



To: General Purposes Committee
From: Sandra Tokarczyk
 Manager, Community Bylaws
Re: Parking Revenue

Date: May 7, 2002
File: -

Staff Recommendation:

That a contract for timed parking management services be awarded to EasyPark and that their services and the City's equipment options be reviewed at the end of the one-year operating period with an option of renewing for a further four year period.

Sandra Tokarczyk
 Manager, Community Bylaws

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ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Human Resources	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Budgets.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Purchasing.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
RCMP	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Parks.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Admin (Communications)	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Community Safety Admin (Budgets).....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	
Transportation.....	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	

Staff Report

Origin

In January and February of 2002 Council adopted a series of recommendations that directed staff to pursue actions aimed at significantly increasing the City's parking revenue. One of the recommendations allows for the introduction of on-street pay parking in the City Centre in 2002.

Staff have been working on various activities in order to introduce the new source of parking revenue starting on August 1, 2002. The March/April activities included the preparation, issuance, and staff team evaluation of a detailed Request for Proposals (RFP) for the provision of parking management services. A work plan was completed during that same time period. The evaluation of the proposals was performed by a cross divisional team from: Community Safety (Bylaws & Administration), Urban Development (Transportation; Development Applications; and Policy Planning), Finance (Purchasing and Budgets), and Administration (Communications).

The four key factors in looking at the pay parking program were:

- a) Can the party effectively deliver the services and in time for August 1 implementation?
- b) What is the projected net revenue to the City?
- c) What are the best equipment options (ie. lease vs. buy)?
- d) What is the flexibility in the service delivery arrangements?

Staff indicated that a report would be presented to Council within which outlined some key project decisions that would be required in order to achieve the August 1st implementation date. This report addresses the following program components:

- 1) Parking Revenue Projections and Capital Expenditures – Revised estimates based on accurate parking location, demand, and rate data; and
- 2) Service Delivery – a comparison between the private and public sector service delivery and subsequent decision on requests for proposals;
- 3) Project Communications Plan - The proposed approach and key community issues received to date.

Analysis

1. Parking Revenue Projections & Capital Expenditures

i) Revenue Projections

Many of the decisions made to date were based on the fact that there is a direct relationship between demand for parking both on and off street. This relationship affected:

- a) areas identified for short duration (maximum 2 hours) or long term (daily) pay parking;
- b) setting of parking and permit rates; and
- c) decision whether to introduce meters, monthly parking permits, or simply timed parking enforcement.

In order to issue a meaningful Request for Proposal (RFP), parking demand data in the core was required. Normally this process of counting stalls and cars, both on and off street, would take approximately six months and would involve license plate data recording to fully understand demand and turnover. Also discussions with large private parking stall stakeholders would normally be part of the detailed process. Given the project time constraints, a survey was conducted over the course of four days (a weekend and two weekdays) from 9am to 9pm to obtain a big picture sense of the demand in the core (some informal interviews with parkers were also conducted).

It was noted that Richmond was unique in that off-street parking was kept available for customers and closely monitored by the businesses for abuse. Enforcement is achieved through towing (with a City-issued permit) or by someone monitoring and directing parkers on-site. In many cases the lack of available off-street parking for employees has moved them to utilize on-street timed parking areas.

The City's conservative revenue projections were compared against those presented through the proposal call process to determine their general validity and a basis upon which to clarify their assumptions.

Attachment 1 (Table 1) shows Richmond's net income over a five year period. Net revenue was used as one of four key considerations for selecting a service and equipment provider. The table below reflects the projected net revenues to the City per year for the City Centre through EasyPark. They offered Richmond the best financial return over the five year term compared to the other bidders.

\$704,175	\$972,885	\$1,788,225	\$2,042,870	\$3,257,232	\$8,765,387
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ii) Capital Expenditures

There is a significant capital outlay, of approximately 1 million dollars, if the City was to purchase the required 59 block meters at approximately \$17,000/meter. The current 2002 capital budget does not provide for this expense. The proposal call asked for flexible services and alternative financing options. This resulted in a range of financing options being offered from leasing, outright purchase with various borrowing provisions, to the first year free with an option to purchase or lease after one year.

