

**THIS PRINT COVERS CALENDAR ITEM NO. : 10.5**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Finance and Information Technology

**BRIEF DESCRIPTION:**

Amend Division II of the Transportation Code to establish a fee of \$0.27 per transaction for parking meter payments made directly by credit card or debit card, or by pay by phone service in place of the former \$0.45 fee charged for pay by phone transactions.

**SUMMARY:**

- In February 2015, the SFMTA completed upgrading all parking meters to accept payment by credit or debit cards.
- The SFMTA pays per-transaction charges to parking meter vendors, as well as merchant processing charges in order to enable customers to make payments using credit and debit cards.
- The projected total over the nine-year anticipated lifespan of the parking meter equipment contract is \$25.9 million.
- In June 2015, SFMTA awarded a contract to PayByPhone Technologies to provide parking meter pay-by-phone services; this contract shifted responsibility for meter vendor and card processing fees to the SFMTA.
- Under this contract, the SFMTA will pay approximately \$4.7 million for operation of the pay-by-phone service over the term of the new agreement; in addition, SFMTA anticipates paying approximately \$17.2 million in meter vendor and merchant processing fees for debit and credit card payments made through the pay-by-phone service.
- Credit and debit card payments currently represent 52% of total parking meter revenues, while pay by phone payments currently represents 13% of total parking meter revenues.
- Overall SFMTA operating budget impact will total approximately be \$47.7 million.
- Imposing a fee of \$0.27 per transaction for each credit card, debit card, or pay by phone transaction would lower the former pay-by-phone transaction fee by 40% from \$0.45 to \$0.27 and would enable SFMTA to recover the costs

**ENCLOSURES:**

1. SFMTAB Resolution.
2. Transportation Code Amendment

**APPROVALS:**

**DATE**

DIRECTOR \_\_\_\_\_ 6/26/15

SECRETARY \_\_\_\_\_ 6/26/15

**ASSIGNED SFMTAB CALENDAR DATE:** July 7, 2015

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### **PURPOSE**

Amend Division II of the Transportation Code to establish per-transaction fees for parking meter payments made via credit or debit cards, or via a pay-by-phone service.

### **GOAL**

The approval of this resolution will assist the SFMTA in meeting the following goal and objectives:

Goal 3: Improve the environment and quality of life in San Francisco:

Objective 3.5: Reduce capital and operating structural deficits.

### **DESCRIPTION**

In February 2015, the SFMTA completed upgrading all City parking meters to accept payment by credit or debit cards. As a result, all SFMTA parking meters now accept credit and debit cards for payment. In addition, customers who have established an account for pay-by-phone service can also pay using this service. Credit and debit card payments currently represent 52% of total parking meter revenues, and this share is growing, while pay-by-phone payments currently represents 13% of total parking meter revenues.

The underlying technology for the pay-by-phone payment method is identical to that for credit card payments made at the meter with the exception of the need to use the smart phone application. All credit or debit card transactions, whether at the meter or via pay-by-phone application result in processing and merchant account fees. The SFMTA pays its meter vendors a per-transaction fee for card payment processing when credit or debit cards are used at the meter. In addition, as with any credit or debit card transaction, the card issuers charge merchant processing fees to the SFMTA. Assuming a nine-year life expectancy for the current parking meter equipment, the SFMTA can expect to pay a total of \$25.9 million in transaction fees to its meter vendors and merchant processing fees to card issuers over that period.

Under the prior contract for pay-by-cell service, the contractor was responsible for making all payments of fees imposed by the meter vendors, as well as merchant processing fees to card issuers. These costs were paid out of a \$0.45 per transaction fee that the contractor was authorized to impose on customers. In June 2015, the SFMTA awarded a contract to PayByPhone Technologies Inc. to provide parking meter pay-by-phone services for a term of five years with an option to extend for up to four additional years. Under this contract, responsibility for these fees was shifted from the contractor to the SFMTA. The SFMTA will pay approximately \$4.7 million to the vendor for operating the pay-by-phone service over the nine-year potential term of the new agreement. In addition, the SFMTA anticipates paying approximately \$17.2 million over that term in transaction fees to its meter vendors and merchant processing fees for debit and credit card payments made through the pay-by-phone service.

Based on the nine-year life expectancy of the current parking meter equipment and potential length of the pay-by-phone agreement, the combined operational budget impact for the meter

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vendor fees and merchant processing fees would be approximately \$47.7 million over that period. The SFMTA seeks to offset these costs by establishing a \$0.27 transaction fee for each credit/debit card or pay-by-phone transaction. The new transaction fee for pay-by-phone transaction would represent a 40% reduction from the former fee of \$0.45.

### **PUBLIC OUTREACH**

Charter Section 16.112 requires published notice and a public hearing before the SFMTA may institute or change any fee, schedule of rates, charge or fare which affects the public. Section 10 of the SFMTA Board's Rules of Order requires that the advertisement run for at least five days and not less than fifteen days prior to the public hearing regarding any increase to any rate, charge, fare, fee, or fine. In compliance with this requirement, an advertisement ran regarding the proposed charge in the San Francisco Chronicle for a five-day period beginning on June 18, 2015.

### **ALTERNATIVES CONSIDERED**

The alternative of not implementing the proposed \$0.27 transaction fee for each credit/debit card or pay by phone transaction would result in additional charges to the SFMTA operating budget of approximately \$47.7 million over the next nine years.

### **FUNDING IMPACT**

By implementing the proposed \$0.27 transaction fee for each credit/debit card or pay by phone transaction, the SFMTA will offset the costs of meter vendor and merchant processing fees.

### **ENVIRONMENTAL REVIEW**

Modifications to fees, fares, fines, rates and charges are subject to the California Environmental Quality Act (CEQA). CEQA provides a statutory exemption from environmental review for the establishment, modification, structuring, restructuring or approval of rates, tolls, and other charges if these rates, tolls, and other charges will be used to meet operating expenses, including employee wage rates and fringe benefits, or purchase or lease supplies, equipment, or materials.

SFMTA staff, under authority delegated by the Planning Department, determined that the proposed fare change is statutorily exempt from environmental review pursuant to California Public Resources Code section 21080(b)(8) and CEQA implementing guidelines.

The SFMTA's determination is on file with the Secretary to the SFMTA Board of Directors. The proposed action is the Approval Action as defined by the S.F. Administrative Code Chapter 31.

### **OTHER APPROVALS RECEIVED OR STILL REQUIRED**

The City Attorney's Office has reviewed this report.

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**RECOMMENDATION**

Staff recommends that the SFMTA Board of Directors amend Transportation Code Division II to establish a fee of \$0.27 per transaction for parking meter payments made directly by credit card or debit card, or by pay by phone service in place of the former \$0.45 fee charged for pay by phone transactions.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, When customers make payments at parking meters by credit or debit card, or by using cell phones (“pay-by-phone service”), certain per-transaction charges are imposed by card issuers (merchant processing fees), as well as by the vendors who provide parking meters capable of processing credit or debit card payments; these charges are imposed both when a credit or debit card is presented directly at the meter, or when a customer uses a pay-by-phone service; and

WHEREAS, In February 2015, SFMTA completed upgrading all City parking meters to accept payment by credit or debit card enabled devices; and

WHEREAS, In 2011, the San Francisco Municipal Transportation Agency (SFMTA) entered into an agreement with Verrus Mobile Technologies, Inc. to provide pay-by-phone service; and

WHEREAS, Under the terms of the previous pay-by-phone agreement, the contractor was authorized to charge customers a fee of \$.45 for each payment transaction, but was responsible for collecting and processing customer payments, including paying debit and credit card payment processing costs imposed by card issuers and meter vendors; and

WHEREAS, In June 2015, following approval by the SFMTA Board of Directors, the SFMTA awarded an agreement to PayByPhone Technologies Inc. to operate a pay-by-phone service for parking meter payments; unlike the prior agreement, this agreement made SFMTA, rather than the contractor, responsible for paying meter vendor charges and debit and credit card processing fees from card issuers; and

WHEREAS, Over the course of the maximum nine-year term of that contract, as well as the nine-year projected lifespan of the current parking meter equipment, SFMTA anticipates paying \$47.7 million in merchant processing fees to card issuers and meter transaction fees to meter vendors in connection with parking meter payments made by credit card or debit card presented either directly at the parking meter or made through the pay-by-phone service; and

WHEREAS, An additional charge of \$0.27 per payment transaction would enable SFMTA to recover these costs; and

WHEREAS, Pursuant to Charter Section 16.112 and Section 10 of the SFMTA Board’s Rules of Order, advertisements were placed in the City’s official newspaper, the San Francisco Chronicle, to provide published notice of the July 7, 2015 hearing which ran for five consecutive days beginning on June 18, 2015; and

WHEREAS, The SFMTA Board of Directors finds that the proposed fee is for the purpose of meeting operating expenses; and

WHEREAS, SFMTA staff, under authority delegated by the Planning Department, determined that the proposed program is statutorily exempt from environmental review pursuant to California Public Resources Code section 21080(b)(8) and CEQA implementing guidelines; and

WHEREAS, Said CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by this reference; and

WHEREAS, The proposed action is the Approval Action as defined by the S.F. Administrative Code Chapter 31; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors amends Transportation Code, Division II, to establish a per-transaction fee of \$0.27 to be imposed on parking meter payments made by credit card, debit card or by pay by phone service.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of July 7, 2015.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency

[Transportation Code - Fee for Parking Meter Payments by Credit Card, Debit Card or Pay by Phone Service]

**Resolution amending Division II of the Transportation Code to establish a per-transaction fee to be imposed on parking meter payments made by credit card, debit card, or by pay by phone service.**

NOTE: Additions are single-underline Times New Roman;  
deletions are ~~strike-through Times New Roman~~.

The Municipal Transportation Agency Board of Directors of the City and County of San Francisco enacts the following regulations:

Section 1. Article 3 of Division II of the Transportation Code is hereby amended by adding Section 321, to read as follows:

**Sec. 321. TRANSACTION FEE FOR PARKING METER PAYMENTS.**

SFMTA shall impose a fee of \$0.27 upon each payment of parking meter charges made by credit card, debit card, or pay by phone service in order to reimburse the SFMTA for the cost of credit or debit card processing charges incurred by SFMTA for such payments.

Section 2. Effective Date. This ordinance shall become effective 31 days after enactment. Enactment occurs when the San Francisco Municipal Transportation Agency Board of Directors approves this ordinance.

APPROVED AS TO FORM:  
DENNIS J. HERRERA, City Attorney

By: \_\_\_\_\_  
DAVID A. GREENBURG  
Deputy City Attorney

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of July 7, 2015.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency