

THIS PRINT COVERS CALENDAR ITEM NO.: 11

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Streets

BRIEF DESCRIPTION:

Amending Transportation Code Section 402 to raise the Mobile Parking Payment Convenience Fee from \$0.10 to between 0.35 and \$0.39.

SUMMARY:

- The SFMTA has historically absorbed the per transaction service fee paid to its mobile parking payment application vendor. On April 15, 2025, based on industry standards and a recommendation from the Treasurer Tax Collector’s office, the SFMTA Board of Directors approved establishing a Mobile Parking Payment Convenience Fee of \$0.10 to offset the current \$0.10 per transaction service fee paid to the vendor by the Agency. The \$0.10 Mobile Parking Payment Convenience Fee went into effect on May 20, 2025.
- On May 20, 2025, the SFMTA Board of Directors conditionally approved two new contracts with separate vendors to provide mobile parking payment applications and support services.
- Under these new contracts, the vendors will charge the SFMTA a \$0.35 per transaction service fee; the SFMTA added the option, at its discretion, to increase the transaction fee amount by \$0.02 on each odd-year anniversary (Contract Year 3 and Year 5) for a potential maximum transaction fee of \$0.39 in the 5th year of each contract.
- To continue to offset the transaction fee, the Mobile Parking Payment Convenience Fee should be increased to cover per transaction service fee increases over the terms of the new agreements; however, to allow for other potential cost mitigation, staff recommends the convenience fee range be set at \$0.35 - \$0.39.
- This action requires approval by the SFMTA Board and a modification to Transportation Code Article II, Section 402.
- The SFMTA has determined that the proposed increase to the Mobile Parking Payment Convenience Fee is not a “project” under the California Environmental Quality Act (CEQA).

ENCLOSURES:

1. SFMTAB Resolution
2. Transportation Code Amendment

APPROVALS:

DATE

DIRECTOR	 _____	May 29, 2025 _____
SECRETARY	 _____	May 29, 2025 _____

ASSIGNED SFMTAB CALENDAR DATE: June 3, 2025

PURPOSE

Approving amending Transportation Code Section 402 to raise the Mobile Parking Payment Convenience Fee from \$0.10 to \$0.39.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

The proposed item supports the following SFMTA Strategic Plan goal:

Goal 10: Position the agency for financial success.

The proposed item project supports the following Transit First Policy Principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.

DESCRIPTION

Since 2015, the SFMTA has provided the option for customers to pay for metered parking by using a mobile phone application. This option enables the app user to pay for parking before leaving their vehicle and gives them the option to add additional time to their initial parking session without returning to the meter where their vehicle is parked. Each payment modification is considered a separate transaction and SFMTA has been charged a per transaction fee.

SFMTA has historically absorbed the per transaction fee, which was initially \$0.04 and increased to \$0.10 per transaction in August 2023. However, costs for vendors to maintain mobile parking payment application services have steadily increased as the technology and the need for multiple system integrations has grown more intricate; these costs are passed on to municipalities offering the mobile payment parking service.

Due to these rising costs, industry standard practices now encourage municipalities to establish a Mobile Parking Payment Convenience Fee that would be charged to app users to offset each per transaction service fee. Listed below are examples of current convenience fees in other cities

City	Convenience Fee Amount
Houston, TX:	\$0.25
Los Angeles, CA:	\$0.25
Minneapolis, MN:	\$0.25
Oakland, CA:	\$0.30
New Orleans, LA:	\$0.35
New York City, NY:	\$0.35
Sacramento, CA:	\$0.35
Philadelphia, PA:	\$0.40
Fort Worth, TX:	\$0.45

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On April 15, 2025, based on industry standards and a recommendation from the Treasurer Tax Collector's office, the SFMTA Board of Directors approved adding a Mobile Parking Payment Convenience Fee of \$0.10 to offset the current contract's \$0.10 per transaction service fee. The Convenience Fee of \$0.10 per transaction went into effect on May 20, 2025.

On May 20, 2025, the SFMTA Board of Directors conditionally approved contracts with Arcadis U.S., Inc. and Park Mobile, LLC, following a request for proposals. Under these new contracts, the per transaction service fee amount would be \$0.35 with options for the SFMTA to increase the fee to \$0.37 in contract year three and to \$0.39 in contract year five.

Staff expects that both the implementation of the increased convenience fee and the potential transition to new mobile payment vendors will create some volatility in the general upward trend in the use of mobile payment by parkers. Once this volatility has quieted, and the trend in use of mobile payment by parkers stabilizes, the Agency can review the pros and cons of increasing the convenience fee.