Attachment 1 (Table 2) shows the various options offered by each vendor. EasyPark has, through their equipment supplier Precise, offered the City up to 200 Schlumberger meters at no cost or obligation for a one year period. At the end of the period, the City can: remove and return all/some of the equipment or alternately outright purchase or lease to own.

The Schlumberger machines are the ones used on the street in Toronto's downtown, Whistler, and are the preferred model by the City's Strategic Beautification Team. It meets all of the functional features and aesthetics that the City was seeking in its proposal call.

2. Service Delivery

The City issued a detailed "Request for Proposal" document for the purposes of soliciting proposals from private sector parking management companies and suppliers for a full range of parking management services which included:

- i) Timed parking enforcement services for both on and off street parking including the towing of multiple ticket offenders and identification/reporting of stolen and/or suspicious vehicles to the RCMP;
- ii) complete ticket and complaint processing services.
- iii) Sign design, manufacture, removal, and installation; and
- iv) Equipment installation, maintenance, and coin collection;

The proposals were reviewed and ranked by a staff evaluation team. The ranking showed that each of the private sector vendors and the one public/private partnership possessed the experience and resources necessary to effectively deliver the range of parking services listed i-iv above, and in time for August 1 implementation.

Attachment 1 (Table 3) shows the various bidders and flexibility of their proposed contract services. EasyPark offered the most flexibility in their proposal, with the option of ending or amending the agreement anytime after the first year should the City decide to run all or any portion of the operation. EasyPark are able to offer this flexible arrangement as they are a not for profit company (formerly the Vancouver Parking Authority) with a mission to operate safe, friendly and convenient parking that supports the economic vitality of a community.

Securiguard has partnered with EasyPark and provides the enforcement services. They will operate in a manner as directed by the City. They have the ability to draw from a large pool of trained staff members. Given the seasonal fluctuations, Securiguard can easily expand or contract the size of its enforcement staff. Their staff have received Superhost training which aids them in acting as on street ambassadors, aiding tourists and motorists in difficulty. They will act as an additional set of eyes on-the-street and enhance overall community safety.

Some changes to Richmond's Off-Street and Traffic Bylaws will likely be needed to accommodate the service delivery changes, as was the case in several other lower mainland municipalities. These are being reviewed by our City Solicitor and will be presented to Council upon completion of that review.

City staff were also asked to provide Council with a comparison of delivery of services by the public sector. The matter of service delivery is to be discussed at the scheduled May 16, 2002 Labour Management meeting. A copy of this report will be made available to CUPE Local 718 representatives at that meeting.

The introduction of pay parking and the required enforcement program will be introduced under the guiding principle that there should be no loss of work to existing City staff. The current proposal meets that guiding principle.

Enforcement Services (Ticket Issuance; Processing; and Complaint Handling)

Staff compared the costs of providing services through contract or city (in house) services. The enforcement level comparison was done with eight officers, with a per officer cost breakdown being developed and included the assumption that we would operate in the same manner as the private sector with a store front operation. Costs were prepared for the services identified in i) and ii) above only.

The critical question to address, was if the City could actually and effectively deliver within the August 1st timeframe. The answer is no, not without significant additional resources which would impact the net revenue. Issue of concern were:

Staffing – our ability to hire in a timely manner; obtain security clearances, and provide training.

Capital - significant delays in obtaining radios, additional handheld computers; vehicles; and the need to secure and furnish a storefront operation.

Project Management – in a project of this magnitude and tight timelines, there is a need to complete a significant amount of tasks correctly and in a short time-frame. The magnitude of the project over five years is: operating costs of \$1m; \$1m in capital expenses; and \$8m in net revenue) The impact on the Manager and Supervisor is problematic given their current workload, limited experience, and time available to supervise and manage the implementation of this important project. The previously circulated work plan can attest to the many and varied components needed to successfully introduce this program.

Signs

The City's sign shop can meet the on-street sign removal and installation needs in a timely and cost competitive manner. The signs (and pay n display equipment) located on the four existing off-street parking lots will be required to be removed and replaced.

The off-street lots will be branded with the EasyPark symbol as part of the name branding recognition program. There are many benefits of going with this name recognition such as:

- ✓ It provides name recognition for Greater Vancouver parkers and contributes towards EasyPark's vision of having a recognizable overall parking strategy for the Greater Vancouver area;
- ✓ There is no cost to the City as we would be the second City to join after Vancouver.
- ✓ Taps into overall marketing strategy – more advertising for our dollar.
- ✓ Recognized as quality and cost competitive facilities (cheaper than on-street parking).

Coin Collection and Equipment Maintenance Services

Coin Collection Services: City staff are not currently involved in coin collection and processing duties. There are many issues around bonding of employees, their safety and overall security. It requires a significant amount of organization, auditing, and realignment of collection times to protect the funds collected from the machines.

There are cost efficiencies to be gained through the use of a central coin processing service. EasyPark runs a large 24/7 coin collection and maintenance operations that works under the wireless communications technology.

Maintenance Services- Maintenance issues are reported to the maintenance operation staff wirelessly both by the equipment and enforcement staff in the field. The machines are state of the art with computerized and wireless components that would require a great deal of training. There are efficiencies to be gained when the enforcement, coin collection, and maintenance staff are all working together to protect and maintain the expensive equipment. EasyPark is efficient in working all of these components together to ensure that the equipment receives 24/7 servicing and that they are up and running correctly for use on the street.

The City's association with EasyPark allows us to partner with a non-profit organization that has a regional vision for parking in the Greater Vancouver Regional District. The company offers many other partner benefits such as name brand recognition, large volume operational savings in areas such as coin processing, accounting services, advertising and promotions, equipment purchases and alike.

3. Project Communications Plan

Staff have developed a proposed project communications plan (*Attachment 2*) for Council's comment. It is intended that City staff pursue the Phase I activities with Phase II activities being coordinated and introduced by EasyPark under the direction of the City

staff team. The vendor has budgeted for Phase II communication and promotion activities.

Discussion has already occurred with representatives of the following key City Centre stakeholders:

- Richmond Chamber of Commerce (Transportation Committee)
- Tourism Richmond
- Pacific Asia Business Association
- City Centre Community Association

The key issues resulting from these pre-committee meetings were:

- ✓ The desire to develop coordinated approach to parking in the downtown which takes into consideration both on and off street parking and involves both the public and private stakeholders. As a result, staff will be meeting with key stakeholders regarding implementation issues (eg. overspill into residential neighbourhoods; affordable long-term employee pay parking).
- ✓ General concerns about the negative financial impact on business and employees. In particular, it was suggested that affordable pay parking alternatives be identified for employees who may be impacted, particularly those in areas where short-term parking limits are proposed. As a result, staff have reduced the on-street monthly parking permit rate from \$75.00 to \$40.00 with a \$5 increase in each of the following four years. The revenue figures have not been adjusted to reflect this change which represents an approximately \$40,000 revenue reduction.
- ✓ It is also suggested that the City's policy of exempting those displaying valid handicapped SPARC decals be exempted from pay parking on the street, as is currently the case on our off-street lots. The difficulties accessing the equipment, due to height of faceplate, coupled with the need to return to your vehicle to display the ticket, were felt to be onerous on those with disabilities.

Financial Impact

The following is a comparative between the net parking revenues that were recently approved as part of the 5 Year Financial Plan and the projected net revenues were we to go with EasyPark:

	2002	2003	2004	2005	2006
5YFP	\$200,000	\$627,000	\$1,054,000	\$1,481,000	\$1,908,000
Tax Reduction	0.21%	0.63%	1.01%	1.34%	1.63%
EasyPark	\$704,175	\$972,885	\$1,788,225	\$2,042,870	\$3,257,232
Tax Reduction	0.74%	0.97%	1.69%	1.81%	2.32%
Difference	\$504,175	\$345,885	\$734,225	\$561,870	\$1,349,232
Tax Reduction	0.53%	0.34%	0.68%	0.47%	0.69%

The above illustrates the fact that we have an opportunity to further reduce anywhere from 0.34% to 0.69% in tax increases per year on our 5YFP were we to accept EasyPark's proposal. Please keep in mind that while these are not guaranteed returns we have tested the assumptions that EasyPark have used and found them to be reasonable.

Conclusion

Therefore, based on achieving all our four key considerations:

a) Effective delivery of service in time for August 1;

The staff team who analyzed the proposal and interviewed EasyPark are confident that this firm can effectively deliver the services to Richmond and in time for August 1st.

b) Projected eight plus million in revenues over a five year period;

EasyPark, a not for profit organization, provided the City with the best five year net in the pocket revenue to the city even exceeding our own capabilities.

