1.5million for a parking management project, including \$407,000 for the purchase and installation of forty new multi-space pay-by-plate parking meters.

In December 2024, City Council adopted [Resolution No. 90585 C.M.S.](#) in a budget balancing effort, directing the City Administration to take measures to address the projected budget deficit in the General Purpose Fund, including "restoring parking enforcement" by working to fill all vacancies and assigning available staff to revenue-generating duties, especially street sweeping enforcement.

Since 2014 when, the City undertook a major project called "parking meter modernization" that resulted in the replacement of all mechanical meters with "smart" meters that were wired for cellular, offered both coin and credit card payments, featured variable messaging display screens, and connected to a back office parking meter management system, IPS Group Inc. (IPS) has provided the City with single-space and multi-space meters, repair parts, communication systems, and support services

ANALYSIS AND POLICY ALTERNATIVES

IPS Group, Inc. has provided parking meter services to the City of Oakland since 2014. Their meters are used by the City of San Francisco, Berkeley, Los Angeles, Denver, Phoenix, Washington, DC, and more than 100 other locations. The IPS parking meter system, including single-space and multi-space, the web-based meter programming software, replacement parts, and support services are required to maintain the City's parking meters. Currently, the City has approximately 490 multi-space meters and 4,400 single-space IPS parking meters.

Meter Operation Expenses: Recent Past and Planned

Smart parking meters use cellular communication technology to support credit card payments, crystal display messaging, and centralized programming and management. The following **Table**

1 breaks down the eight types of expenses related to the operation and maintenance of the IPS meter system.

Historic Costs

Table 1: Summary of Parking Meter Operation Costs (FY 2022 – FY 2024)

Itemized Cost	Amount
Costs Covered by IPS Contract	
Parts Purchased	\$ 2,900,620
Meters Repaired	\$ 474,435
Mgmt. Fees Paid for Single-Space Meters	\$ 930,180
Gateway/Wireless Data Fee Multi-Space	\$ 909,150
Credit Card Transaction Fees Paid to IPS	\$ 627,580
Sub-Total (IPS)	\$ 5,841,965
Other Costs (Credit Card Fees, All Parking Payments)	\$ 2,933,856
Total Three-Year Estimated Cost	\$ 8,775,821

Over the past three years, the average annual cost for parking meter operations was approximately \$2.925 million. Each of the expenses can fluctuate: vandalism and damaged meters result in higher repair parts and meter repair expenses; adding new meters results in higher per meter communication fees; more credit card transactions result in higher transaction fees and higher payments per paid meter session (e.g., due to the increase in the hourly meter rate) results in higher credit card processing fees. When meters are maintained, and meter zones are consistently enforced, the City can also expect increased revenues from meter fees.

As staff actively manage the parking meter system to make parking easier, improve meter uptime, optimize utilization, and grow revenues, it is possible to plan for higher operating costs and revenues. **Table 2** below shows the current and proposed costs for four recurring charges. The new prices are taken from the Sourcewell Contract, recently established as the result of a competitive process, and proposed to be used here (**Attachments A and B**).

Future Services Required

Table 2: Fees and Service Cost Comparison

Itemized Cost	Current	New	Change
Monthly Fee Per Single Space Meters (4,440 meters)	\$ 6.25	\$ 6.60	5.6%
Monthly Fee Per Multi-space Meter (490 kiosks)	\$ 55.00	\$ 55.00	0.0%
Single-Space Meter Repair (per repair)	\$ 95.00	\$ 115.00	21.1%
Credit Card Transaction Fee/Transaction (146,000/month avg.)	\$ 0.13	\$ 0.13	0.0%

While the proposed pricing is 21.1% higher for single-space meter repair services compared to the prior contract, this rate was established through a recent competitive bidding process and therefore represents current market rates (see ***Attachment B Sourcewell IPS Group Pricing***).

In addition, the recommended contract will be used to expend \$407,000 of secured grant funds on expanding meter parking in established parking meter zones with unmetered spaces as well as in the Brooklyn Basin area, which City Council designated as a meter zone in 2023. Funding is available for approximately forty multi-space kiosks that will provide meter coverage for approximately four hundred spaces that will be generated an estimated \$1800.00 each or a total of \$720,000.00 annually once installed and operational.

Staff is requesting sufficient contract capacity and expense appropriation to cover not only IPS pricing increases (e.g., the monthly operating cost of a single-space meters will go up approximately 6% from \$6.25 to \$6.60) but also to cover the cost of acquiring new meters and a contingency of ten percent. Granting funding in the amount of \$407,000 has already been accepted and appropriated and will be used to purchase forty new multi-space meters and parking sensors. An appropriation of additional meter revenues will cover other costs.

Parking Meter Operations: Three-Year Plan

For Fiscal Year 2024-2025, metered parking is expected to generate approximately \$16.8 million in revenues, an amount that recognizes hourly meter rates increased from \$2 to \$3 effective July 1st. After five months of the current fiscal year, meter revenues are projected to be \$15.3 million, or 91% of the budget. This current projected shortfall can be explained by factors such as non-functioning meters and lack of parking enforcement. Recent and ongoing efforts to restore parking enforcement to full-strength will not only contribute much needed revenues from citation fines and penalties, but will also result in greater compliance with meter payments. Related efforts are underway to achieve and maintain staff capacity in parking meter maintenance and parking meter collection operations.

System Operation and Expansion Costs

Table 3: Proposed Three-Year Parking Meter Budget

Itemized Cost	Year 1	Year 2	Year 3	Total
Costs Covered by IPS Contract				
Parts Purchased	\$ 1,021,018	\$ 1,072,069	\$ 1,125,673	\$ 3,218,760
Meters Repaired	\$ 191,355	\$ 210,491	\$ 231,540	\$ 633,387
Mgmt. Fees Paid for Single-Space Meters	\$ 348,480	\$ 348,480	\$ 348,480	\$ 1,045,440
Gateway/Wireless Data Fee Multi-Space Meter	\$ 303,050	\$ 329,450	\$ 355,850	\$ 988,350
IPS Credit Card Transaction Fees	\$ 227,760	\$ 250,536	\$ 275,590	\$ 753,886
New equipment (meters and sensors)	\$ 407,000	\$ 100,000	\$ 100,000	\$ 607,000
Contingency (10%)	\$ 249,866	\$ 231,103	\$ 243,713	\$ 724,682
<i>Sub-Total (IPS Contract Capacity)</i>	<i>\$ 2,748,530</i>	<i>\$ 2,542,129</i>	<i>\$ 2,680,846</i>	<i>\$ 7,971,504</i>
Other system operation cost				
City's Credit Card Fees	\$ 1,026,850	\$ 1,078,192	\$ 1,132,102	\$ 3,237,143
Supplies & Miscellaneous Commodities	\$ 85,896	\$ 94,486	\$ 103,934	\$ 284,317
<i>Sub-Total (Other Costs)</i>	<i>\$ 1,112,746</i>	<i>\$ 1,172,678</i>	<i>\$ 1,236,036</i>	<i>\$ 3,521,460</i>
Total System Operations Cost	\$ 3,861,276	\$ 3,714,807	\$ 3,916,882	\$ 11,492,964

Together, these efforts will help ensure that the City is maximizing parking meter revenues in the coming years, as reflected in the plan laid out in **Table 3** above.

Council Waiver of Advertising and Competitive Bidding

Oakland Municipal Code (OMC) Section 2.04.050 requires advertising and competitive bidding when the City purchases services, supplies, or a combination thereof, required by the City, and which exceeds a cost of fifty thousand dollars (\$50,000.00). However, OMC Section 2.04.050.1.5 authorizes the Council to waive these advertising and competitive bidding requirements upon a finding that it is in the best interests of the City to do so.

