

CITY OF SHEBOYGAN

REQUEST FOR TRANSIT COMMISSION CONSIDERATION

ITEM DESCRIPTION: 9. Parking Fares and Fees (HotSpot Implementation)

REPORT PREPARED BY: Derek Muench, Director of Transit & Parking

REPORT DATE: 5/11/22

MEETING DATE: 5/17/22

FISCAL SUMMARY:

| | |
|-----------------------|-----|
| Budget Line Item: | N/A |
| Budget Summary: | N/A |
| Budgeted Expenditure: | N/A |
| Budgeted Revenue: | N/A |

STATUTORY REFERENCE:

| | |
|-----------------|-----|
| Wisconsin | N/A |
| Statutes: | |
| Municipal Code: | N/A |

BACKGROUND / ANALYSIS:

The City of Sheboygan has begun the process to accept credit card payments for transactions (MUNIS Payments) recognizing the importance of being able to accept credit card payments online, over-the-phone or in-person as the premiere and preferred way to collect revenue.

Staff at Shoreline Metro have been researching and reviewing mobile payment options for customers at the point of sale (POS). Shoreline Metro, as a result of the pandemic, has streamlined its fare media offerings including a move away from the use of tokens and emphasis on fare media that does not change hands between drivers and customers. Fare is no longer sold by drivers as a way to improve safety and limit exposure. It's time to supplement current operations with a mobile payment solution to enable even more convenient payment options and move into the digital fare media era.

The Transit Commission approved the agreement with HotSpot Parking at the March meeting. Implementation for the transit application is currently underway. The Transit Commission must now decide the fees associated with meter (hourly) and permit (monthly) fees for the implementation of the parking application.

STAFF COMMENTS:

Staff recommends the commission consider an increase to meters with this added flexibility and convenience. In 2018, the Parking Utility made significant changes to parking and added several convenience features. A rate increase accompanied those changes from \$0.30 per hour to the current \$0.50 per hour. While there is no fee charged to the city for each transaction, there is a 2.99 percent credit card processing fee per transaction, or roughly \$0.02 per hour of parking. The customer would pay \$0.20 per transaction making their hourly parking up to \$0.70 per hour.

Here is an overview of the costs of this program:

| | | |
|-----------------------------------|--|---|
| Mobile Parking Application | Cost to the City: \$ 0.00 Convenience Fee, Paid by the Parker \$ 0.20 per parking session <u>OR</u> Membership fee, Paid by the Parker \$ 2.00/month <u>OR</u> \$ 20.00/year | Note: 2.99% credit card processing fee to digitally remit parking revenue (hard cost). |
| Fast Tap Signage | Cost to the City: \$250.00 per sign (Up to Five (5) signs provided at no cost to City) Convenience Fee (paid by the user): \$ 0.35 per transaction | Note: 2.99% credit card processing fee to digitally remit parking revenue (hard cost). |

Fast-type payments are similar to the “tap-and-pay” options at stores with a mobile device (Apple or Google Pay). There is a \$0.35 per transaction charge to the customer.

Here’s a rough estimated breakdown of meter fees and revenue for consideration:

Remain at \$0.50 Per Hour

| Payment Type | Cost per Hour | Customer Fee | Cost to City | TOTAL CUSTOMER | CITY REV |
|--------------------|---------------|--------------|--------------|-----------------------|-----------------|
| Mobile App Payment | \$0.50 | \$0.20 | \$0.02 | Up to \$0.70 per hour | \$0.48 per hour |
| Tap N Pay | \$0.50 | \$0.35 | \$0.02 | Up to \$0.85 per hour | \$0.48 per hour |

Increase to \$0.75 Per Hour

| Payment Type | Cost per Hour | Customer Fee | Cost to City | TOTAL CUSTOMER | CITY REV |
|--------------------|---------------|--------------|--------------|-----------------------|--------------|
| Mobile App Payment | \$0.75 | \$0.20 | \$0.025 | Up to \$0.90 per hour | \$0.475 / hr |
| Tap N Pay | \$0.75 | \$0.35 | \$0.025 | Up to \$1.10 per hour | \$0.475 / hr |

Permit fees will be much more significant with the credit card transactions:

- \$25 per month (avg permit fee) = \$0.75 in fees paid by City per month per permit or roughly \$9.00 per year per permit;
- 400 annual permits = \$3,600
- Current tiers for permits are:
 - On-Street: \$20 per month
 - Tier A: \$35 per month
 - Tier B: \$30 per month
 - Tier C: \$25 per month
 - Tier D: \$10 per month

Some things for the commission to consider when deciding on fee increases:

- Labor/benefit costs continue to increase (cost of doing business);
- Contracted services (snow plow, flowers, lot maintenance) continue to increase (cost of doing business);
- Revenues offset assessments in PAD 1 and enable services in Parking Admin;
- Added convenience has a “value” to customers;
 - Fast Tap signs are \$250 a sign (we estimate a significant number of signs to be purchased and used in parking lots and some streets);
 - Pay by the hour could be applied to each individual parking lot (including currently “reserved” only lots);
- Credit card fees will reduce revenues (\$3,000 for every \$100,000);
- Last increase was 2018 (previously it was over 20 years);
- Other municipality hourly rates:
 - Green Bay - \$0.85 per hour
 - Appleton - \$0.50 per hour
 - Wausau - \$1.00 per hour
 - Madison - \$2.00 per hour
 - Hudson - \$0.50 per hour
 - Lake Geneva - \$2.00 per hour

Please see the attached Software License and Agreement for more information on the conveniences and features of HotSpot Parking.

Commission should have discussion here on monthly permit fees and meter fees.

ACTION REQUESTED:

Staff recommends and supports an increase to the hourly parking rate for meters and lots to be \$0.75 per hour. Staff further recommends and supports an increase to parking permits to at least cover costs of “doing business” (fees).

ATTACHMENTS:

- I. Software License and Service Agreement