



# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Ryan Russo, Director  
Dept. of Transportation

**SUBJECT:** ParkMobile Contract Extension For  
Up To One Year

**DATE:** July 7, 2021

City Administrator Approval

Date: Jul 15, 2021

## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt A Resolution (1) Extending The Existing Professional Services Agreement With ParkMobile Usa, Inc. ("ParkMobile") For Up To One Year In An Amount Not To Exceed Two Hundred Fifty Thousand Dollars (\$250,000) For The Reimbursement Of Transaction Fees Charged To Parkers; And (2) Waiving The Request For Qualifications/Proposals Competitive Selection Requirement.**

## **EXECUTIVE SUMMARY**

The current agreement for pay-by-phone parking services between the City of Oakland and ParkMobile will expire on August 1, 2021. Adoption of this resolution will authorize the City Administrator to execute an extension of the Professional Services Agreement between the City of Oakland and ParkMobile for up to one year. This extension would function on a month-to-month basis, and the City would reserve the right to terminate the agreement after a competitive process and new pay-by-phone parking arrangements are in place. For the duration of this temporary extension, ParkMobile would offer the following services at no cost to the City: 1) reduced user fee to \$0.25 per transaction, 2) one-time waiver of user fees for all users in Oakland, and 3) marketing campaigns, including but not limited to City-branded signs, in-app messages, emails, and flyers.

While staff develop and procure a new mobile parking payment system, extending the existing agreement will allow for parkers to continue to use pay-by-phone services with no lapse in this payment option. For this reason, staff is requesting that City Council waive any competitive requirements that would normally apply. The new mobile parking payment system will enhance parkers' contactless options for paying for parking, support both on-street and off-street parking facilities, and enhance user data and privacy protections.

During the new system's procurement process, staff recommend extending the existing agreement between the City of Oakland and ParkMobile for up to one year, in order to continue providing parkers with a pay-by-phone option. In order to avoid any lapse in this service to parkers in Oakland, this extension must be granted by July 31, 2021.

City Council  
July 26, 2021

### **BACKGROUND/LEGISLATIVE HISTORY**

On July 5, 2011, City Council approved Resolution No. 83463 C.M.S., and authorized a contract between the City of Oakland and ParkMobile to provide a pay-by-phone pilot program, allowing parkers to use cell phones (and other wireless devices with phone functions) 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.

Upon returning to City Council in 2015, the pilot program had proven to be popular with the City's parking meter patrons, and staff recommended the continuation of this payment option. On April 19, 2016, City Council approved Resolution No. 86119 C.M.S., and authorized another professional services agreement between the City of Oakland and ParkMobile to continue providing pay-by-phone services in the on-street parking system. In this agreement, the transaction fee charged by ParkMobile to the parker was lowered to \$0.30 per transaction. This agreement will expire on August 1, 2021.

In early 2021, responsibility for managing pay-by-phone services, including the agreement between the City of Oakland and ParkMobile, was transferred from the Finance Department to the Department of Transportation's Parking and Mobility Division.

### **ANALYSIS AND POLICY ALTERNATIVES**

The existing pay-by-phone service provides a contactless payment option that makes parking easier in Oakland and supports parker satisfaction. This service thus supports the City's Parking Principles (Resolution No. 84664 C.M.S.) and has a demonstrated and consistent demand among parkers in Oakland. From 2015 to 2019, parking payments made through ParkMobile comprised 10% to 15% of the City's total on-street parking revenue, generating a total of approximately \$6.5 million (see Figure 1).

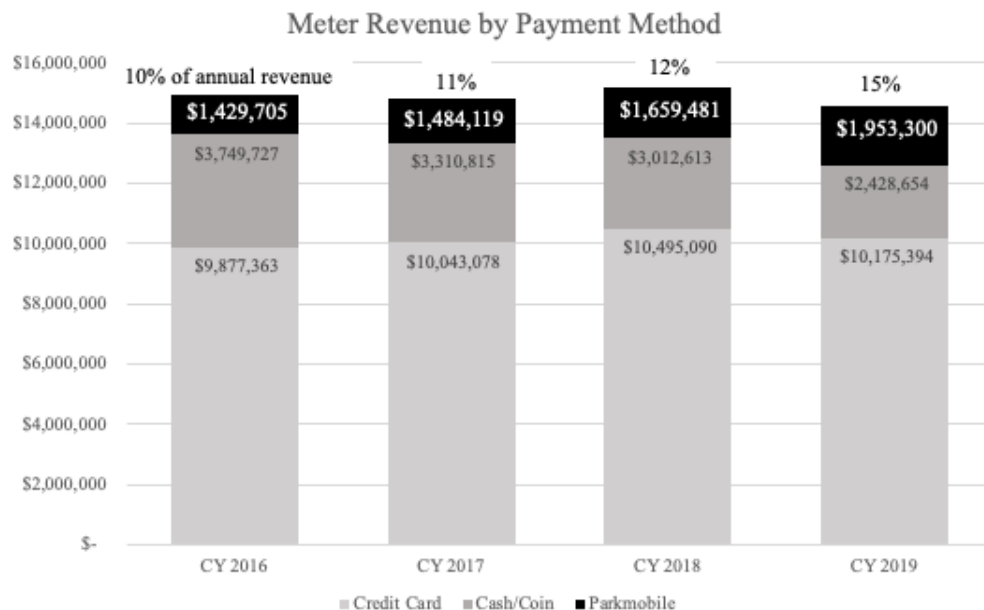


Figure 1. Parking Meter Revenue by Payment Method

Since the City of Oakland and ParkMobile entered their first agreement in 2011, pay-by-phone service providers have continued to innovate in order to meet parkers' needs and support actively managed parking systems throughout the U.S. These vendors have expanded to provide services ranging from residential parking permit administration and merchant validation to off-street parking space reservation. In order to maximize the benefit of pay-by-phone services to parkers in Oakland, staff are pursuing a new mobile parking payment system that captures the market's innovations and comprehensively supports the City's parking system.

As demand for and use of digital payment options has increased during the COVID-19 pandemic, this new system would continue to provide parkers with a touchless and convenient option for parking payment. During the pandemic, contactless payment options promote the health and safety of both consumers and frontline workers supporting the parking system. It is anticipated that positive consumer experiences with contactless payments, such as pay-by-phone parking services, will make more individuals interested in using this payment type, even after the pandemic eases.<sup>1</sup>

To facilitate access to this contactless payment option in the City's parking system, staff negotiated with ParkMobile to secure more favorable terms for existing and prospective pay-by-phone users in Oakland. For the temporary contract extension, ParkMobile would provide the following services at no cost to the City: 1) reduced user fee from \$0.30 to \$0.25 per transaction, 2) one-time waiver of user fees for all users in Oakland, and 3) marketing

<sup>1</sup> Retail Leader. "Will Consumers Stick With Contactless Payments?" August 6, 2020. Available online here: <https://retailleader.com/will-consumers-stick-contactless-payments>

campaigns, including but not limited to City-branded signs, in-app messages, emails, and flyers. Under these terms, Oakland's reduced user fee would be the lowest in ParkMobile's California markets, matching only Los Angeles. Promotional offers and marketing efforts would effectively support the adoption and continued use of the City's contactless parking payment option by parkers in Oakland.

Following the duration of this temporary extension, the new mobile parking payment system will support the effective and holistic management of the City's parking system by providing solutions that are convenient to residents and visitors alike, promote official City branding, and apply to both on-street and off-street facilities. Under the new system, signs at meters will not convey specific companies' brands. Instead, they will show a City of Oakland-branded sign directing users to a webpage showing all available options and promotions to pay for parking including via mobile phone. By allowing multiple vendors to operate in Oakland, visitors will likely not need to download any additional applications (apps) and share their information with another vendor; rather, they are more likely to be able to use an existing app on their phone and conveniently pay for their parking session. Residents will also benefit from having multiple vendor options, as vendors may compete for long-term customers with lower user fees and promotions.

In the ongoing pilot at the La Salle Garage in the Montclair Village district, parkers are able to pay using the ParkMobile app or at meters located in the garage (see Figure 2). This pilot represents an operational shift to integrate the City's off-street facilities into the on-street system and thus, eliminate costly one-time expenses such as traditional parking access and revenue control systems (PARCS), and ongoing expenses, such as administrative and accounting overhead, maintenance of equipment, and back office labor. From the pilot's launch in early November 2020 through April 2021, approximately \$9,900 or 65% of transient (short-term) parking payments were made through ParkMobile. As demonstrated in this pilot, the pay-by-phone system can also promote off-street facilities and a "park once" approach, providing a convenient merchant parking validation option, encouraging individuals to park long-term and shop, explore, and enjoy Oakland's commercial areas without any parking concerns. In turn, this result supports the City's Parking Principle (Resolution No. 84664 C.M.S.) to enhance access to commercial districts.

