



City of Richmond

Report to Committee

To: Community Safety Committee
From: Sandra Tokarczyk
Manager, Community Bylaws
Re: Pay Parking Program - Pay and Display Equipment

Date: March 6, 2003

File: -

Staff Recommendation

That the cost of purchasing the pay and display meter equipment be included in the 2004 Capital Program budget.

Sandra Tokarczyk
Manager, Community Bylaws

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ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Law.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Purchasing.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Transportation	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Finance (Budgets)	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	

Staff Report

Origin

There are three areas relating to the pay parking meter equipment that are addressed in this report:

1. Equipment Selection and Purchase
2. Holiday Exemptions; and
3. Equipment Options and Maintenance

Analysis

1. Equipment Selection and Purchase

- a) *Selection*

In April 2002 Richmond issued a Request for Proposal 2413P for parking management services and pay and display meter equipment. As part of the selection process in June 2002 Richmond accepted from Precise BI the Schlumberger on-street pay and display meter equipment for a one year period scheduled to end July 31, 2003.

Richmond received the equipment at no cost other than monthly cellular expenses used for credit card processing and maintenance communications. The no cost equipment period coincided with the term of services for EasyPark, with the equipment being removed at no cost to the city should the pay program be discontinued in its entirety.

In June, 2002 Council heard a delegation from Lexis Systems, a Richmond-based parking equipment manufacturer, expressing interest in providing a new custom designed, local based product, to Richmond for our on-street urban parking operations.

The Law Dept. has advised that since the City accepted the Schlumberger equipment in the RFP process (RFP 2413P), it cannot entertain proposals from alternate suppliers at this time. The Law Department further noted that Lexis Systems had the opportunity to bid and in fact submitted a proposal in response to RFP 2413P, but was not selected.

- b) *Purchase*

Precise BI have recognized the challenges we face with launching a new program and have generously supported that effort by offering Richmond the ability to delay the capital purchase of equipment by a further term from July 31, 2003 to March 31, 2004.

Precise would receive a memorandum of understanding on March 31, 2003 from the City of Richmond in regards to our intended meter purchase on March 31, 2004 as part of our capital budget process. The memorandum of understanding would be issued only if Council's chooses at their March 11, 2003 meeting to continue with the parking program beyond July 31, 2003.

This is a reasonable request, given the supplier has provided the equipment free of charge without benefit of any formal documentation detailing our intent to purchase.

There is risk to the City in the purchase of this equipment as a decision in September 2004 to discontinue the program would mean that the City would be left holding the equipment. The City can either purchase or lease the equipment.

The Precise representative has advised that should the City discontinue the program in September 2004, Precise would be prepared to buy back the equipment from the City at fair market value and based on the condition of the equipment. As part of this arrangement the City would agree to store the purchased meters at no cost to the equipment provider while they dispose of the equipment, rather than covering the return shipping costs. The loss to the City in this model would be approximately 50% of the value of the machine purchase \$250,000.00.

The alternative to this approach is to lease the equipment on a monthly basis. The cost is approximately \$600 per month per machine and would cost the city \$295,000.00 for a one year period. The recommendation is to purchase the equipment.

The cost of purchasing the pay and display equipment would be included in the 2004 capital budget. It is noted that the number of meters purchased in March 2004 may change as a result of any program additions that are made between now and March 2004. The determination of which meters to purchase below was based on our current program and revenue experiences. The payback of the equipment capital cost amortized over several years and monthly communication expenses were factors in this determination. Details on meter activities are found in the Pay Parking Program Review report. The current cost of equipment is as follows:

EQUIPMENT LOCATION AND TYPE	NUMBER OF MACHINES REQUIRED	TOTAL
<i>On-Street meters</i> , with cellular communication, but no credit card function.	36 @ \$13,160	\$473,760
<i>Off-Street meters</i> , with credit card and cellular functionality.	6 @ \$15,660	\$94,000
TOTAL	42	\$567,800

2. Holiday Exemptions

Free on and off street meter parking has been provided three days each year at an estimated revenue loss of \$6,000 per year (\$2,000 per day). The three days are: Christmas Day; New Year's Day; and Chinese New Year's Day. On those days, the meter display reads "*no payment required*". Staff have not received any public comment on the holiday exemptions and therefore have not suggested any changes.

3.. Equipment Options and Maintenance

The equipment and maintenance options have been reviewed from a service and financial perspective. Changes are being made in the area of credit card option, cellular communications; and maintenance.

a) *Credit Card and Cellular Communications Option*

Richmond currently pays \$35 per month per machine (\$34,000 annually) for the credit card cellular communications option and in addition pays a credit card merchant fee. The electronic sending of credit card payments allows for the nightly processing of credit card information without physically attending the machine.

In reviewing the August to December meter activity statistics, 80% of the customers use coin while 20% use credit cards. Of the 20% using credit, 90% of those are using credit cards in the off-street parking lot meters.

There is little demonstrated customer service demand for on-street credit card function and high expense to provide the option. The credit card function will be disconnected on all on-street meters as of March 31, 2003 and will remain as an active option on the six off-street meters only.

Council might expect a few complaints about this change in service delivery. The carrying of coins to feed an on-street meter reflects the on-street circumstances in both Vancouver and New Westminster and reflects the off-street circumstances in White Rock.

Richmond currently pays \$40 per month (\$38,900 annually) per machine for the cellular communications option that allow us to electronically monitor the equipment status; receive signals of machine failures (eg coin or credit card jam); maintenance needs (such as low ticket stock; coin bin full); receive daily statistics on parking activity/turnover rates; revenue produced by time and day; assists in preventing customer complaints about equipment failure; and provides data to address ticket issuance challenges.

Of the total 81 meters, 42 meters will continue to retain the cellular communications maintenance option, however this option will be cut for the 39 on-street non-performing meters as of March 31, 2003. The operational status of the 39 non-performing meters will be confirmed at the time the coins are routinely collected from the meter and through daily visits by enforcement patrollers. Until such time as these machines are phased-out Council may expect the odd complaint about a broken machine. Our ability to monitor and respond to a malfunctioning machine is increased from a same day to maximum two day turnaround.

b) *Maintenance*

There are many ways of delivering the maintenance services of the pay and display equipment. Of the various myriad of alternatives, it was determined that the most cost effective way to deliver equipment maintenance is as follows:

Routine Service Calls such as: low paper; credit card or coin jam; reporting of exterior vandalism; replacement of any of the non-functioning five interior modular components; and

changing meter face plate information would be done by either the patrollers or their supervisor, depending upon availability of personnel. Review of the meter database to check for maintenance issues would be incorporated into the daily start-up routine.

Non-Routine Service Calls such as the loading of e-prompt discs for the purposes of rate, hours of operation, or holiday exemptions changes would be done by Precise on a fee for service basis after the August 2004 warranty period. Defective modules would be sent to Toronto or Vancouver for repair, while drawing from a Richmond supply of spare parts. When we are unable to address a machine service need, then a Precise technician would be contacted on a fee for service basis at \$90 per hour with a two hour minimum callout.

Financial Impact

The city at this time is planning on purchasing 42 pay n display parking meters at a total cost of \$567,800.

The purchase of these machines will be included in the 2004 capital budget submission and will be amortized over three years for the equipment software and over ten years for the hardware. The software value represents 66% of the total equipment value, with the remaining 34% for exterior hardware.

There is loss risk of approximately \$250,000.00 to the City in the purchase of this equipment should the program be cancelled in September 2004.

The impact of the purchase of the equipment and on-going maintenance is reflected in the Parking Program Service Delivery Report. The revenue generation statistics for each meter (from August to December 2002) have already been provided to Council as part of the operating budget referrals.

Conclusion

The City's selected equipment manufacturer is Schlumberger. The equipment to be purchased for on-street applications excludes the credit card cellular communication option. There are no suggested changes to the current holiday exemptions. A plan to address equipment maintenance after the warranty period has been developed and is reflected in the service delivery report's budget document.



Sandra Tokarczyk
Manager, Community Bylaws (4206)

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