



ITEM 3

City of Palo Alto
MEMORANDUM

To: City Council

Date: May 13, 2020

SUBJECT: AGENDA ITEM #3: FY21 PROPOSED OPERATING BUDGET – OFFICE OF
TRANSPORTATION, RESIDENTIAL PREFERENTIAL PARKING PROGRAM (RPP) REVISIONS

Staff recommends that Council review and provide direction on the following changes to the Residential Preferential Parking (RPP) program to improve program cost recovery and other programmatic improvements.

The program modifications recommended in this report will support the RPP's financial viability, resolve administrative inefficiencies, and improve customer service. The estimated FY21 General Fund subsidy of \$185,000 that had been anticipated would not be needed and has already been returned to the General Fund in [staff report 11322](#), Attachment A. Many of the recommendations in this report have been planned as long-term items to be addressed, but the economic impacts of the COVID-19 pandemic have pushed staff to accelerate these improvements in order to achieve the financial and administrative efficiencies more rapidly. Due to the condensed timeline of bringing forward these adjustments, the budgetary impacts provided in this memo are preliminary; refined figures will be brought back to Council at the May 26, 2020 wrap-up and identified at budget adoption as appropriate. In addition to seeking Council direction for the changes that improve program cost recovery, staff intends to bring detailed policy modifications to the Planning and Transportation Commission (PTC) on May 27, 2020 and will bring further policy and budgetary modifications to the City Council as appropriate to address PTC input.

To improve cost recovery staff will phase changes in enforcement and administration to allow for a switch to License Plate Recognition (LPR), virtual permits, and administrative modifications to allow for cost control without diminished service levels to the community. The first phase of adjustments (July-December 2020) will be continued permit sales with minor adjustments (such as extended permit expiration dates to allow all RPPs to move to the same renewal period) and scaled back enforcement, until LPR and virtual permits are available, and other program adjustments are made. The scaled-back enforcement will coincide with a period that is expected to have lower parking impacts due to continuing social distancing, other responses to COVID-19, and economic impacts. This will allow for enforcement contract savings during this time and provides staff the time and resources to take the steps necessary to make other recommended adjustments noted in this memo. There are three different categories of improvements that would lead to improved cost recovery:

LPR Enforcement

Following the first phase, the RPPs would transition to LPR enforcement. LPR enforcement provides greater enforcement coverage, lower costs, and increased citation revenues due to increased speed and accuracy. There is a very high amount of possible cost-containment in transitioning to LPR enforcement, as staff can scale it as necessary. Staff will coordinate maintenance of a reasonable level of on-ground LPR enforcement, but this could be adjusted to be reactive enforcement (which in-turn reduces citation revenue). When this returns to City Council for final contract approval it will also require consideration of the City's surveillance policy. LPR does require an initial, one-time purchase of approximately \$100,000 in enforcement devices, which can be offset in the RPP Fund by the \$555,000 in estimated contract cost savings in FY 2021.

Citation Revenue

As described above, LPR enforcement is anticipated to increase citation due to the capacity for increased coverage, speed, and precision of enforcement. Further, staff intends to modify the RPP signage (with an overlay sticker) to include the muni-code, which allows for the enforcement of "No Re-Parking" will significantly increase citation revenue. The estimated increase in citation/violation revenue due to enforcing "No Re-Parking" regulation and LPR enforcement efficiencies in FY21 is \$110,000.

Virtual Permits

Virtual permits are digital permits assigned by license plate rather than the physical printed stickers or hangtags that currently are printed and then mailed or picked-up. Switching to virtual permits allows the City to save money on printing and shipping and would allow the cancellation of the existing SP+ contract. The estimated contract savings through reduction in permit provider contract is \$54,000 in FY21.

Virtual permitting is not only a significant customer experience improvement, but it also allows for socially distant transactions. It eliminates many of the difficulties that residents and businesses have had with the permit purchasing process and allows for residents to easily switch vehicles/license plates from home. This can also allow for permits to transfer vehicles or to purchase monthly, daily, annual permits quite easily. An example where this could be helpful is if a resident has a child that is coming home for summer from college or someone that is having someone come to do construction in their house. With this, it is also recommended that there are no more free annual permits. Staff recommends that the Council approve a set fee for every permit in the RPP program and would bring forward additional Municipal Fees as appropriate. This policy would serve as a disincentive to parking on the street when off-street capacity exists. Though the purpose of this recommendation is to maximize street parking capacity, even a nominal fee would also generate significant additional revenue, supporting the RPP Fund's solvency. As an example, a \$4-6 per month permit fee would equate to approximately \$147,000 - 221,000 in new revenue (based on FY 2019 counts of free annual permits provided to residents). Staff recommend that this policy include an exception for residents that demonstrate that they have no off-street parking so they may still receive a free annual permit.

Other Recommended Program Modifications

At a policy level, RPP districts will be evaluated for continuation based on permit sales and occupancy levels. As needed, programmatic or infrastructure tools (such as educational efforts and/or signage changes) may be utilized in lieu of RPP measures to address parking related residential impacts. Releasing or holding of employee permits sales, and pausing expansion into any new RPP districts, based on demonstrated parking occupancy levels and need, will provide further avenues for cost savings. On the administrative side, RPP program adjustments to control costs will include ongoing efforts to automate renewal processes, remove inconsistencies across districts to streamline administrative efforts, and review of other administrative protocols, such as renewal dates, for potential cost savings. These modifications will be refined and discussed with PTC before being brought back to Council.

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