The SFMTA Board's amendment of the Transportation Code will allow the SFMTA to increase the Mobile Parking Payment Convenience Fee paid by customers to the SFMTA from \$0.10 to range between \$0.35 - \$0.39.

PUBLISHED NOTICE

Charter Section 16.112 requires published notice and a hearing before the SFMTA may institute or change any schedule of rates or charges that affect the public. In compliance with Charter Section 16.112, advertisements were placed in the City's official newspaper, the San Francisco Examiner, beginning on May 22, 2025, to provide notice that the SFMTA Board of Directors will hold a public hearing on June 3, 2025, to consider the proposed increase to the Mobile Parking Payment Convenience Fee.

STAKEHOLDER ENGAGEMENT

The SFMTA Board of Directors discussed the \$0.10 fee at an informational presentation on March 18, 2025, and subsequently approved the \$0.10 Mobile Parking Payment Convenience Fee on April 15, 2025. Introducing the convenience fee was discussed previously with a variety of stakeholders and generally with the Muni Funding Working Group prior to SFMTA Board approval of the fee.

ALTERNATIVES CONSIDERED

The SFMTA considered not increasing the convenience fee. However, this would be counter to the goal of offsetting the growing cost of providing mobile parking payment services to the public, so this alternative was rejected.

FUNDING IMPACT

As shown in the table below, based on projected program costs for mobile parking payment system (Line 3):

- Continuing to collect the \$0.10 Convenience Fee to offset the per transaction fee would negatively impact the SFMTA operating budget by \$12.68M (Line 7)
- Collecting a \$0.35 fixed Convenience Fee would negatively impact the SFMTA operating budget by \$2.53M, (Line 8) and
- Collecting a variable (\$0.35 to \$0.39) Convenience Fee would impact the SFMTA operating budget by \$1.67M (cost of optional services) because it completely offsets the per transaction fee paid to the Contractors, resulting in an \$11.01M (Line 10) savings to the budget.

Line	Category	FY25-26 (\$M)	FY26-27 (\$M)	FY27-28 (\$M)	FY28-29 (\$M)	FY29-30 (\$M)	FY30-31 (\$M)	Total (\$M)
1	Total Per-Transaction Service Fees	\$2.10	\$2.19	\$2.44	\$2.55	\$2.83	\$2.96	\$15.07
2	Optional Services	\$0.23	\$0.28	\$0.23	\$0.28	\$0.33	\$0.33	\$1.67
3	Total Program Cost	\$2.33	\$2.47	\$2.67	\$2.83	\$3.16	\$3.29	\$16.74
4	Fixed \$0.10 Mobile Parking Payment Convenience Fee	\$0.60	\$0.63	\$0.66	\$0.69	\$0.73	\$0.76	\$4.06
5	Fixed \$0.35 Mobile Parking Payment Convenience Fee	\$2.10	\$2.19	\$2.31	\$2.42	\$2.54	\$2.66	\$14.21
6	Variable \$0.35-0.39 Mobile Parking Payment Convenience Fee	\$2.10	\$2.19	\$2.44	\$2.55	\$2.83	\$2.96	\$15.07
7	Fixed \$0.10 Fee Potential Financial Impact	\$1.73	\$1.84	\$2.01	\$2.14	\$2.43	\$2.53	\$12.68
8	Fixed \$0.35 Fee Potential Financial Impact	\$0.23	\$0.28	\$0.36	\$0.42	\$0.62	\$0.63	\$2.53
9	Variable Fee (\$0.35 - \$0.39) Potential Financial Impact	\$0.23	\$0.28	\$0.23	\$0.28	\$0.33	\$0.33	\$1.67
10	Difference in Potential Financial Impact between \$0.10 Fee and Variable Fee (\$0.35 - \$0.37)	\$1.50	\$1.56	\$1.78	\$1.86	\$2.10	\$2.20	\$11.01

ENVIRONMENTAL REVIEW

On May 19, 2025, the SFMTA, under authority delegated by the Planning Department, determined that this proposal is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The City Attorney’s Office has reviewed this calendar item.

RECOMMENDATION

Approve amending Transportation Code Section 402 to raise the Mobile Parking Payment Convenience Fee from \$0.10 to between 0.35 and \$0.39.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The SFMTA, in order to provide the option for customers to pay for parking meters through a smart phone application, has historically absorbed the per transaction fee the agency pays to the vendor providing the mobile payment application; and,

WHEREAS, This option enables the customer to pay for parking before leaving their vehicle, and gives them the option to add additional time to their initial parking session without returning to the meter where their vehicle is parked; and,

WHEREAS, The SFMTA has historically absorbed the per transaction fee, and costs for vendors to maintain mobile parking payment application services have steadily increased as technology grows more complicated; these costs are in turn passed on to municipalities; and,

WHEREAS, Due to rising costs, industry standard practices now encourage municipalities to establish a convenience fee that would be charged to customers to offset each per transaction service fee; and,

WHEREAS, While the SFMTA was procuring new vendors to expand mobile parking payment options, and after discussions with the San Francisco Treasurer Tax Collector's office, the SFMTA Board of Directors approved offsetting the current \$0.10 per transaction fee with a \$0.10 Parking Mobile Payment Convenience Fee of \$0.10, which went into effect on May 20, 2025; and,

WHEREAS, The two new conditionally approved mobile parking payment contracts contain a per transaction service fee of \$0.35, with the SFMTA given sole discretion to increase the transaction fee to \$0.37 in contract year three and to \$0.39 in contract year 5; and,

WHEREAS, Staff expects that both the implementation of the increased convenience fee and the potential transition to new mobile payment vendors will create some volatility in the general upward trend in the use of mobile payment by parkers; and,

WHEREAS, Once customers have adjusted to the changes, and the trend in use of mobile payment by parkers stabilizes, the Agency can review the pros and cons of increasing the convenience fee; and,

WHEREAS, On May 19, 2025, the SFMTA, under authority delegated by the Planning Department, determined that this proposal is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors approves amending Transportation Code, Section 402 to raise the Mobile Parking Payment Convenience Fee from \$0.10 to \$0.35, with provisions for increases up to \$0.39, to match the per transaction service fee paid by SFMTA to mobile parking payment contractors.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of June 3, 2025.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

RESOLUTION NO.

[Transportation Code - Mobile Parking Payment Convenience Fee]

Resolution amending Division II of the Transportation Code to increase the convenience fee to \$0.35, with provisions for increases up to \$0.39, for each use of mobile parking payment services and other similar technology; and make clarifying changes, including to the hourly meter parking rate and name of the convenience fee.

NOTE: **Additions** are in *single-underline italics Times New Roman font*.
Deletions are in *strike-through italics Times New Roman font*.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

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

Section 1. Article 400 of Division II of the Transportation Code is hereby amended by adding Section 402, to read as follows:

SEC. 402. CITYWIDE VARIABLE PARKING METER RATES.

The rates for parking meters located anywhere within the boundaries of the City and County of San Francisco as described in Appendix A, not under the jurisdiction of the Port of San Francisco, the Recreation and Park Department, the Golden Gate National Recreation Area, the Presidio of San Francisco, or the Treasure Island Development Authority, shall be between \$1.00 an hour and \$12 an hour effective May 15, 2025, ~~and \$12 an hour effective July 1, 2024,~~ and between \$1.00 an hour and \$13 an hour effective July 1, 2025. Each year thereafter, the SFMTA shall increase the maximum rate by \$1 per year. Within that range, the Director of Transportation may adjust the rates for particular meters and times periodically not more than

once every 28 days. The Director may use the following parking pricing model to charge variable rates:

(a) **Demand Responsive Pricing:** Estimated vehicle occupancy on any block or set of blocks during the hours of parking meter operation according to the following criteria: if occupancy is 80% or above, rates will be increased by \$0.25 per hour; if occupancy is 60% or above but below 80%, rates will not be changed; if occupancy is below 60%, rates will be lowered by \$0.25 per hour.

(b) **Mobile Parking Payment ~~Convenience Transaction~~ Fee:** In addition to the Demand Responsive pricing model, a \$0.10 convenience fee shall be charged per transaction for payments made using a mobile parking payment service including but not limited to a mobile application or other similar technology. On July 7, 2025, the convenience fee shall increase to \$0.35. The convenience fee may be increased in two-cent increments up to \$0.39. The convenience fee, and any increases under this section, shall be published in the SFMTA Fee and Fines Schedule under Section 301.

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

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Section 3. Scope of Resolution. In enacting this resolution, 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 resolution as additions or deletions in accordance with the "Note" that appears under the official title of the resolution.

APPROVED AS TO FORM:
DAVID CHIU, City Attorney

By: _____
MISHA TSUKERMAN
Deputy City Attorney

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I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of June 3, 2025.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency