



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: April 11, 2023

TO: Honorable Mayor and Members of the City Council

FROM: Jovan D. Grogan, City Manager

PREPARED BY: Ryan Johansen, Police Chief

SUBJECT: Consider Adoption of Three Resolutions as Follows:

- Authorizing the Creation of a Parking Enterprise Fund and the Transfer of \$2 Million From the General Fund Capital Reserve Into the Parking Enterprise Fund
- Authorizing the City Manager to Execute a Contract With LAZ Services in an Amount Not to Exceed \$2.75 Million for Services Related to Parking Enforcement and Metered Parking Management
- Authorizing the City Manager to Execute a Contract With T2 Systems in an Amount Not to Exceed \$1.3 Million for Services Related to the Purchase, Installation and Operation of Metered Parking Kiosks

BACKGROUND:

In January 2019, the San Bruno Downtown Parking Study Final Parking Management Plan was prepared by CDM Smith for the City of San Bruno. The study found in their existing conditions analysis that, *"Concern over parking issues in downtown San Bruno has intensified over recent years and outreach efforts have found that residents generally find the current conditions unacceptable. Population and job growth and housing costs have resulted in increased occupancy in the housing in surrounding neighborhoods, resulting in demand for parking that exceeds the existing supply."* The San Bruno Downtown Parking Study Final Parking Management Plan can be reviewed at:

www.sanbruno.ca.gov/DowntownParkingManagementPlan.

In its Strategic Initiatives for FY2021-22, the City Council included deployment of a downtown parking meter program, and enhancement of citywide parking enforcement capabilities. Based upon their clear areas of overlap, these two initiatives were combined into one joint project between Public Works and the Police Department, with the Police Department taking the lead.

On March 1, 2022, a Staff Report was presented to City Council on the Downtown Parking Meters and Enhanced Parking Enforcement Project. This report provided City Council with an update on staff's progress toward establishing a metered parking program downtown. The report also provided information regarding the challenges and limitations of the police department's current parking enforcement efforts due to limited staffing and court decisions that made it prohibitive to use the conventional tire chalking method for the enforcement of timed parking restrictions. In this report, staff advised City Council of its intention to recommend the

establishment of a contracted partner company to augment its parking enforcement efforts, and to help facilitate enforcement of the metered parking program.

Following the above-mentioned meeting, Staff established a phased approach to implementation of the Downtown Parking Meters and Enhanced Parking Enforcement Project. Under this approach, the first phase would be to enhance existing parking enforcement capabilities to conduct citywide parking enforcement efforts. The second phase would be to establish a metered parking program and establish comprehensive wayfinding signage throughout the downtown area.

On November 8, 2022, another Staff Report was presented to City Council surrounding this project. In that Staff Report, Staff recommended that City Council adopt a Resolution establishing a Parking Enterprise Fund, authorizing the transfer of \$331,000 from the Downtown Parking Program Capital Improvement Project into the Parking Enterprise Fund, and authorizing the City Manager to execute a contract with LAZ Services in an amount not to exceed \$3,000,000 for services related to parking enforcement following the conclusion of the Meet and Confer Process per the Memorandum of Understanding Entered Into Between Police and the City. At the conclusion of that presentation, City Council indicated its support for the Resolution recommended by Staff, but requested that Staff bring this item back for approval after the Meet and Confer Process was completed. In December of 2022 the City successfully completed this Meet and Confer Process.

At the time of the November 8, 2022 Staff Report, Staff had established a phased approach to this project, with the first phase being the enhancement of citywide parking enforcement capabilities through a contracted services arrangement, and the second being the metered parking program in the downtown area. This phased approach was established based on the need for immediate improvement to parking enforcement efforts, and the delayed timing of meter installation. However, the financial sustainability of this program depends upon the expected revenues from both parking violation fines and metered parking fees, so Staff has utilized the time since the last Staff Report to combine the previous two-phases into one simultaneous project, with the three components listed in the subject line.

DISCUSSION:

Establishing a Parking Enterprise Fund and Transferring \$2 million from the General Fund Capital Reserve into the Parking Enterprise Fund

Establishing a Parking Enterprise Fund will enable the City to fund the initial costs associated with the metered parking kiosk purchases and installation, as well as the first year of the five-year contract with LAZ Services. Establishing this fund would also create a location for the deposit of revenues associated with citations and meter fees, to help support the ongoing costs of the program, and other initiatives as directed by City Council.

Transferring \$2 million from the General Fund Capital Reserve into the Parking Enterprise Fund will cover the costs associated with the purchase, installation, and five years of operation/maintenance of the paid parking kiosks needed to establish metered parking downtown. This transfer will also cover the costs associated with the first year of a five-year contract for parking enforcement services. Staff believes that beyond this first year, the

revenues associated with this program will be able to cover the ongoing costs of the enforcement contract.

Contracted Parking Enforcement with LAZ Services

As presented in the Staff Report on March 1, 2022, the City's current parking enforcement efforts face many challenges, the first of which is staffing. The Police Department budget allows for two full-time Community Service Officers (CSOs) and three part-time CSOs assigned to the Traffic Section. These CSOs are tasked with parking enforcement throughout the entire city. Those parking enforcement responsibilities include but are not limited to: responding to parking complaints, street sweeping enforcement, abandoned vehicle abatements and tows, proactive enforcement of blocked sidewalks/registration violations/wrong way parking, etc. The current staffing level does not allow for regular citywide parking enforcement, and parking enforcement is only one of the many critical functions that CSOs provide. CSOs are also responsible for providing traffic control at collision and hazard scenes, managing the police department's vehicle fleet, assisting with evidence and property transports, taking low level police reports, running departmental errands, etc. CSOs are absolutely critical to police department operations and provide their services at a fraction of the cost of sworn peace officers. Additionally, CSO is an entry level position that is often occupied by aspiring police officers, which creates frequent turnover in the position. CSOs must undergo a full background investigation, which means that it can often take up to six months to complete a hiring process. All of these factors contribute to difficulty maintaining a fully staffed CSO team to provide their critical services to the City.

As discussed previously, another significant challenge in our current parking enforcement efforts pertains to court decisions that have made it untenable to conduct timed parking enforcement using the conventional method of chalking tires. Essentially, the courts have ruled that placing chalk on vehicle tires may constitute a seizure that is protected under the 4th Amendment. As such, enforcing timed parking restrictions such as those throughout the downtown area while minimizing legal exposure for the City requires the use of vehicle-based Automated License Plate Reader (ALPR) systems. The police department does not presently possess ALPR systems on any of its parking enforcement vehicles, nor does it have access to the backend programs necessary to use ALPR data to conduct parking enforcement.

To ensure more adequate and equitable parking enforcement throughout the City, staff recommends establishing a contract partnership with LAZ Parking. LAZ Parking can quickly deploy staff to provide citywide parking enforcement and to enforce existing timed parking restrictions in the downtown area. Contracted parking enforcement services have been successful in other area cities, including San Mateo, which also partners with LAZ.

By outsourcing to a vendor who will be able to hire and maintain staff who are dedicated solely to parking enforcement duties, and who are operating ALPR equipped enforcement vehicles, the City will realize much more robust and extensive parking enforcement capabilities than current staffing and vehicles allow. It should be noted that the vendor has indicated that they do pre-screen and conduct background checks on their staff, however they do not conduct a full background investigation as is required for CSOs within the Police Department. Because of this, vendor staff can perform parking enforcement duties, but they cannot perform any of the other critical CSO duties as previously explained in this report. Due to the critical nature of all the services provided by CSOs, and the fact that there will be many activities that LAZ PEOs cannot

conduct, the Police Department will need to maintain its authorized staffing of CSOs even as it established this contract partnership.

LAZ Parking has provided a proposal (attached to this Staff Report) to provide for the following:

- Four full-time Parking Enforcement Officers (PEOs) which would provide for parking enforcement coverage from Monday-Saturday from 8:00 AM to 6:00 PM, with 2 - 4 PEOs working each day. The PEOs will wear LAZ Parking polo shirt uniforms, name tags and LAZ Parking badges. PEOs will be equipped with TurboData TicketPro electronic citation writers, identical to those already utilized by Police Department CSOs. Having 2 - 4 full-time PERs working each day would allow for later enforcement hours to manage the heavy-use evening period in the downtown area, which is currently completely neglected due to limited staffing.
- City wide parking enforcement coverage during those days and times including responding to reported parking violations, timed parking enforcement, street sweeping enforcement, and other saturated parking enforcement based on the City's needs. Parking complaints may be reported by calling a dedicated phone number to reach LAZ staff or by using the San Bruno Responds application (Accela).
- One Project Manager and one Regional Manager to manage all the services contracted to LAZ.
- Four ALPR-equipped parking enforcement vehicles which are typically Toyota Prius sedans. The vehicles will be marked as LAZ Parking vehicles, equipped with amber strobe lights, ALPR systems and a GPS tracking system. LAZ Parking is responsible for all vehicle maintenance and insurance. The ALPR system continually reads parked vehicles' license plates and/or vehicle descriptions as a PEO drives the vehicle on patrol. The ALPR system will alert the PEO if it detects a possible vehicle that is parked beyond the allowed time limit or a vehicle that has not paid in a metered location.
- A Parking Enforcement Office will be leased by LAZ Parking within the City to provide a location for their PERs to have a briefing, use a computer, take breaks, and provide parking for their vehicles.
- Collection and deposit of all coins and cash in parking meter kiosks.

This contract partnership for parking enforcement will immediately improve the overall parking situation throughout the city by establishing regular and consistent enforcement of a wide array of parking violations. This partnership will also enable the City to immediately return to enforcing the established timed parking restrictions throughout downtown and in other designated areas of the City, something that it has been unable to do for well over a year. The lack of enforcement of timed parking has exacerbated impacted parking problems, especially downtown where lack of available parking presents a series challenge for local businesses. Additionally, the ALPR-based enforcement provided by LAZ will be absolutely essential to implementation of the second phase of this project, the installation of metered parking downtown, as well as to the establishment of permit parking districts.

LAZ Services has been used by other local jurisdictions, including the City of San Mateo, which provides a strong recommendation. LAZ Services is part of the National Cooperative Purchasing Alliance (NFPA), which ensures competitive pricing without the need for a formal bidding process. Additionally, LAZ Services is the only source of services that can deliver on all the requirements of our scope of work, including the need to integrate with all existing police

department systems, to avoid the substantial additional expense of changing those systems as part of this project.

The contracted enforcement services through LAZ will be implemented in a phased approach to ensure that the City can benefit from enhanced parking enforcement as soon as possible. The estimated time to full integration with LAZ Services is approximately twelve (12) months from contract execution date.

It is important to note that the increased and more widespread enforcement of parking violations that will come with the contracted services of LAZ are likely to create some frustrations from community members who may be accustomed to parking illegally due to low levels of enforcement. The Police Department will spearhead a robust public outreach campaign in the months leading up to increased enforcement, to provide the community with time and notice to adjust their parking habits accordingly.

Metered Parking Kiosk Purchase, Installation and Operation with T2 Systems

A combination of services from T2 Systems and LAZ Services will facilitate the establishment of metered parking in the San Mateo Avenue downtown area, and in the eight (8) City parking lots. Information on the street parking spaces in the downtown area currently controlled with timed parking restrictions was referred to LAZ Parking's sub-contractor T2 Systems to provide a proposal to install paid parking kiosks for those street parking spaces, along with installing kiosks in the eight (8) City parking lots. There are an estimated 839 parking spaces that are proposed to be converted to metered parking spaces. T2 and LAZ estimated that eighty-four (84) kiosk pay stations will be needed to service these 839 spaces, including those in the eight (8) City lots. T2 Systems' proposal and maps of the proposed kiosk locations are attached.

The proposal is for a pay-by-plate metering system, meaning that drivers parking in metered spaces pay by entering their license plate at a kiosk or via a web-based application. Pay-by-plate systems facilitate more effective and efficient tracking and enforcement using Automated License Plate Readers (ALPRs), and also allow for faster and more cost-friendly implementation by removing the need to paint numbered stalls throughout the area. Pay-by-plate systems also allow for variable fee parking to accommodate business owners/employees and/or permitting solutions if City Council should choose to implement such policies. These capabilities are consistent with some of the recommendations in the 2019 Downtown Parking Study.

The current proposal is to purchase and install eighty-four (84) Cosmo II Kiosks (photos included in attached proposal). This number is needed to place kiosks at appropriate intervals based on legal requirements and industry best-practices. These kiosks utilize solar power and cellular connection so that no wiring or other infrastructure is required. Parking customers can pay by cash, credit card, pay applications, and/or using a cellular device-based parking application. The contract includes five (5) years of data and core services, a five (5) year full warranty on equipment, five (5) years of service for equipment repair, installation of the kiosks, and installation of legally-required signage.

The estimated timeline for implementation of the metered parking program is twelve (12) months from the date of contract execution.

Additional Items to Come to City Council in the Future

Before the metered parking program can be fully implemented and enforced, there will be other items for policy consideration by City Council. Some of these items are included in the brief list that follows, and it is the intention of Staff to return to City Council with recommendations on these items within ninety (90) days of passage of these Resolutions.

- Creating and adopting a City Ordinance authorizing metered parking, its enforcement, and citation fees
- Establishing parking rates by zone and/or time
- Considering parking options for business owners, employees, and/or residents
- Considering overnight parking options in City lots

FISCAL IMPACT:

The LAZ proposal is for a 5-year contract with an estimated total 5-year budget of \$2,570,472. Fees are paid to LAZ monthly, and the chart below indicates the anticipated monthly and annual costs over the five years of the contract.

Year	Annual Costs	Monthly Costs
1	\$486,254	\$40,522
2	\$499,763	\$41,647
3	\$513,677	\$42,807
4	\$528,009	\$44,001
5	\$542,771	\$45,231

The average monthly cost of this contract is **\$42,842/month**.

The average monthly revenue from parking citations in San Bruno over the past five (5) years has been approximately **\$54,995/month**, but it is important to note that these average monthly revenues are already accounted for and encumbered in the Police Department budget, and therefore cannot be directly used to offset the expense of this contract. That said, based upon deployment of similar programs in other jurisdictions the City can expect a substantial increase in citation revenue with the enhancement of enforcement through this contract partnership. LAZ Parking conducted an analysis of seven (7) of their parking enforcement contract locations in California and determined that in their first year of providing parking enforcement services, their clients increased their parking citation revenues from between 45% and 130%. This is a broad range because it is largely dependent upon the level of preexisting enforcement. As previously stated in this report, the current enforcement level here in San Bruno is quite minimal in terms of consistent citywide efforts. As such, it is likely that the increase in citation revenues that San Bruno would experience under this contract would be closer to the top end of this range. While compliance normally increases over time with steady parking enforcement, data from LAZ indicates that most cities experience a sustained increase of between 40% and 50% over existing revenue levels in subsequent years. While it is impossible to predict the exact increases that will be experienced here in San Bruno, the charts that follow provide a conservative but reasonable projection of the increased citation revenues against the estimated monthly cost of

the program over the five-year contract term. Additionally, the benefits of this enhanced enforcement are absolutely consistent with the recommendations from the San Bruno Downtown Parking Study Final Parking Management Plan, the Downtown Parking Meters and Enhanced Parking Enforcement Project, and City Council's Strategic Initiatives.

Perhaps even more important to note, is that Staff expects this project as a whole, once fully deployed, and operational, will produce a net positive fiscal impact.

Once installed, the parking meters will generate substantial revenue for the City. Surveys of other cities reveal that each metered parking space is estimated to generate between \$225 - \$309 per month in meter revenue, and there are an estimated 839 parking spaces within the proposed metering area. This equates to between \$188,775 - \$259,251 per month, or between \$2.265 million - \$3.111 million annually, in estimated meter revenues. The chart below estimates the overall **annual fiscal impact** of this program, using the median of the estimated meter revenue range (\$2.688 million). The estimated meter revenue and meter cost in Year One are zero as the meters are not likely to be installed until sometime later in that year.

Year	Enforcement Vendor Cost	Metering Cost	Total Cost	Increased Citation Revenue	Meter Revenue	Total New Revenue	Net Fiscal Impact
1	\$486,254	\$0	\$486,254	\$593,952	\$0	\$593,952	\$107,698
2	\$499,763	\$65,520	\$565,283	\$329,964	\$2,688,156	\$3,018,120	\$2.45 million
3	\$513,677	\$65,520	\$579,197	\$329,964	\$2,688,156	\$3,018,120	\$2.43 million
4	\$528,009	\$65,520	\$593,529	\$329,964	\$2,688,156	\$3,018,120	\$2.42 million
5	\$542,771	\$65,520	\$608,291	\$329,964	\$2,688,156	\$3,018,120	\$2.40 million
TOTAL	\$2.57 million	\$2.62 million	\$2.83 million	\$1.91 million	\$10.75 million	\$13.72 million	\$9.83 million

As the above chart illustrates, Staff estimates a net gain of approximately \$9.8 million over the 5-year term of the proposed contract. Even when accounting for the estimated cost of purchasing and installing meters (\$1.3 million), there is an estimated net gain of approximately \$8.5 million over that 5-year period.

Staff has also considered the possibility that revenues could be lower than those projected in the chart above. The program is expected to generate a fiscal gain for the City even if metering revenues are a fraction of what has been projected here. As examples, if metering revenues are half of what has been projected, the estimated net revenue to the City over the first five years would be \$3.1 million. If the revenues were a mere 25% of the projections, the City's net revenue from this program would still be approximately \$300,000.

Staff recommends that City Council infuse the Parking Enterprise Fund with \$2 million. This amount will cover the entire cost of the contract for kiosk purchases, installation, and management by T2 Systems, as well as the first year of contracted enforcement with LAZ Services. From there, Staff estimates that citation revenues and meter revenues will be able to support the ongoing costs of this program.

There will be a need for Public Works to contract for minor construction services consisting of installing mounting bolts and bollards in preparation for the kiosk installations. This work is

estimated to cost approximately \$195,000, which can be covered by the \$331,000 that City Council previously funded in the Capital Improvement Project (CIP) for the Downtown Parking Program.

With the exception of the currently budgeted parking citations revenues in the police department budget, which should remain there, revenues from citations and metered parking should be deposited into the Parking Enterprise Fund as they come in. This will provide Staff with the ability to clearly assess the financial viability of the program, and will also provide a resource that the City Council can use for other related initiatives.

There are available funds in the General Fund Capital Reserve Fund for Fiscal Year 2022-23. The estimated current balance in the General Fund Capital Reserve Fund is \$27,902,597. Authorizing the creation of the Parking Fund and transferring \$2 million, would leave a remaining estimated available balance of \$25,902,597 in the General Fund Capital Reserve Fund.

ENVIRONMENTAL IMPACT

There is no environmental impact.

RECOMMENDATION:

Adopt Three Resolutions as Follows:

- Authorizing the Creation of a Parking Enterprise Fund and the Transfer of \$2 Million From the General Fund Capital Reserve Into the Parking Enterprise Fund
- Authorizing the City Manager to Execute a Contract With LAZ Services in an Amount Not to Exceed \$2.75 million for Services Related to Parking Enforcement and Metered Parking Management
- Authorizing the City Manager to Execute a Contract With T2 Systems in an Amount Not to Exceed \$1.3 million for Services Related to the Purchase, Installation and Operation of Metered Parking Kiosks

ALTERNATIVES:

1. Take no action, continue limited parking enforcement with available Police Department Community Service Officers and do not proceed with metered parking
2. Adopt one or more of the recommended Resolutions, while delaying or terminating other Resolution(s)
3. Request additional information from Staff prior to taking action

ATTACHMENTS:

1. Resolution – LAZ
2. Resolution – T2

3. Resolution – Parking Enterprise Fund
4. Contract and supporting documents for Parking Enforcement Services with LAZ
5. Contract and supporting documents for T2 Systems Kiosks
6. Image file of proposed kiosk locations