

THIS PRINT COVERS CALENDAR ITEM NO. : 13

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance and Information Technology

BRIEF DESCRIPTION:

Amending Transportation Code Division II, Article 400, Sections 406, 407, 408, 409 and 412(b) to increase the maximum allowable rates in Parking Meter Zones 1-5 by \$0.25; and Division II, Article 300, Section 321 to repeal a fee of \$0.27 per transaction for parking meter payments made directly by credit or debit card, or by pay-by-phone service.

SUMMARY:

- There are currently five parking meter zones; four of which charge for parking within a range of SFMTA Board approved rates. Zones 1-4 rates, which cover 75% of the City, are a set range of rates; Zone 5 rates are subject to demand responsive rate adjustments within the range established in 2010, depending on parking demand.
- Since the last citywide meter rate, the SFMTA has replaced the City's entire inventory of legacy meters with "smart" meters and paystations that can accept payments by credit/debit card and via pay-by-phone.
- The last citywide meter rate increase occurred in 2009, unlike all other fares, fines and fees, which have been raised annually since 2009.
- The additional payment options, which have improved the customer experience, have resulted in additional costs to the SFMTA's Meter Program in excess of \$6 million annually.
- The increased costs are currently paid through the \$0.27 transaction fee approved by the SFMTA Board in July 2015, but the fee has been subsequently deemed a violation of Visa operating regulations that are applicable to the City through its credit card processing agreement with Bank of America Merchant Services.
- In order to offset the increased costs, which would result in reducing funds available for transit service unless cost recovered, a \$0.25 citywide meter rate increase is recommended.

ENCLOSURES:

1. SFMTAB Resolution
2. Transportation Code Amendment

APPROVALS:

DATE

DIRECTOR _____

12/17/15

SECRETARY _____

12/17/15

ASSIGNED SFMTAB CALENDAR DATE: January 5, 2016

PAGE 2.

PURPOSE

The purpose of the item is to amend Transportation Code Division II, Article 400, Sections 406, 407, 408, 409 and 412(b) to increase the maximum allowable rates in Parking Meter Zones 1-5 by \$0.25; and Division II, Article 300, Section 321 to repeal a fee of \$0.27 per transaction for parking meter payments made directly by credit or debit card, or by pay-by-phone service.

GOAL

The approval of this Resolution would assist in meeting or furthering the following goals of the SFMTA Strategic Plan:

Goal 2: Make transit, walking, bicycling, taxi, ridesharing & carsharing the preferred means of travel

Objective 2.3: Increase use of all non-private auto modes.

Objective 2.4: Improve parking utilization and manage parking demand.

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

Objective 3.5: reduce capital and operating structural deficits.

DESCRIPTION

The SFMTA's Parking Meter Program ensures that parking is effectively managed in the City by creating available spaces for people who need to park to shop, dine, or conduct business in the City. There are five parking meter zones throughout the City that are each assigned a rate range. Zones 1-4 rate ranges have remained the same since 2009; Zone 5, established in 2010 as part of the *SFpark* Pilot Program, consists of seven designated areas that are subject to demand-responsive rate adjustments, and are modified periodically based on parking demand in each area.

The SFMTA Board approved the last citywide meter rate increase of \$0.50 for Zones 1 through 4 in September 2009. Since then, all other fines, fares and fees have increased annually, as approved by the SFMTA Board through the automatic annual indexing policy. Since the 2009 rate increase, the Agency has replaced the City's and Port's entire inventory of legacy meters with "smart" single-space meters and multi-space paystations that allow payment by credit card, debit card and pay-by-phone – in addition to cash and the parking meter card. These options have had significant favorable customer service responses. However, the implementation of these payment options has also resulted in additional costs to the City.

The transaction costs have been covered by a \$0.27 transaction fee, previously approved by the SFMTA Board of Directors, for all credit card, debit card, and pay-by-phone transactions at meters. SFMTA has been advised by Visa that the imposition of a fixed convenience fee for transactions at a parking meter paid by a credit or debit card are a violation of the Visa operating regulations that are made applicable to the City through its credit card processing agreement with Bank of America Merchant Services (BAMS). The continued collection of the \$0.27 fee in violation of these rules runs the risk of the SFMTA losing access to BAMS credit card

PAGE 3.

payment/processing services.

As a result, SFMTA proposes to eliminate the \$0.27 per-transaction fee, and in order to offset the estimated \$6.2 million loss of annual revenue, and to create parity with increases of other fares, fines and fees over the last six years, a \$0.25 increase in meter rates in all zones is recommended.

The following table shows current and proposed rates that would go into effect 31 days after SFMTA Board approval:

Zone	Current Rate Range	Proposed Rate Range
One	\$1.00 to \$3.50	\$1.00 to \$3.75
Two	\$1.00 to \$3.00	\$1.00 to \$3.25
Three	\$1.00 to \$2.00	\$1.00 to \$2.25
Four	\$1.00 to \$3.00	\$1.00 to \$3.25
Five	\$0.25 to \$6.00	\$0.50 to \$6.25

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 December 14, 2015. Staff will perform additional outreach in advance of meter increases.

ALTERNATIVES CONSIDERED

The alternatives would be to either continue the \$0.27 transaction fee or not to implement the \$0.25 rate increase. Continuing the \$0.27 transaction fee runs the risk of having SFMTA lose access to its credit card payment/processing services and be subject to fines, also posing risk to other City departments. Should the SFMTA forgo the implementation of the \$0.25 rate increase, the budget impact would be more than \$6.2 million in annual operating costs that would not be available to support transit and other services, requiring an adjustment for this year’s budget.

