FORM GEN. 160 (Rev. 6-80)

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

DATE: May 7, 2007

TO: Honorable Members of the City Council
c/o City Clerk, Room 395 City Hall
Attention: Honorable Wendy Greuel, Transportation Committee

FROM: Gloria J. Jeff, General Manager
Department of Transportation

SUBJECT: PARKING METER TECHNOLOGY PROGRAM (CF 07-0046)

The Los Angeles Department of Transportation (LADOT) is providing this report as an update of our current efforts to deploy new parking technology to improve the functionality, operability, accountability, and revenue of the City's parking meter system. The recently released LADOT Parking Study identified issues and opportunities for LADOT to provide more direction and leadership to recommend and deliver parking solutions to the City of Los Angeles.

RECOMMENDATION

That the City Council DIRECT the Department of Transportation to take the following actions:

1. Due to the urgent need to immediately improve parking meter operability and the effective management of metered parking, proceed with the initial deployment of new parking meter technology, including a continuation of the pilot program for multi-space meters, utilizing existing contracts and using other government agencies' contracts per City Charter Code Section 371(e)(8) and Mayor's Executive Directive 3 (10-20-2005).

2. If Recommendation #1 is adopted, then based on the preliminary results of the multi-space meter pilot program, within 180 days of the first installation, issue a Request for Proposals for multi-space parking meters and related technology to enhance customer convenience, increase meter revenue and accountability, and improve parking management.

3. In conjunction with the above recommendations, proceed with studying options for adjusting on-street parking meter rates and hours of operation, in coordination with the policies of off-street parking facilities and adjacent land use, to support the goals of improving on-street parking availability, optimizing curb use, reducing traffic congestion, and increasing utilization and revenue.

4. Report back to the Transportation Committee in 60 to 90 days on the progress of deploying new parking technology and options for adjusting on-street parking policies and rates.

RATIONALE FOR RECOMMENDATION

Over the past 18 months LADOT has thoroughly researched the viability of installing new parking technology in Los Angeles through field trials, a formal Request for Information, visits to

other cities, and vendor presentations. As part of the RFI responses, and even since that time, the Department has received unsolicited proposals from a few companies regarding concession agreements, which generally provide up-front benefits in return for a share of future meter revenues. LADOT is now prepared to move forward with implementing new parking technology, utilizing one of three deployment options which are discussed more in detail in the Deployment Option Section:

1. Traditional procurement process (Request for Proposals)
2. Concession agreement, or
3. The combined alternative of an initial deployment using existing contracts while pursuing traditional procurement and/or concession agreement options.

The Department recommends the final option as a means to quickly deploy this technology, gain additional experience with an expanded pilot program, and still conduct a formal examination of proposals for deployment Citywide. The initial two-year deployment, including a continuation of the pilot program for multi-space meters, would install new parking technology in all metered off-street facilities and those on-street metered spaces with the highest use and revenue. This estimated $15 million program would begin in approximately three to four months and would be funded by the Special Parking Revenue Fund (SPRF) through a combination of currently budgeted funds and future revenues. With a better understanding of the costs and benefits associated with permanent installations, LADOT would deploy the latest parking technology Citywide over the following three years.

This parking technology program is expected to significantly improve the operation and revenue of metered parking throughout the City, as well as bring new conveniences to the City's parking patrons. The new parking meter system is envisioned as an integrated system of new enhanced single-space meters, multi-space meters, and more complex pay-on-foot meters that incorporates new resources for operations, enforcement, and adjudication. These resources will give LADOT the tools needed to greatly improve the effective management of the City's metered parking supply and to reduce traffic congestion and pollution related to searching for under-priced parking.

In addition to the deployment of new parking technology, the Department is considering the adjustment of parking meter rates, in an effort to encourage the more efficient use of curb parking, improve parking availability, and reduce traffic congestion and pollution. According to Dr. Donald Shoup, a professor of Urban Planning at UCLA and a prominent expert on parking pricing, several studies have shown that approximately 30 percent of traffic in business districts is due to drivers searching for curb parking. In a 15-block area of Westwood, Dr. Shoup's study found that cruising for parking generates 950,000 excess vehicle-miles of travel, wastes 47,000 gallons of gas, and produces 730 tons of greenhouse gas carbon dioxide[1]. To eliminate this waste, Dr. Shoup recommends adjusting on-street parking rates with a goal of 85% occupancy, or approximately one empty space per block, providing adequate parking availability, while encouraging turnover and efficient use of the curb.

Currently, 81% of the City's meters have not had a rate adjustment in the past 17 years, during which time the Consumer Price Index (CPI) has increased approximately 70%. The Department is considering a number of options for adjusting meter rates, but currently envisions an initial citywide adjustment, followed by adjustments for specific areas to achieve the 85% occupancy goal. LADOT is also exploring a significant change to the structure of the Special Parking

[1] Donald Shoup, *The High Cost of Free Parking*, Chicago: Planners Press, 2005.

Revenue Fund (SPRF) to permit dedicating a significant share of new net parking meter revenues for other parking and transportation improvements.

The Department recommends reporting back to the Transportation Committee in 60 to 90 days on the progress of deploying new parking technology, if LADOT's recommendations are approved, and also on the options for adjusting on-street parking rates and policies.

FISCAL IMPACT STATEMENT

The recommended actions would have no impact on the General Fund because the cost of any deployment of parking technology would be borne by the Special Parking Revenue Fund (SPRF). The proposed initial deployment of technology, covering the first two years of a five-year program, is estimated to cost approximately $15 million. The Department has programmed funds for this purpose beginning in FY05-06, in anticipation of adopting a parking technology program. It is estimated that $10 million is currently available, considering the remaining funds budgeted in FY05-06 and FY06-07 and the funding anticipated in FY07-08. This amount is sufficient to fund the first year of the initial deployment. The Department anticipates requesting the additional funds necessary to complete the second year of the program in the FY08-09 budget process.

APPENDIX A. DETAILED DISCUSSION

Background

At the Transportation Committee meeting on February 28, 2007, the Department of Transportation reported on the results of testing multi-space parking meters and a formal Request for Information (RFI) for revenue-increasing parking meter technology. The Department committed to report back to the Committee with three options and the Department's recommendation for proceeding with the deployment of parking meter technology in the City. Also, as requested, the Department has provided additional information on the results of the RFI by providing an electronic library of the RFI responses to the Committee members for their review prior to this meeting. The recent LADOT Parking Study (December 2006) also reviewed the current meter technology and parking pricing and regulations as part of its proposed strategic parking plan. LADOT's recommendations in this report are consistent with the recommendations of the recent parking study.

The City's current meter plant has been steadily aging and reaching the end of its useful life. The meters are currently underperforming and not providing the necessary turnover and utilization. In the past two years the revenue collected from the meters has decreased approximately 7% or $1.6 million dollars. In the last three months alone nearly 1,000 meter locks have been re-keyed in response to theft. The number of calls to the City's meter hotline has seen a 50% increase since 2004. In addition, LADOT's meter technicians are experiencing an increase in the work associated with maintaining the existing meters, and have found that 64% of all meter repairs are due to vandalism. New meter devices are urgently needed for more reliable operation, better customer convenience with ease of use and more functional options, better reporting of performance, and finally for improved revenues.

Research & Testing Completed

Over the past 18 months LADOT has thoroughly researched the viability of installing new parking technology in Los Angeles. The following is a summary of this effort to date:

- September to November 2005: Next generation electronic locks tested in Lincoln Heights and Larchmont Village. Based on successful tests, over 1600 electronic locks have been deployed throughout the City to date.
- November 2005 to March 2006: Paystation demonstration project conducted in 14 off-street lots with meters from seven different vendors.
- March to June 2006: LADOT staff reviewed major on-street paystation installations throughout the country, including Houston; Berkeley; Oakland; San Francisco; Baltimore; Washington, DC; New York City, and Seattle.
- April to October 2006: 100 of the latest model single-space parking meters from each of the three major manufacturers were sequentially field tested in the Toy Town area.
- April to August 2006: Request for Information (RFI) conducted for parking meter technologies that could increase the City's collection of parking meter revenue.
- September to December 2006: Review and analysis conducted of the detailed RFI responses received from 26 companies offering new parking technology.

Parking Study Report Recommendations

The recent LADOT Parking Study Report, dated December 30, 2006, made the following key recommendations with regard to parking technology:

- As soon as possible, replace on-street meters with new devices, adjusting rates and hours of operation accordingly upon installation.
- Deploy new multi-space meters in off-street locations as soon as possible to better gauge operations of those assets and ease of use by customers.
- Prioritize the location of new on-street multi-space meter devices in areas with high demand for curb, with high vandalism rates, and sidewalk clutter.

Parking Technology Program Features

Based on the above research and internal strategy meetings, LADOT has identified the following goals for a parking technology program:

- enhance customer convenience
- increase meter security, operability, and revenue
- improve parking data and accountability
- improve parking turnover and compliance
- support efficient and effective parking enforcement and adjudication
- employ state-of-the-art equipment

To meet these goals for improving parking management, LADOT has developed a comprehensive parking technology program with the following features:

System Components

- An integrated system of new single- and multi-space parking meters that are more reliable and vandal-resistant
- Stronger heavy-duty meter enclosures with electronic locks for greater security and accountability
- Alternative electronic payment methods using credit or debit card, cellular phone, or smart card (future) that provide additional convenience to customers while reducing the demand on meter revenue collection
- Multiple ways for customers to pay for their parking space, reducing the motivation for meter vandalism and supporting the elimination of free parking at disabled meters
- Parking space sensors to monitor parking demand and utilization, report parking availability, and prevent meter feeding
- Wireless communication of meter status and transaction data to maintenance, security, enforcement, and adjudication personnel through a central parking management system
- Support for future progressive rate structures for extended commercial vehicle loading

Off-Street Parking Facilities

- Smaller lots equipped with multi-space meters supporting coin, card, and cell phone payment options.
- Larger lots equipped with pay-on-foot meters designed for higher transaction volumes; these meters will be capable of selling overnight parking permits and some will accept paper currency in addition to electronic payments.

On-Street Parking

- High demand, concentrated parking areas will be equipped with multi-space meters supporting coin, card, and cell phone payment options.

- Lower demand and more dispersed parking areas will be upgraded with enhanced single-space meters capable of accepting coin, cell phone, and smart card (future) payments.

Enforcement & Adjudication

- New handheld computers will be supplied to parking enforcement officers over the coming months to improve efficiency, accuracy, and reduce contested citations; these handhelds will be capable of incorporating wireless communication to integrate with future parking technology.

Deployment Options

LADOT is now preparing to implement this parking technology program, utilizing one of three deployment options:

1. **Utilize traditional procurement options only**
   - Advantages
     - Ensures seamless compatibility with all components of system
   - Disadvantages
     - Fails to address critical condition of parking meter system
     - Request for Proposals (RFP) process requires a minimum of 9 months, but any protests could further delay deployment by several additional months.
     - Deployment would follow about 3 months after award (at least 12 months from now)
     - Parking meter revenue and operability would continue to deteriorate until deployment
     - Additional delay for any meter rate adjustments approved by Council due to the delay in installing new equipment
2. **Enter into a concession agreement to obtain up-front benefits in return for a share of future meter revenue**
   - Advantages
     - No capital outlay would be required for equipment
     - City could require an up-front lump sum payment to fund other parking projects
     - City could require guaranteed revenue and operability benchmarks
     - Accelerated Citywide deployment could be accomplished in as little as 18 months after award (however, installation at this pace is not recommended as it would preclude the proper evaluation of installing multi-space meter technology on-street.)
   - Disadvantages
     - Fails to address critical condition of parking meter system
     - Incur the same minimum 9-12 month delay for the RFP process plus several additional months for due diligence and legal documentation
     - Deployment would follow 3-5 months after award (at least 15 months from now)
     - Parking meter revenue and operability would continue to deteriorate until deployment
     - Future meter rate increases are assumed and part of the agreement
     - Long term commitment required with little ability to change course in response to public concerns or dissatisfaction
     - City may have to compensate company for any changes in policy that reduced meter demand or supply, e.g. establish peak hour travel lane or open a new off-street facility
     - Security of guaranteed future revenue may come at a significant cost if revenues increase
     - No ability to dedicate a share of new net meter revenue for transit and local transportation improvements

3. **Utilize existing contracts to begin deployment, while pursuing traditional procurement and/or concession agreement options (RECOMMENDED)**
   - Advantages
     - Ability to move quickly to replace high demand/revenue meters
     - First installations could be performed in approximately 3-4 months
     - Take advantage of other agencies competitive procurements and extensive testing and experience
     - Gain greater experience with new technology to aid in equipment specifications and deployment adjustments
     - Ability to implement meter rate adjustments, if approved by Council, to encourage more turnover, reduce traffic congestion, improve efficient use of curb space, and increase revenues
     - Simultaneously pursue other procurement options to replace existing contracts as appropriate
   - Disadvantages
     - Meters initially deployed may require additional effort to integrate into final system, but RFP could require such integration

The Department recommends the final option as the best means to quickly deploy new parking technology, to improve meter operability and security, to provide more reliable service to the public, and to halt the decline of meter revenues. This option also provides the opportunity to gain broader experience with the application of new parking technology to the diverse parking needs of the City through an expanded multi-space pilot program. Equipped with this practical experience, the Department would be better positioned to proceed with conducting a formal examination of proposals for deployment Citywide.

Flow charts depicting the procurement process for both utilizing existing contracts ("piggybacking") and conducting an RFP can be found in the appendix.

Deployment Schedule

If the recommended option is selected, the initial two-year deployment, including a continuation of the pilot program for multi-space meters, would replace the existing parking meters in approximately 18,000 on- and off-street spaces throughout the City. New multi-space parking technology would be deployed in all metered off-street facilities and for a select cross-section of on-street metered spaces that experience high demand, vandalism, and/or sidewalk clutter.

Utilizing existing contracts already identified by the Department, deployment could begin in approximately three to four months. It is estimated that our existing staff of parking meter technicians could perform upgrades and installations at a rate consistent with a 5-year deployment program. With a better understanding of the costs and benefits associated with permanent installations, LADOT plans to deploy the latest parking technology Citywide over the following three years.

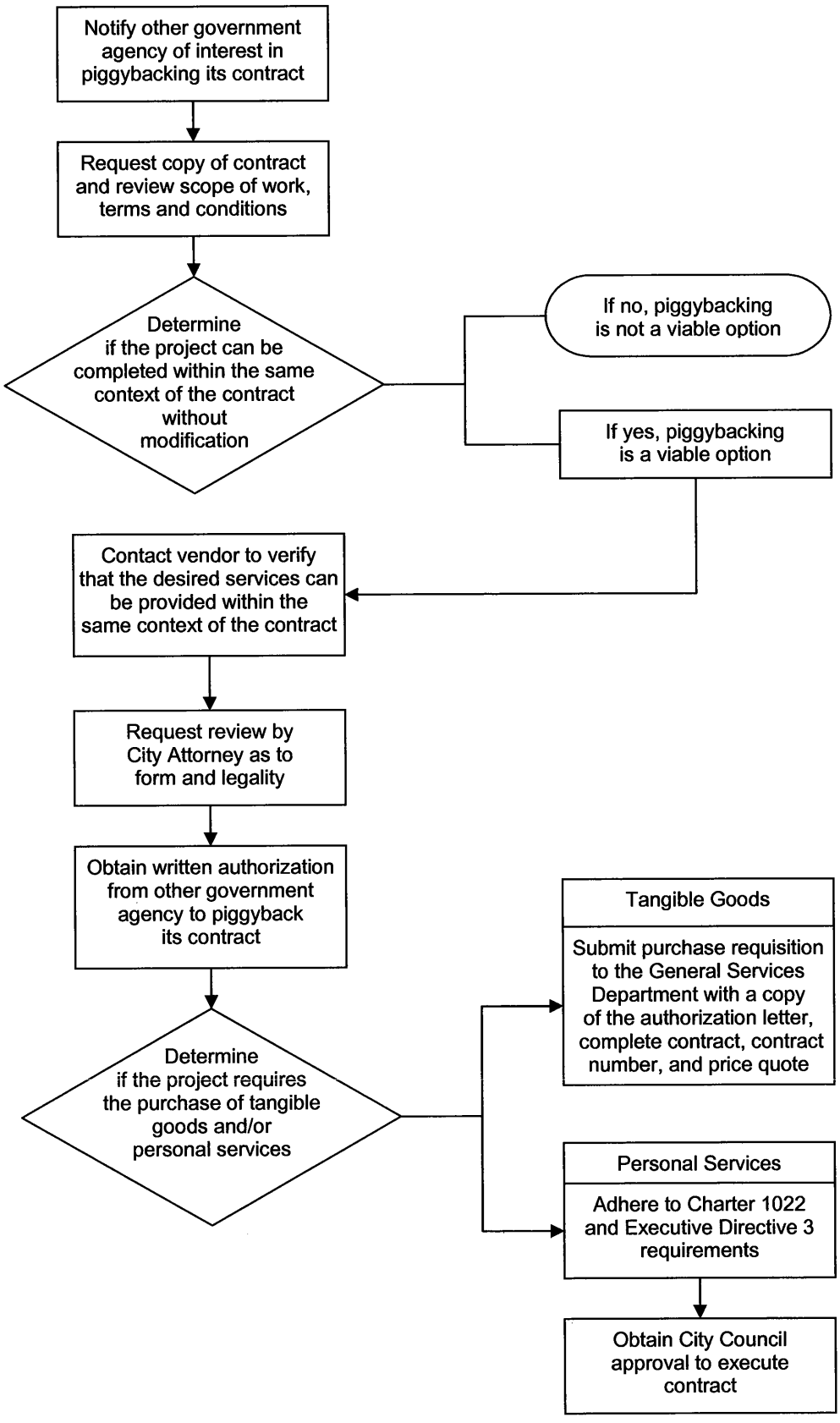
A draft initial deployment program has been developed focusing on the highest use and highest revenue areas in each Council District. The program would upgrade all metered off-street facilities and partially or completely upgrade 40 of the 71 Parking Meter Zones in the City. The initial deployment program is currently planned to include the following equipment:

- Approximately 12,000 advanced on-street single-space meters
- Approximately 450 multi-space meters installed on-street (3,000 additional spaces)
- Approximately 40 high-volume pay-on-foot machines and 85 standard multi-space meters covering all 58 off-street metered facilities (approximately 3,000 spaces).

The program would initially focus on upgrading the security and performance of single-space meters and on installing pay-on-foot and multi-space meters in off-street metered lots where a greater number of spaces can be monitored by each machine. Additional single-space meter features would follow this initial effort as the necessary software modifications are implemented. On-street multi-space meters would be deployed following the adoption of standardized parking signage, once provisions for meter collection and enforcement are made. The program would also necessitate workshops and training sessions for meter planning staff, parking enforcement officers, and parking meter technicians. And accordingly, a significant effort in community outreach would be undertaken and parking ambassadors would be provided following new deployments to assist and educate the public in using the new technology.

The Department recommends reporting back to the Transportation Committee in 60 to 90 days on the progress of deploying new parking technology, if LADOT's recommendations are approved, and also on the options for adjusting on-street parking rates and policies.

APPENDIX B. OVERVIEW OF CONTRACT PIGGYBACKING PROCESS (Estimated Time is 3 Months)



APPENDIX C. OVERVIEW OF REQUEST FOR PROPOSALS PROCESS

Estimated Processing Time for Request for Proposals is 9 Months