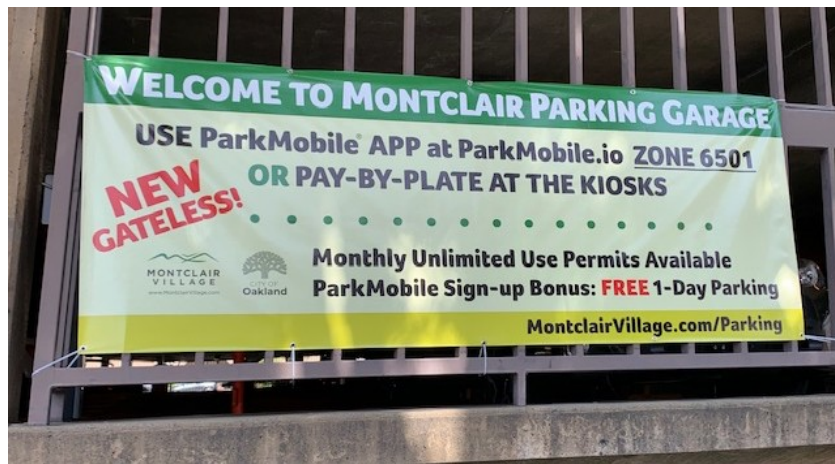


Figure 2. ParkMobile Promotion at La Salle Garage in the Montclair District

A new mobile parking payment system will further benefit parkers through its improved user data and privacy protections. Staff are seeking guidance from the Privacy Advisory Commission (PAC) to inform the development of this new system and identify potential protections that vendors could provide to parkers, particularly following a ParkMobile data breach impacting over 20 million users.<sup>2</sup> Upon selecting vendor(s) for the new system, staff will return to the PAC with an updated use policy and impact report as well as specific vendor user agreements for the Commissioners' review.

Moreover, the new mobile parking payment system is intended to provide a foundation for future innovations in the City's parking and transportation system, supporting positive customer experiences and the active management of the parking system. For example, a future system may incorporate payments made at the meter, in addition to pay-by-phone services, or provide a comprehensive database of residential parking permits and monthly garage or lot permits. This new pay-by-phone system will give staff a framework and critical insight into what future parking payment system(s) should encompass to most effectively support the City's Parking Principles (Resolution No. 84664 C.M.S.).

*Recommendation: Contract Extension For Up To One Year While Procuring New System*

During the new system's procurement process, staff recommend extending the existing agreement between the City of Oakland and ParkMobile for up to one year, in order to continue providing parkers with a pay-by-phone option. This extension would function on a month-to-month basis, and the City would reserve the right to terminate the agreement when a contract for the new pay-by-phone parking system is in place. In addition to increased consumer demand for contactless payment options and sustaining positive parker experiences, the unknown future

<sup>2</sup> More information for users regarding this data breach is available here: <https://www.oaklandca.gov/topics/parkmobile-march-2021-data-breach>

public health considerations of the COVID-19 pandemic make the continuation of this service an important consideration for protecting parkers and frontline workers.

Adopting the proposed resolution would provide the City with the opportunity to temporarily take advantage of ParkMobile's more favorable terms to the City and to ParkMobile users in Oakland, including the \$0.25 user fee per transaction, one-time waiver of the user fee, and marketing campaigns. Though these terms would expire at the termination of the recommended temporary agreement extension, these conditions would set a precedent in Oakland that staff may solicit and continue through the upcoming competitive request for proposals process.

In addition to the more favorable terms offered in this temporary extension, providing continuity in existing service will ease the transition to the new mobile parking payment system. If parkers are unable to use a pay-by-phone app for up to a year, parkers may be disinterested in using the new mobile parking payment system or have concern about its continuity. Considerable marketing and promotional efforts by staff and future vendor(s) to engage parkers would be necessary to ensure the long-term use and success of the new mobile parking payment system. Thus, staff recommend that the existing agreement between the City of Oakland and ParkMobile be extended for up to one year.

*Alternative: Contract Lapse While Procuring New System*

In this alternative, the current agreement between ParkMobile and the City of Oakland would end on August 1, 2021 with no extension, while staff continue to develop and procure a new mobile parking payment system. Parkers would temporarily be unable to pay for parking with a mobile app and would instead be required to use a credit card, debit card, or cash at meters.

Staff anticipate that this alternative would result in decreased parking payment compliance and increased parking citations, notably for parkers who unaware of this lapse in service and for parkers who previously used ParkMobile and are willing to risk a citation for the inconvenience of paying at the meter, compared to paying on their mobile phones. This result would not support the City's Parking Principle (Resolution No. 84664 C.M.S.) to "make parking easier," and would not promote compliance or parker satisfaction. The easier it is to pay for parking, the less likely that a parker will receive a citation for non-payment or an expired meter. Because this alternative would likely result in increased citations and decreased parker satisfaction, staff do not recommend this alternative.

