CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Parking and By-law Services Division

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<th>TO:</th>
<th>Chair and Members Planning Committee</th>
<th>WARD(S) AFFECTED: CITY WIDE</th>
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<td>COMMITTEE DATE:</td>
<td>December 7, 2010</td>
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<tr>
<td>SUBJECT/REPORT NO:</td>
<td>Parking Payment Options at City Hall Parking Lot (PED10219(a)) (City Wide) (Outstanding Business List)</td>
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<td>SUBMITTED BY:</td>
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<td>SIGNATURE:</td>
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RECOMMENDATION

(a) That Report PED10219(a) be received; and,

(b) That this item be removed from the Outstanding Business List.

EXECUTIVE SUMMARY

In dealing with Report PED10219, the Economic Development and Planning Committee, at its meeting of September 21, 2010, raised the following concerns:

"Parking payment should be made easier for the public, either by debit/credit card machine, change machine or token system, particularly when they are attending long meetings of Committees".

Committee referred the matter back to staff, for a report back on these options, together with any other appropriate alternatives.

**Alternatives for Consideration – Not Applicable**
FINANCIAL / STAFFING / LEGAL IMPLICATIONS
(for Recommendation(s) only)

Financial: N/A
Staffing: N/A
Legal: N/A

HISTORICAL BACKGROUND
(Chronology of events)

On September 21, 2010, staff submitted Information Report PED10219 to the Economic Development and Planning Committee regarding the implementation of a credit card payment option for parking at City Hall (attached hereto as Appendix “A”). The report concluded that implementation of credit card payment at City Hall was not advisable for the following reasons:

- Demand – historical and estimated demand for the service was low;
- Cost - the capital and operating costs would be high considering the demand; and,
- Consistency of service – most cities implement new technology system-wide to ensure payment consistency across similar facilities to avoid customer confusion and, ultimately, dissatisfaction.

Committee referred the matter back to staff for further investigation into parking payment alternatives.

POLICY IMPLICATIONS

N/A

RELEVANT CONSULTATION

N/A

ANALYSIS / RATIONALE FOR RECOMMENDATION

(include Performance Measurement/Benchmarking Data, if applicable)

Based on the issues raised by Economic Development and Planning Committee regarding customer service, staff have now taken a system-wide review of alternative
payment options and completed a comparison to other municipalities with similar parking fees. Staff has concluded that the installation of credit card-capable equipment is the most effective way to provide a higher level of customer service based on the following:

- The previously reported charge of $0.75 per credit card transaction does not apply to credit card transactions at pay and display machines which makes the cost per transaction considerably less (cost is 1.8% of the value of the transaction).

- Many municipalities with similar parking rates to Hamilton offer the credit card payment option as a customer service, even though the business case was not necessarily positive. They tended to locate machines in areas that had the potential for higher rates of public, one-time users such as tourist attractions, hospitals and public buildings.

- Debit card technology is not currently in use in Canada. None of the municipalities surveyed reported using debit card technology for parking payments.

- Coin change machines were not a system-wide solution for enhancing customer service due to the fact that appropriate locations for installation are limited by weather conditions, security, accessibility for the disabled, and utility connection requirements. One municipality reported historical use of coin change machines at parking facilities, and that the machines were eventually removed due to maintenance issues.

- Token systems are an effective form of validation but do not necessarily enhance convenience of payment. Customers still need to ensure they carry the appropriate number of tokens for the amount of parking time they wish to purchase. Tokens would only be valid at municipal parking lots so there is no added convenience to users who also use private parking facilities in the city.

Creation of such a payment system can be expensive as it not only requires upgrades to the equipment hardware and software, but the creation of tokens. Prior to amalgamation, the former Hamilton Parking Authority operated a token system that was abandoned when the Canadian Mint changed the metal composition of the penny, nickel, dime and quarter. This decision was discussed in an Information Report at the Committee of the Whole on June 20, 2000 (PWT00130). All tokens were destroyed in 2009.

In summary, while the business case for installing credit card payment at Carpark #40 (City Hall) is still questionable, after comprehensive consideration, staff will be implementing credit card technology on a trial basis until 2012. Funds are available in
the Hamilton Municipal Parking System Capital Program (Project ID 4901051104) to finance the purchase of hardware/software for the trial which will commence in 2011. Final implementation will vary depending on the procurement process followed.

If the trial implementation is deemed successful, a comprehensive conversion program will be developed to install credit card payment at appropriate (high parking demand) locations on a system-wide basis. Staff will report back to Committee in 2012 if the trial is not deemed to be financially or operationally successful.

**ALTERNATIVES FOR CONSIDERATION**

(include Financial, Staffing, Legal and Policy Implications and pros and cons for each alternative)

N/A

**CORPORATE STRATEGIC PLAN** (Linkage to Desired End Results)


**Financial Sustainability**

- Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

**Growing Our Economy**

- An improved customer service

**APPENDICES / SCHEDULES**

Appendix “A” to Report PED10219(a) – Report PED10219

KV/dt
Attach.
Council Direction: N/A

Information:

Councillor Lloyd Ferguson asked staff to prepare an information report for the Economic Development and Planning Committee with respect to the payment options for parking at the City Hall lot. Councillor Ferguson specifically asked for an assessment of the business case to accept credit card payments based on City Council’s recent decision to raise the on-street parking meter rates across the City.

Staff piloted the credit card payment option at City Hall several years ago. However, at the time of equipment replacement, around the year 2000, the credit card option was discontinued because there was no demand for it.

Credit cards have, for many years, been accepted in the two Downtown municipal parking structures (York Parkade and Convention Centre Parking Garage). There is a positive business case at these locations because take up on the credit card option is somewhat higher, presumably because the rates charged are higher than those on the street and in surface lots, and where, at least in the case of the Convention Centre Garage, parking demands are predominantly entertainment and convention clients.
Staff has re-assessed the credit card payment option for the City Hall parking lot and again concludes that there is no positive business case for the following reasons:

- although street meters were increased to $1.00 per hour earlier this year, Hamilton’s parking rates are still relatively low, and in fact, the parking rates at City Hall are less than other lots in the area. Experience shows there is generally a very low demand to pay by credit card when charges are minimal,

- costing:
  - the capital cost to replace the five machines at City Hall with those that accept credit cards would be in the order of $80,000, as well as new software for the operating system which could cost several thousand dollars,
  - on the operating side, there would be a $0.75 charge for each credit card transaction, as well as a charge for each transaction equal to 1.8% of the value of the transaction. Also, there would be monthly service charges for air time for each machine,
  - most Cities implement credit card payment technology system-wide, rather than on an ad-hoc basis, such that parkers know that payment option is available and can pay to park by credit card on a regular basis and come to rely on it as part of their parking routine.

In conclusion, experience shows that there is a relatively low demand to pay for parking by credit card in Hamilton with any regularity or consistency, and staff conclude that there is no positive business case to justify accepting credit card payments at the City Hall parking lot. Council could, however, direct staff to implement the credit card payment option as a customer service, understanding that there would be additional costs with little financial gain.

Staff is continually monitoring and evaluating new service plans and technology, with the intention of improving customer service while being sensitive to financial implications. Staff will continue to monitor the need for credit card payments at City Hall and all other Municipal Car Parks.

MH/dt