IPS is the sole source for the parts and services needed to operate and maintain the City's parking meter system. An open call for proposals would, therefore, not result in multiple competitive bids unless the City entertained bids for replacement meters. Startup costs, including new meters and installation, are estimated to be over \$8.5 million. Such an investment would only be warranted if the City had good reason and was prepared to undertake another major development in the paid-parking system, such as reconfiguring the mix of single-space and multi-space meters (e.g., San Francisco recently swapped around ten thousand single-space meters for pay-by-plate multi-space meters). Such an undertaking will likely be justified in the future, but not for the three-year term of the recommended action.

Therefore, the staff recommends that the City Council make a finding and authorize the City Administrator to waive the advertising and competitive bidding for this contract and enter into a contract with IPS.

California Environmental Quality Act (CEQA) Findings

The recommended action is exempt from the California Environmental Quality Act (CEQA) pursuant to the following CEQA Guidelines Sections: 15061(b)(3) and 15378(b)(4) and (5), as they involve government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment, and it is an organizational or administrative activity of government that will not result in direct or indirect physical changes to the environment each of which provides a separate and independent basis for CEQA clearance and when viewed collectively provide an overall basis for CEQA clearance.

Policy Alternatives Not Recommended

If the City Council elects not to waive the request for proposal/competitive bidding process, then it will still be necessary for the City Council to authorize a new contract with IPS for a period of twelve to twenty-four months, the period of time that it would require to carry out such a process.

If the City Council elects not to appropriate new expenses to cover the increased costs of operating and expanding the parking meter system, then it would be necessary to recognize the reductions in the system operations and the corresponding reductions in meter revenues. The net fiscal impact may be zero, but there would be a reduction rather than an expansion of the system's capacity to serve the City.

Staff's recommendations will help ensure that the City's parking meter system continues to support vibrant, sustainable commercial districts. Such a system requires both upfront investments and ongoing operating costs. When such a system is well managed, it should serve the City for many years, not only covering the costs of acquiring and maintaining the system but generating net revenues for the General-Purpose Fund.

FISCAL IMPACT

In Fiscal Year 2024-2025, the City expects to generate approximately \$16.5 million in meter revenue from the installed IPS parking meter system and has budgeted approximately \$2.28 million for expenses, including credit card processing fees and miscellaneous supply expenses and excluding personnel and other contract expenses in Parking Meter Repair and Parking Meter Collections. The costs of operating and maintaining the parking meter system have grown over the past several years for reasons explained above. **Table 4** below displays the baseline budget by Organization (Org.) and Account type (Acct.), and year-by-year recommended amounts to arrive at the net annual fiscal impact that is neutral in the first year and positive in the second and third years.

Proposed Budget for Parking Meter Operations

Table 4: Summary of Proposed Expenses vs. Baseline

Three-Year Parking Meter Budget	Available FY 2024-25 Appropriations	Proposed Biennial Budget		Total
		FY 26	FY27	
Baseline Expense Appropriation	\$2,228,080	\$3,861,276	\$3,861,276	\$9,950,632
Grant Funding Available	\$407,000	\$0	\$0	\$407,000
Additional Expense Appropriation	\$0	\$771,166	\$771,166	\$1,542,332
Total	\$2,635,080	\$4,632,442	\$4,632,442	\$11,899,964

The full costs of the contract are accounted for in DOT's proposed FY25-27 Biennial Budget. Meter revenue is expected to increase by \$1,923,900 over the three-year term of the agreement as a result of system expansion and improved maintenance. The increased revenue more than offsets the increase in proposed expenditures over the baseline of \$1,542,332.

Existing FY25 appropriations are sufficient to fully fund contract costs through July 1, 2025. No new FY25 appropriation is required.

Table 5: Proposed Expenditures for Parking Meter Operations in FY26-27

Org	Account	Account Description	Baseline	Year 1	Year 2	Year 3
35321	52919	Miscellaneous Supplies	\$ 78,088	\$ 85,896	\$ 94,486	\$ 103,934
35321	54611	Repair & Maintenance	\$ 681,657	\$ 1,273,667	\$ 1,178,021	\$ 1,242,302
35341	54611	Repair & Maintenance	\$ 224,828	\$ 420,087	\$ 388,541	\$ 409,742
35341	54919	Services: Miscellaneous Contract	\$ 564,508	\$ 1,054,776	\$ 975,567	\$ 1,028,801
		Grant Funding - System Upgrade	\$ -	\$ (407,000)	\$ -	\$ -
35341	58112	Credit Card Fees	\$ 679,000	\$ 1,026,850	\$ 1,078,192	\$ 1,132,102
		Subtotal: Net Expenses	\$ 2,228,080	\$ 3,454,276	\$ 3,714,807	\$ 3,916,882
35341	45311	Meter Revenue	\$ 16,500,000	\$ 17,726,196	\$ 18,270,196	\$ 18,270,196
		Net Revenue	\$ 14,271,920	\$ 14,271,920	\$ 14,555,389	\$ 14,353,314
		Fiscal Impact (Variance from Baseline)	\$ -	\$ -	\$ 283,469	\$ 81,394

Authorization to Pay Invoices Incurred During Contracting Process

DOT requests authorization to pay \$224,013.73 of invoices to IPS incurred during FY23-24 following expiration of the previous contract. These invoices can be paid with existing FY25 appropriations.

PUBLIC OUTREACH / INTEREST

No outreach was deemed necessary for the proposed policy action beyond the standard City Council agenda noticing procedures.

COORDINATION

To ensure the long-term continuity of the proposed technological endeavor with the City's overall technological systems, this report was prepared in coordination with the Budget/Controller's Bureau, the City Attorney's Office, and OakDOT Parking Meter Repair and Parking Meter Collection Units.

SUSTAINABLE OPPORTUNITIES

Economic: It is generally recognized that metered parking, especially when supported by "smart" parking systems that help ensure vehicle turnover and available parking for visitors and customers while generating revenues that more than cover the cost of such systems, contributes to the economic vitality of commercial districts in particular and the City generally.

Environmental: Parking meters using low energy solar technology and long-life batteries will help reduce the carbon footprint of the City in addition to other energy-saving projects. A well management parking meter system reduces the need for circling (i.e., hunting for parking spaces) and double-parking with idling, which contributes to meaningful reductions in greenhouse gas emissions that contribute to global warming.

Race & Equity: Reducing circling and double parking not only benefits the environment, but also supports safer streets by reducing distracted driving and impaired sightlines that would otherwise put pedestrians and bicyclists at risk. The IPS parking meter system also supports multiple payment options (coins, credit cards, and pay-by-app) and "flexible pricing" (offering both "premium" and "value" rate zones). Flexible Pricing maximizes use of parking and respond to market factors. Fees will be adjusted, upwards or downwards within the fees range with the goal to reaching 85% peak period occupancy of parking. [Resolution No. 86457 C.M.S.](#) Safety, convenience and cost effectiveness benefit everyone, especially those who live and work in the City's commercial districts, many of which are designated as equity-development communities.


ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution (A) Authorizing The City Administrator To Execute A Three-Year Agreement With IPS Group Inc. For Parking Meters, Repair Parts, Communication and Transaction Fees, Related Services And A Contingency of Ten Percent (10%) In The Amount Of \$2,748,530 In Year One, \$2,542,129 In Year Two And \$2,680,846 in Year Three, For A Three-Year Total Not To Exceed Amount Of \$7,971,504; (B) Appropriating Additional Operating Expenses Of \$680,498 And Additional Meter Revenues of \$510,915 in Fiscal Year 2024-2025; (C) Authorizing A One-Time Payment In the Amount Of \$224,013.73 To Pay Outstanding IPS Invoices; (D) Waiving The Request for

Qualifications/Proposals Competitive Selection Requirement; And (E) Adopting Appropriate California Environmental Quality Act (CEQA) Findings.

For questions regarding this report, please contact Michael Ford via telephone at (510) 238-7670 or via email at mford@oaklandca.gov.

Respectfully submitted,


Josh Rowan (Feb 13, 2025 14:59 PST)

Josh Rowan
Department of Transportation, Director

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Attachment(s):

- A. Sourcewell IPS Group Agreement
- B. Sourcewell IPS Group Pricing