*Waiver Of Competitive Request For Qualifications/Proposal Requirement*

Oakland Municipal Code ("OMC") section 2.04.051 A requires that the City conduct a competitive Request For Qualifications/Proposals ("RFQ/P") selection process for the award of professional contracts that exceed \$50,000 and are exempt from bidding under OMC section 2.04.050.1.1. Pursuant to OMC section 2.04.051 B, the City Council may waive the City's RFQ/P requirement upon recommendation by the City Administrator and a finding and determination by the City Council that it is in the City's best interests to do so.

Staff recommend that City Council waive the City's RFQ/P competitive selection requirement and award a professional services agreement to ParkMobile because it is in the best interests of the City because parkers will continue to have access to a mobile app or website to pay for parking, while staff develop and procure a new mobile parking payment system. This payment option has been provided to parkers since 2011 and from 2016 to 2019, comprised about 10-15% of total parking revenues. At an ongoing pilot at the La Salle Garage in Montclair, pay-by-phone use comprises 65% of transient (short-term) parking revenues, indicating that this payment option is critically important to payment compliance to the Garage pilot. Further, this no-touch payment option supports increased market demand for pay-by-phone options and supports the City's Parking Principles (Resolution No. 84664 C.M.S.) by making parking easier in Oakland through a variety of payment options and in turn, improving parker satisfaction. For these reasons, staff recommend that the City Council waive the City's RFQ/P competitive selection requirement and award a professional services agreement to ParkMobile on a month-to-month basis with the right to terminate the agreement after a competitive process and new pay-by-phone parking arrangements are in place.

The alternative, which staff does not recommend, would be to not temporarily extend the agreement and instead, have parkers experience a lapse in mobile parking payment services, before the new mobile parking payment system is in place. By removing a payment option temporarily, this alternative would not support the City's Parking Principles to "make parking easier" and is expected to result in increased citations and decreased parker satisfaction.

### **FISCAL IMPACT**

Pay by phone parking services are provided at no cost to the City of Oakland and instead require a transaction fee to users. The City's parking meter revenues and the transaction fees collected by ParkMobile are dependent on the number of mobile parking transactions and therefore, the transaction fees collected by ParkMobile can vary from year to year. The current fee to users is \$0.30 per transaction. Under the extension, this fee would be reduced to \$0.25 per transaction.

To adhere to generally accepted accounting principles (GAAP), the agreement requires to remit all collected revenues, including ParkMobile's transaction fee, to the City and to invoice the City for reimbursement of the transaction fee. Therefore, the revenues collected from parking meters through ParkMobile's system on behalf of the City and the total amount collected from ParkMobile transaction fees will continue to be deposited into the designated City bank account on a regular basis.

If the agreement between the City of Oakland and ParkMobile is extended, the revenues collected will be processed how revenues from the existing agreement are currently processed. Upon receipt of invoice and supporting documentation to show the number of transactions, revenue collected from parking meters, and the transaction fees collected, the City reimburses the transaction fees to ParkMobile in an amount not to exceed \$250,000 per year.

### **PUBLIC OUTREACH / INTEREST**

This report was prepared by the Department of Transportation in coordination with the Finance Department and the City Attorney's and Budget Bureau.

### **COORDINATION**

This report and legislation have been reviewed by the Office of the City Attorney and the Controller's Bureau. The Contracts and Compliance Division of the Department of Workforce and Employment Standards provided the compliance analysis of firms for the original competitive process in 2015.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** Making parking easier, including easier to pay, is a policy objective as it benefits the City's commercial districts by supporting access to the curb for visitors and customers and reducing the likelihood of receiving a citation.

***Environmental:*** This program will provide ease and accessibility by enabling motorists to use cellular devices 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:*** There are no social and race equity issues associated with this report.



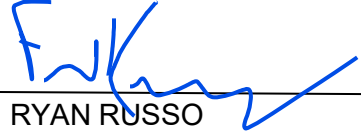
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**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommend That The City Council Adopt A Resolution Authorizing The City Administrator To Grant An Extension Of The Existing Professional Services Agreement With ParkMobile USA, Inc. ("ParkMobile") For Up To One Year In An Amount Not To Exceed Two Hundred Fifty Thousand Dollars (\$250,000) For The Reimbursement Of Transaction Fees Charged To Parkers.

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

Respectfully submitted,

  
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RYAN RUSSO  
Director, Department of Transportation

Reviewed by:

Fred Kelley, PTP  
Assistant Director

Michael P. Ford, Ph.D.  
Parking and Mobility Division  
Manager

Prepared by:

Quinn Wallace  
Parking and Mobility Division  
Transportation Planner

