



**City of Kingston  
Report to Council  
Report Number 17-208**

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**To: Mayor and Members of Council**  
**From: Jim Keech, President & CEO, Utilities Kingston**  
**Resource Staff: Sheila Kidd, Director, Transportation Services**  
**Date of Meeting: July 11, 2017**  
**Subject: Parking Payment with Mobile Devices**

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**Executive Summary:**

Users of the City's on-street and surface parking lot spaces currently make payment using coin at a meter, and coin or credit card at a Pay & Display machine. A new payment method through an application installed on a mobile device (phone, tablet, etc.) is emerging as an option that a number of parking providers are adopting to improve customer service.

Mobile payment allows users to select and pay for parking using their device after creating an account with a licensed mobile payment vendor. The mobile application displays nearby parking lots, rates, and length of stay options based on location and allows the parker to complete payment on their phone rather than making payment at a meter or displaying proof of payment on the vehicle dashboard. The application also notifies users when their parking payment is nearing expiry and provides the option to extend their time through additional payment without returning to their vehicle.

Parking Services has reviewed opportunities to test mobile payment to gain a better understanding of the potential benefits to the City and parking customers. It is proposed that a 12-month pilot program be implemented to allow the City to assess the financial, operational, and enforcement impacts of this new payment option. For the purposes of the pilot program, it is proposed that mobile payment be limited to the downtown surface parking lots that allow hourly parking as identified in Exhibit A.

Staff has reviewed a number of mobile payment providers and are recommending that the City enter into a non-exclusive agreement with HonkMobile Inc. for the purpose of piloting the payment option. HonkMobile has an existing presence in Kingston, can be piloted without modification to the City's current enforcement and financial systems, and has completed similar implementations in other Ontario municipalities.

Parking Services will report back with customers' and the City's experience with the mobile payment program prior to the completion of the 12-month pilot period. If the pilot program is

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deemed successful, it can then be expanded to more areas of the City and to other mobile payment vendors that may be interested in providing this service in the City.

**Recommendation:**

**That** Council direct staff to implement a 12-month pilot program to provide mobile payment at the downtown off-street parking locations identified in Report 17-208; and

**That** Council authorize the Mayor and Clerk to enter into a non-exclusive license agreement with HonkMobile Inc. to provide mobile payment services, in a form satisfactory to the Director of Legal Services.

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**Authorizing Signatures:**

ORIGINAL SIGNED BY PRESIDENT & CEO, UTILITIES KINGSTON

**Jim Keech, President & CEO,  
Utilities Kingston**

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

**Gerard Hunt, Chief Administrative Officer**

**Consultation with the following Members of the Corporate Management Team:**

Lanie Hurdle, Commissioner, Community Services Not required

Desirée Kennedy, Chief Financial Officer & City Treasurer Not required

Denis Leger, Commissioner, Corporate & Emergency Services

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**Options/Discussion:**

Within the City's paid public parking supply, there are a variety of systems and technologies that are available to the parker to provide payment. The majority of the Pay & Display meters on-street and in the surface parking lots accept credit card and coin payment while the standalone meters only accept coin. The parking structures offer tap payment options for credit cards at the entry and credit card and debit cards at the exit gates in addition to standard coin, debit and credit card payment options that are available at the pay-on foot-stations.

Parking Services staff has been exploring technologies that would expand payment options to include payment using an application (app) installed on the parker's mobile phone. More commonly referred to as "mobile payment", this payment option allows parkers to download an application from a licensed third party to their mobile phone and create an account with vehicle and preferred payment information.

After this initial setup, and based on the parker's location as determined by the GPS on their device, the app displays nearby parking locations, rates, and length of stay options. Upon arrival at the preferred location, the parker selects parking length of stay and completes payment on their phone. The parker does not need to display a paper receipt or other proof of payment in their vehicle if they opt for a mobile payment. The app provides the City's enforcement officers a real-time list of vehicle license plates that have paid for time.

An initial review of other parking agencies across Ontario and in major centres across Canada has shown that mobile payment is becoming a standard option for parking payment in many public systems. Many parking agencies provide mobile payment options in addition to the existing coin and credit card systems however there are also agencies that rely on mobile payment as the sole means to process credit and debit transactions for parking.

**Potential Benefits to the Parking Users**

Mobile payment provides parkers with a payment option that can be more convenient and accessible while also providing access to important parking information that is tailored to the parking lot or location that customer is in. The benefits include:

- Access to a variety of payment options including some that cannot be made available on existing parking meters or Pay & Display machines (e.g. debit, PayPal).
- Ability to complete the entire transaction within the parked vehicle rather than seeking out a Pay & Display meter and then returning to the vehicle to display proof of payment.
- Increased accessibility for parkers that have difficulty operating existing meters.
- Display on the app of current rate information and available length of stay options so that the parker can choose the paid parking that best suits their needs.
- Faster payment processing. Mobile payment reduces line-ups at Pay & Display machines, especially during busy times and for event parking. Also, payments are processed faster as the Pay & Display machines can take up to a few minutes to process.

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- Notification via text message before the paid parking time expires and an option to extend time on existing paid parking without returning to vehicle. This can reduce the number of parking fines incurred and increase customer satisfaction.
- App will not allow parkers to purchase parking if it is restricted or not required which reduces parking during an unauthorized time and overpayment.
- Although the app does not reserve a parking space within a lot, it can be used ahead of time to plan preferred parking locations and compare rates/length of stay options at available lots.
- Parker has access to online records of the parking they have purchased and can opt for a variety of transaction reports including receiving emailed receipts.

### **Potential Benefits to the Businesses and Institutions Reliant on Public Parking**

Many of the businesses and institutions in the downtown rely on the City's short-term parking supply for their clients and customers. The City manages the available parking supply to ensure a high turnover of parkers within those spaces through pricing and regulations related to length of stay.

Downtown businesses recognize the need to manage the parking spaces that are in high demand but are also looking for options that will alleviate the worry that customers and clients express about receiving a parking ticket. Mobile payment can work to alleviate these concerns by providing alerts when paid parking is going to expire and options to extend the stay without returning to the vehicle or risking a parking ticket. Mobile payment technology also allows a business to provide customers with free or subsidized parking through the use of promotional codes or by directly paying for their parking through the app.

Downtown Kingston! is supportive of adding this payment option and it has been requested by a number of downtown businesses during recent consultation.

### **Potential Impact on the City and Public Parking System**

From the City's perspective, providing a wide range of payment options is good customer service, especially if the options can encourage the desired use of the available parking supply. However, there are administrative and operational costs that must be factored into the customer service benefits of providing the new payment method.

Each payment option that the City presently provides includes a transactional overhead that is absorbed by the City as part of the operation of the service. Credit card transactions completed at parking equipment are assessed a percentage, typically 3-4%, of the total transaction value, while coin transactions generate additional costs associated with the collection and processing of the coin for deposit.

In addition to these transactional fees, the on-street equipment requires regular maintenance, replacement, and management contributing to the capital and operating costs associated with operating a parking system.

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Mobile payment technology providers charge a percentage of the total transaction value similar to credit card providers, along with a standard convenience fee that typically ranges from 25-35 cents per transaction, regardless of the total transaction value. This convenience fee can be passed along to the parker or can be absorbed by the City.

Although the fee per transaction for mobile payments may be higher than the existing fee for credit card transactions, the City may realize savings in reduced maintenance, cash collection and processing, paper supply and administration of the meters/Pay & Display units. The only asset that the City needs to manage in the field for mobile technology is signage.

In addition to providing improved payment, the mobile apps allow the City to share information pertaining to the parking rates and regulations that apply to the parking location the parker is using. This information helps inform the parker about the available rates and length of stay options providing for a more informed choice and potentially higher compliance with the parking regulations. As the mobile payment is linked to a specific license plate and a record of the transaction is available to both the parker and the City, it can allow for parking ticket challenges and complaints to be resolved more efficiently and accurately.

### **Pilot Program Opportunity**

Parking Services has reviewed opportunities to test mobile payment to gain a better understanding of the potential benefits to the City and parking customers. It is proposed that a 12-month pilot program be implemented to allow the City to assess the financial, operational, and enforcement impacts of the new payment option. For the purposes of the pilot program, it is proposed that mobile payment be limited to the downtown surface parking lots that allow hourly parking as identified in Exhibit A. To promote the new program and encourage parkers to use this payment option, the convenience fee associated with the mobile payment transaction will be absorbed by the City in a manner similar to existing credit card payment fees.

Staff have reviewed a number of mobile payment providers and are recommending that the City enter into a non-exclusive agreement with HonkMobile for the purposes of piloting the payment option. HonkMobile is recommended for the pilot based on the following:

- The app has an existing presence in Kingston providing mobile parking payment options for St. Lawrence College, Via Rail Canada, several private parking lots, and is expected to launch with Queen's University this September.
- There is an option for payment confirmation and enforcement in real time that will not require upgrades to the City's current enforcement equipment or software.
- Ease of implementation and customer service experience noted by several other municipalities in Ontario.

To implement a 12-month pilot program with HonkMobile, the City must enter into a non-exclusive license agreement. The license agreement will include the option to extend the program for additional terms at the end of the pilot period at the discretion of the City, and the ability to terminate the pilot program at the discretion of the City by providing 90 days' notice. Implementation of the mobile payment pilot is targeted for late 2017.

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Parking Services will report back with customers' and the City's experience with the mobile payment program prior to the completion of the 12-month pilot period. If the pilot program is deemed successful, it can then be expanded to more areas of the City and to other mobile payment vendors that may be interested in providing this service in the City.

**Notice Provisions:**

Not Applicable

**Accessibility Considerations:**

Mobile payment technology may provide an alternative, more accessible option for parkers that have difficulty accessing the current parking meters and Pay & Display units. The mobile app can provide information on the location of public parking lots relative to their destination to assist in trip planning.

Staff will assess the benefits that the mobile payment option provides for accessibility as part of the pilot program.

**Financial Considerations:**

There are no license or implementation fees anticipated to provide a mobile payment option for the pilot program however there may be an impact on parking fee revenue, fine revenue, and banking fees depending on the overall use of the app.

Based on the uptake for mobile payment experienced in other municipalities, the increased cost associated with the transaction fees for this service would be approximately \$11K annually. Costs pertaining to the initial installation of signage and marketing for the pilot program will be managed within the current approved operating budget.

These costs may be offset by increased revenue in the surface parking lots as parkers will have greater awareness of their parking options and the ability to extend their paid time easier than with current payment methods. The pilot program will allow staff to monitor the impact of the new payment option costs on overall parking revenue to inform a future recommendation on moving forward in a permanent fashion with this option.

**Contacts**

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**Other City of Kingston Staff Consulted:**

Kim Leonard, Manager Parking Operations  
James Lew, Technology Associate  
Greg McLean, Policy & Program Coordinator  
Alan McLeod, Senior Legal Counsel

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Brandi Timpson, Supervisor Enforcement

**Exhibits Attached:**

Exhibit A – Downtown Parking Lots Included in Mobile Payment Pilot Program



# Exhibit A - Downtown Parking Lots Included in Mobile Payment Pilot Program