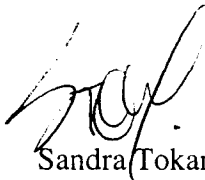
c) No block meter capital risk or expenses for a one year period;

They provided the most desirable option for equipment, with a no risk one year free operating year with flexible options at the end of the one year operating period.

d) Ability to assume all or parts of contracted services from EasyPark.

They provide flexible arrangements should the city in the future decide it wishes to run all or any portion of the pay parking operations. They are familiar with working in a team environment and in concert with the community to ensure effective provision of services.

Therefore, we recommend that the City pursue a contractual arrangement with EasyPark for a one year term and that the City's service arrangements and equipment options be reviewed at that time with an option to extend for a further four year period.



Sandra Tokarczyk
Manager, Community Bylaws

RICHMOND NET INCOME - TABLE 1							
	Year 1	Year 2	Year 3	Year 4	Year 5	nominal total	present value total
City	1,063,814	1,049,937	1,292,200	1,277,876	1,519,685	6,203,512	5,096,831
Bidder 2 - Option 1	792,283	871,830	1,118,176	1,142,623	1,418,380	5,343,292	4,361,701
Bidder 2 - Option 2	837,123	868,220	1,126,038	1,174,574	1,457,052	5,463,007	4,460,193
Bidder 3	1,157,241	1,173,991	1,392,171	1,373,858	1,591,153	6,688,414	5,503,462
Bidder 4	1,011,197	1,011,197	1,247,252	1,247,252	1,483,308	6,000,206	4,925,704
Notes							
1. Neither Bidder 3 nor Bidder 4 provided revenue estimates as part of their proposals; therefore City estimates have been used for purposes of comparison. City estimates were based on the vendor's parking and management fees and rates.							

EQUIPMENT - TABLE 2				
	Purchase	Capital Lease	Operating Lease	Other Options
City	Y	N	N	
Bidder 2	N	N	Y	
Bidder 3	Y	N	N	
Bidder 4	N	Y	N	Title to machines would pass to City after 5 year contract
Bidder 5	Y	N	N	
Notes				
1. Funding for City to purchase equipment is not in the 2002 Capital Budget				
2. Bidder 5 bid only on equipment, not on management or enforcement				

FLEXIBILITY OF CONTRACT - TABLE 3				
	5 year	5 year +	1 year +	Description of Option
Bidder 2	Y	Y	N	Bidder 2 has offered the City the opportunity to engage in either a 5 or 7 year contract
Bidder 3	Y	N	N	
Bidder 4	Y	N	N	
Notes				
1. All contracts included the ability to renew the contract at the end of the 5 year term.				

PAY PARKING PROGRAM – COMMUNICATIONS PLAN

Phase I – General Public Awareness (introduced by City staff team)

To be conducted in June prior to vacation season.

Key Messages –

This is user pay to help limit property tax increase by providing new source of revenue;
Increased turnover of limited on-street parking resources;
Increased on the street uniformed presence which enhances safety and opportunity to have on-street tourist ambassadors; and
Improved City Centre transit service provides an alternative for those who want to avoid pay parking.

Unmanned display (with comment box) at City Hall in June – advertised through City Notice Board and select Chinese newspapers. Display information will be available through the City's website and an e-mail comment box will be introduced onto our website.

Phase II – Increased Public Awareness (introduced by Vendor as directed by City team)

Mid July and into first weeks of implementation in August.

Advertising and publicity campaign prior to and during the first weeks of implementation with information distributed through:

City web site; Local Newspapers, several Chinese Newspapers, possibly Sun/Province;
Press releases; Possibly radio / promotion through Vendor's newsletter (to be distributed to business via Chamber, etc.)

Specific target mail-outs to businesses of brochures with information and monthly on-street parking permit opportunities.

Other promotional opportunities such as the distribution of parking meter tokens.

Potential Issues raised by Communications

A parking information line will be introduced by the vendor to address:

general questions about the project;
comments or concerns; and
enforcement issues resulting from the introduction of pay parking.

City staff and Vendor team would meet with community representatives to work on pay parking implementation issues.