The Local Government Economic Services Company and the Pango parking payment system
Union of Local Authorities of Israel (ULAI)

About ULAI and its subsidiary companies

Israel has a population of 8.5 million (2016), 92% of which lives in urban areas. The Union of Local Authorities in Israel (ULAI)[1] is a non-profit organization established in 1938 gathering more than 250 local councils and municipalities. ULAI is an umbrella organization that represents the common interests of Israeli local councils and municipalities before the Israeli parliament, central government and other official public institutions in municipal matters. ULAI also offers professional advice and provides training programs for municipal employees about education, welfare, economy, water, security, gender issues, labour relations and legislation. The Union of Local Authorities of Israel counts with several subsidiary companies, including:

➢ **The Israeli Bank of Local Authorities,** created in 1953 to provide financial services to local councils and municipalities, including the transfer of central government funds, access to low interest credit for, infrastructure and urban development projects. Although ULAI only owns small shares in the bank's budget, ULAI holds 17% of the voting rights in the bank's general assembly.

➢ **The Automation Technologies Group (ATG)[2]**, established in 1967 offers support to the development and operation of information and technology systems. It provides computer processing services to municipalities and related bodies. With more than 400 employees, the company works with 200 Israeli local governments, municipal companies, schools, and other local public organizations. The company offers Management Information Systems solutions in areas such as financial systems, payroll and human resources, engineering and geographic information systems (GIS), water and sewage services, social welfare, etc. It offers support to implement systems for improved communication with residents (local authorities' websites, online services to facilitate tax payments, school registration, development of mobile applications, making payments secure, etc.). Assistance with information systems for the management of municipal income and billing and debt collection services (automatic and operator answering services, call service centre for payments, parking fines, municipal taxes, management and operation of water consumption, levies, educational fees, construction fees, welfare services, etc.).

➢ **The Local Government Economic Services Ltd (LGES)[3].** Established in 1974, the LGES assists municipalities to streamline public projects in a wide range of municipal activities. LGES had an annual turn-over of 1.2 billion euros in 2015. The company's goal is not to make profit but to serve local governments. Every year, 2/3 of the annual profits are redistributed to the municipalities according to the amount of transactions the municipality had that year with LGES, while the rest

[1]Union of local authorities of Israel (ULAI): http://www.masham.org.il/English/Pages/AboutUS.aspx
[2]The Automation Technologies Group (ATG): http://www.ladpc.co.il/about/Pages/eng.aspx
[3]Company of Public services: http://www.mashcal.co.il/MashkalEnglish/Pages/default.aspx

covers operational costs. The independence of the company is ensured by a board composed by mayors, city directors, professionals and politicians. One of the main services is the development of a system for collective procurement, where the LGES acts as purchasing agent for a consortium of local governments and offers assistance to municipalities to conduct tender processes to purchase goods and services and to provide assistance with service contracting.

About the parking payment systems in Israel

Parking payment systems are important both for urban spatial planning and to ensure a fixed source of revenue to local authorities. Although parking fees may not represent an important part of municipal income (usually, less than 5% of own source revenues of Israeli cities) and it concerns mainly medium and big cities, it is useful that local governments build favourable conditions to collect and enforce parking payment, as collecting local taxes and service fees effectively and using them efficiently allows a local authority to offer better public services to its population. In Israel, drivers can either pay in cash in parking vending machines, for a specific time duration. The can also opt for prepaid parking devices such as the EasyPark, a national electronic parking card that can be bought at post offices and gas stations. Once activated, the driver sets the device for a specified amount of time or either for an indefinite time until returning to the vehicle. Finally, they can also use pay-by-phone technology with the apps Cell-o-Park or Pango, which can be used both for parking spots on the street and for parking lots.

The Pango application

Pango[4] is an app created in 2006 by an Israeli start-up offering a cashless pay-by-phone payment system for curbside parking in urban centres. Pango is an easy-to-use application adapted both to Smartphones and simple mobiles. Drivers can pay parking either through SMS, calls or via the app. After dialling a simple access code, the driver is connected to a call centre that identifies the car's location and authorizes parking. When leaving the parking spot, the driver again contacts the centre (through SMS, call or App) to end the parking period. The driver receives a reminder on his phone when the parking time is about to expire and it is possible to extend the time remotely. If the driver is early, he can use the "un-park" option to be billed only for the time he has parked the vehicle. The Pango application was created to facilitate parking payment, but ten years later, the application also offers services such as payments for car washing, gas stations; information about local rates and regulations to avoid parking fines and a feature to help drivers locating their cars in a map. In July 2016, a navigation map to identify

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[4] About Pango in Israel: http://en.pango.co.il/ About Pango worldwide solution: http://pango-parking.com/ andhttp://www.mcp-parking.com/how-it-works

available parking spots was developed in partnership with other Israeli start-ups Parko and Anagog[5]. Because a vast majority of car owners in Israel use Pango, the company has collected valuable data on parking habits and this allows the application to use crowdsourcing and GPS to give drivers the most accurate info about parking availability and steer them to spots about to become available. Pango combined with Parko is a complete urban mobility app that helps with traffic, parking identification and cashless mobile SMART payment, all in one.

Implementation

The parking payment system was developed by the start-up Pango and a partnership was established with LGES and ULAI to scale-up the use of the system by Israeli local governments. The fees are collected from the parking payment through mobile payment by Pango and transferred to the LGES that reverses it to the municipality where the fee has been paid. Both Pango and the LGES keep 1 or 2% of the transaction to cover operational costs. In 2016, 50 Israeli cities were part of the agreement.

Results

According to Pango, the project has allowed for an important transfer of payments from traditional means (prepaid cards, meters, on-car devices) to mobile payment: the percentage of cellular payment compared to other payment methods jumped from 10 to 70%. Currently, nearly 85% of Israeli drivers use the Pango App (1.5 million subscriptions for 3.09 million motor vehicles in 2015) and has more than 500 private garages and parking lots. Pango is the 4th most downloaded app in Israel (after Facebook, WhatsApp and Waze) and is expanding to other countries, having already signed agreements with 60 cities around the world. From the municipalities' point of view, the Pango parking payment system allows municipalities to improve management efficiency by:

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[5] More info: http://www.israel21c.org/parking-your-car-just-got-easier-thanks-to-israeli-tech/

- Increasing transparency. For example, Pango produces monthly automatic reports which inform where and for how long each vehicle has been parked.
- Facilitating enforcement and control. Since the App is connected to the municipal parking database, enforcement agents know exactly which vehicles are illegally parked.
- Enabling municipalities to better plan their expenditures as the system guarantees a regular and immediate municipal income.
- Improving compliance for parking payment. The system brings benefits for the drivers who gain from a centralized, nationwide, efficient, simple and convenient solution. An easy-to-use payment method enhances residents' positive perception of the municipality and increases the driver's willingness to pay for parking services.
- Reducing operational costs thanks to a reduction in bureaucracy. The Pango payment system avoids the need for a costly infrastructure by providing a risk-free solution with no upfront costs. It can work in parallel to the existing conventional parking payment methods.
- Increasing municipal revenues. Pango estimates that municipal revenue increases by 25% in 5 years[6]. In addition, the income from parking collected by the LGES in 2016 was $ 66 million USD (250 million shekels), redistributed to 50 cities.

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[6] Source : http://www.mcp-parking.com/component/content/article/2/22-case-study