FUNDING IMPACT

By implementing the proposed \$0.25 parking meter rate increase, the SFMTA will offset the costs of installing smart meters across the City, which provides members of the public with multiple payment options. These costs include smart meter communication; accepting multiple payment options and additional meter maintenance requirements. In addition, the propose rate change maintains SFMTA revenues and avoids cuts to transit or other essential services.

ENVIRONMENTAL REVIEW

Modifications to fees, fares, fines, rates and charges are subject to the California Environmental

PAGE 4.

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.

RECOMMENDATION

The recommendation is to amend Transportation Code Division II, Article 400, Sections 406, 407, 408, 409 and 412(b) to increase the maximum allowable rates in Parking Meter Zones 1-5 by \$0.25; and Division II, Article 300, Section 321 to repeal a fee of \$0.27 per transaction for parking meter payments made directly by credit or debit card, or by pay-by-phone service.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The SFMTA's Parking Meter Program creates available spaces for people who need to park to shop, dine, or conduct business in the City; and,

WHEREAS, There are five parking meter zones throughout the City that are each assigned a rate range. Zones 1-4 have static rates; Zone 5 consists of seven designated areas that are subject to demand-responsive rate adjustment, and are modified periodically based on parking demand in each area; and,

WHEREAS, The last citywide meter rate increase of \$0.50 for Zones 1 through 4 was approved in September 2009; since then all other fines fares and fees have been increased annually; and,

WHEREAS, Since the 2009 rate increase, the Agency has replaced the City's and Port's entire inventory of legacy meters with "smart" single-space meters and multi-space paystations that allow payment by credit card, debit card and pay-by-phone – in addition to cash and the parking meter card; and,

WHEREAS, While customers have responded favorably to the multiple payment options, implementation of the options has resulted in additional costs to the City; and,

WHEREAS, The Treasurer's Office and Bank of America have advised the Agency that continuing the \$0.27 transaction fee may be a violation of the City's credit card processing agreement with Bank of America Merchant Services and result in the Agency losing access to credit card payment/processing services; and,

WHEREAS, This increase will offset the proposed elimination of the \$0.27 transaction fee for credit/debit cards and pay-by-phone transactions previously approved by the SFMTA Board of Directors in July 2015; and,

WHEREAS, In order to cover the increased costs and to create parity with increases of other fares, fines and fees over the last six years, a \$0.25 increase in meter rates in all zones is recommended; 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 January 5, 2016 hearing which ran for five consecutive days beginning on December 14, 2015; and,

WHEREAS, the SFMTA, under authority delegated by the Planning Department, has 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, The proposed rate increase is for the purpose of meeting operating expenses and to ensure adequate funds are available for transit funds; 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 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, Article 400, Sections 406, 407, 408, 409 and 412(b) to increase rates in Parking Meter Zones 1-5 by \$0.25; and Division II, Article 300, Section 321 to repeal a fee of \$0.27 per transaction for parking meter payments made directly by credit or 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 January 5, 2016.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

[Transportation Code – Repealing Transaction Fee for Parking Meter Payments; Increasing Parking Meter Rates.]

Resolution amending Division II of the Transportation Code to repeal a \$0.27 per-transaction fee on parking meter payments made by credit card, debit card, or pay-by-phone service; and to increase maximum hourly parking meter rates in parking meter zones 1-5 by \$0.25.

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 300 of Division II of the Transportation Code is amended by repealing Section 321 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. Article 400 of Division II of the Transportation Code is amended by revising Sections 406, 407, 408, 409, and 412, to read as follows:

SEC. 406. PARKING METER RATES – PARKING METER ZONE NUMBER ONE.

The rates for Parking Meters in Parking Meter Zone Number One shall be between \$1.00 an hour and ~~\$3.50~~\$3.75 an hour.

SEC. 407. PARKING METER RATES – PARKING METER ZONE NUMBER TWO.

The rates for Parking Meters in Parking Meter Zone Number Two shall be between \$1.00 an hour and ~~\$3.00~~\$3.25 an hour.

SEC. 408. PARKING METER RATES – PARKING METER ZONE NUMBER THREE.

The rates for Parking Meters in Parking Meter Zone Number Three shall be between \$0.25 an hour and ~~\$2.00~~2.25 an hour.

SEC. 409. PARKING METER RATES – PARKING METER ZONE NUMBER FOUR.

The rates for Parking Meters in Parking Meter Zone Number Four shall be between \$1.00 an hour and ~~\$3.00~~3.25 an hour.

SEC. 412. PARKING METER ZONE NUMBER FIVE.

* * * *

(b) The rates for Parking Meters in Parking Meter Zone Number Five shall be between \$0.25 an hour and ~~\$6.00~~6.25 an hour. The rates shall be set based on vehicle occupancy on any block or set of blocks during the hours of parking meter operation according to the following criteria: (1) if occupancy is eighty percent or above, rates will be increased by \$0.25 per hour; (2) if occupancy is sixty percent or above but below eighty percent, rates will not be changed; (3) if occupancy is above thirty percent but below sixty percent, rates will be lowered by \$0.25 per hour; or (4) if occupancy is below thirty percent, rates will be decreased by \$0.50 per hour. Rates shall be adjusted not more than every twenty-eight days.

* * * *

Section 3. 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.

Section 4. Scope of Ordinance. In enacting this ordinance, the San Francisco Municipal Transportation Agency Board of Directors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, letters, punctuation marks, charts, diagrams, or any other constituent parts of the Transportation Code that are explicitly

shown in this ordinance as additions or deletions in accordance with the "Note" that appears under the official title of the ordinance.

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

By: _____
Robin M. Reitzes
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 January 5, 2016.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency