



City of Santa Barbara
Downtown Parking Committee

Staff Report

DATE: November 12, 2020

TO: Downtown Parking Committee

FROM: Robert J. Dayton, Transportation Planning and Parking Manager

SUBJECT: Automated License Plate Recognition System

RECOMMENDATION:

That the Committee receive a report on the system-wide deployment of an Automated License Plate Recognition system in the City's downtown parking lots and forward to Council a recommendation to appropriate \$700,000 from Parking Reserves to fund the project.

DISCUSSION:

The Downtown Parking Program (Program) has provided excellent customer service and access to Downtown and State Street for over 40 years. The funding for the Program was bolstered for years by the former Redevelopment Agency (RDA), which ended in 2012. Since the elimination of the RDA, the Program's operating costs have gradually increased as revenues have remained flat. Prior to the pandemic, Downtown Parking's annual expenditures averaged approximately \$100,000 above revenues, well below the level needed to fund long-term maintenance and capital improvements.

In order to offset rising operational costs, staff has been reducing expenditures, including a reorganization, holding permanent positions open, deferring maintenance and capital projects, and not staffing extra parking kiosks. Absent an increase to the revenue stream, this approach is unsustainable in the long term with operational expenditures, such as minimum wage increases, continuing to outpace parking program revenue. The Program's 5-Year Financial Strategic Plan identifies action steps to address financial solvency through measures such as updating the Parking Business Improvement Assessment (PBIA), automation of parking payments to reduce labor costs, and increasing monthly permit revenue.

Pandemic Impact

The pandemic and related closures caused a precipitous drop in Downtown Parking revenues. Over the last three months of Fiscal Year 2020, revenues were \$2.8 million lower than the same period in Fiscal Year 2019, an 87 percent decrease. Through the first three months of Fiscal Year 2021, revenues were down \$1.2 million from the same period in Fiscal Year 2020, a 52 percent decrease. At the beginning of California's initial pandemic lockdown in March, the Program laid off all hourly kiosk operator staff (82 hourly positions), terminated the Downtown Shuttle contract, and suspended most of the Program's long-term maintenance and capital projects.

Staff resumed hourly parking operations, with reduced operating hours, on June 22 by hiring back limited staff (42 hourly positions). This approach has resulted in a projected savings of approximately \$800K this fiscal year, compared to the Program's original budget. However, structural changes to the Program's operational model are necessary in order to fully fund operations, maintenance, and eventually contribute to the reserves that fund the Program's long-term maintenance and capital projects. This will require immediate implementation of an automated, cashless parking system where the parking gate is down 24/7 to maximize potential revenue. Even with automation, updating the PBIA, reducing or eliminating the complimentary period, and/or increases to the parking rate structure will likely be needed to offset long-term Program revenue losses that could result from stagnant parking demand post-COVID.

Parking Automation

Downtown Parking proposes to incorporate Automated License Plate Recognition (ALPR) technology, purchased from SKIDATA, into the existing SKIDATA Parking Access and Revenue Control System (PARCS). The SKIDATA PARCS is being upgraded now with software and hardware components that will accommodate the incorporation of ALPR. The funding for those upgrades was approved by Council on August 18 of this year. The proposed ALPR technology uses specialized cameras to capture images of license plates. The system converts the images to data and calculates customer fees upon exit. The system automatically raises the gate if the vehicle is within the complimentary parking period. Council recently adopted an ALPR Policy to protect public privacy.

The ALPR system will improve customer service and operational efficiencies by:

- Reducing customer wait times at entrance and exit;
- Reducing or eliminating customer penalty charges for lost tickets;
- Preventing abuse of complimentary parking periods (the 75 minute shuffle);
- Enabling extended hours of fee collection;
- Replacing proximity cards, creating a simpler, more efficient permitting process for customers;
- Simplifying revenue recovery and billing for customers unable to provide payment upon exit; and
- Facilitating the use of mobile payment options.

Repurpose and Attrition of Hourly Kiosk Staff

Parking kiosk staff provide friendly, highly-visible customer service for the City. They have been a welcome face for locals and tourists alike, providing assistance, direction, or a warm smile and “thank you”. We will still need this type of friendly customer service in the parking system, only in smaller numbers and not limited to the kiosk booth.

Staff does not anticipate laying off any hourly employees. Optimal staffing levels will be achieved through attrition, not layoffs. Kiosks will remain staffed after the ALPR equipment is installed while customers and staff learn how to operate the system. After this learning period, kiosk staff will transition to a monitoring and assistance role in which they will monitor parking lots and assist customers as needed.

One-Year Transition Period

Downtown Parking’s ALPR operational plan includes a one-year transition period. This period will provide sufficient time to repurpose staff and to achieve optimal staffing levels through attrition. After installing the ALPR equipment, DTP will continue staffing exit lanes as usual while customers adjust to the new system. As customers adapt, exit lane staffing will be stepped back until the system is fully operational, at which time kiosks at entrance and exit lanes will no longer be staffed and customers will be able to pay at self-service lot exits using a credit card or Near-Field Communication payment method (Google Pay, Apple Pay, Samsung Pay). Customers who need assistance will be able to communicate with staff using the call button on the exit column. Customers who are unable to pay at exit will be sent a bill for their parking fee to the address of the registered owner of their vehicle as recorded by the Department of Motor Vehicles.

Financial

City Council policy has set a minimum reserve target in the Downtown Parking Fund of \$2.3 million. At the end of Fiscal Year 2020, the total reserves in the fund are \$3.5 million above Council policy for a total reserve balance of \$5.9 million. The economic impacts from the pandemic have resulted in significant revenue decline, the impact of which is partially offset by the expenditure savings noted above. Staff have thoroughly reviewed all revenue and expenditure line items as part of the recent Quarter 1 financial projection process and are projecting a Fiscal Year 2021 year end reserve balance in the fund of \$2.1 million, just below the reserve target. Staff will continue to evaluate and monitor revenues and expenditures throughout the fiscal year and provide another update during the mid-year review.

With the proposed appropriation of up to \$700,000 from Downtown Parking Fund reserves, sufficient reserves exist for the purchase of ALPR PARCS components; however, the equipment purchase will further reduce the reserves below the target to a balance of \$1.4 million by the end of Fiscal Year 2021.

Staff developed a detailed, multi-year projection that estimates additional revenue and expenditure changes reasonably assumed in FY2022, the first full year after implementation, and the following three fiscal years. Staff prepared different scenarios to evaluate the impact on the fund and reserves if the ALPR implementation exceeds expectations or falls short of meeting expectations. In the most likely scenario, staff anticipate the FY2022 year-end reserve balance will not fall below \$1.3 million. Although this balance falls short of the reserve target by \$1.0 million, it represents 18% of annual operating expenditures, which is well within an acceptable range of reserves for an enterprise fund. In all scenario projections reviewed by staff, the fund is projected to begin building up available reserves as early as FY2023, meeting and then exceeding the reserve target, which supports staff's recommendation to proceed with implementing ALPR.

Competitive bidding for this purchase is not required since Council granted the Transportation Planning and Parking Division a five-year sole source purchasing authorization for SKIDATA equipment on June 27, 2017. Prior Council action on August 18, 2020 authorized the appropriation of funds for the purchase of access control hardware and software upgrades from SKIDATA. The ALPR system is being acquired from SKIDATA as it needs to be integrated with the new access control system.

Funding for the ALPR installation will come from a Council approved appropriation from Downtown Parking's reserves. On November 17, staff will ask Council to appropriate up to \$700,000 for the project. There are sufficient Parking reserves to fully fund the project. Total reserves after Fiscal Year 2020 amounted to \$5,878,226. Despite this appropriation and greatly reduced revenues, staff estimates ending Fiscal Year 2021 with a reserve balance of \$1,590,853. However, this number should go higher as Parking revenues have started to increase as businesses have begun reopening and generating more customer and employee traffic in the downtown parking lots.