

TRANSIT AND PARKING COMMISSION COVER SHEET

AGENDA ITEM #	MEETING DATE 2/14/2006
ITEM Parking Rate Increases	
ID Number 02811	Council report back due date: N/A
OTHER REFERRALS AND ACTIONS TAKEN TO DATE: (Asterisk indicates lead agency.) Discussion at TPC on 12/8/05 and 1/10/06	
<p>STAFF DISCUSSION OF ITEM: The Parking Utility has various financial obligations including the following: Employee salary & benefits Purchased services such as electricity, snow removal, credit card fees, security and general repairs Materials & supplies such as uniforms and building and equipment supplies Fixed assets such as revenue equipment, vehicles, consultant fees and signage Interagency charges to entities such as Madison Police Dept., Treasurer and Traffic Engineering Debt service – principal and interest for large building projects Payment in Lieu of Taxes (PILOT) - \$1.2M in 2005 Fee on revenue generated by on-street parking meters</p> <p>From time to time these financial needs change, and rates are adjusted to compensate for these changes and still maintain a healthy financial picture. In 2001 three rounds of rate increases were proposed. Two of these were approved and implemented on Jan. 1, 2002 and Jan. 1, 2003. The rate increase proposed for Jan. 1, 2004 was not approved or implemented. The last rate increase was over 3 years ago.</p> <p>Normal inflationary pressures, increased on-street parking meter fee (10% of gross revenue), the building of the proposed Mid State Street Ramp with a \$6M Parking Utility financial obligation, the replacement of the Government East Ramp at a cost of \$15M (minus a developer payment if any) and the potential for developing parking on the Municipal Building site have combined to trigger another series of rate increases. Without appropriate rate increases these items cannot be funded.</p> <p>At its Dec. 8, 2005 meeting the Commission asked staff to come back with some alternatives that would generate around \$1,100,000 in additional revenue. There are many rate scenarios that would generate the needed revenue, and staff has identified approximately 40 rate items that can be adjusted on an individual basis. As demonstrated at the last meeting there is a constituency for keeping nearly every rate where it is or even lowering it. Maintaining certain rates at current levels means raising others higher than anticipated.</p> <p>At the Jan. 10, 2006 TPC meeting four rate scenarios were discussed. The Commission agreed to submit the attached proposed rate increase at a public hearing at the Feb. TPC meeting. After receiving comments from the public and staff, the Commission will act on the proposal.</p> <p>The rate proposal includes these features:</p> <ul style="list-style-type: none"> • Increase the grace period time from the current 10 minutes to 15 minutes at all ramps and pay stations. Customers have complained that insufficient grace time exists to use the pay-on-foot machine and exit the facility during heavy periods without paying additional fees. • Increase the street meter enforcement times from the current 8 am-6 pm to 7am-7 pm. and possibly longer at certain locations such as near the Kohl Center and Overture Center. • Increase the on-street meter rate from the current \$1 to \$1.10/hour on time limits below 10 hours. On-street meters are the priority parking areas (nearest to the final destination) and the rates should reflect this convenience. • Increase 10 hr meters from the current \$.35 to \$.50/hr. Lower rates on long-term meters will attract commuters to underutilized meters and generate additional revenue for the Utility and City. 	

- All of the on-street meters will be at the \$1.10 rate except Monroe Street and the Schenks meters which will be \$.50/hr (previously \$.35/hr).
- Lot meter prices will continue at different rates to reflect demand but will not go above the \$1.10 planned for the on-street meters.
- Standardize the ramp evening/weekend rate at \$3 (currently \$2 at most facilities). The parking ramps can be used free of charge between the times of 1am-7am on days when a snow emergency has been declared.
- Standardize the lost ticket rate in ramps at \$10/day. It is currently \$8 or \$9 depending on facility and is \$24/day in lots that are enforced 24 hrs/day.
- Enforce all surface lots and ramps 24/7.
- Increase monthly rates by approximately 10-21% with the exception of Overture Center, which will not be changed. Since the Overture Center facility typically operates at under 50% occupancy at peak, a rate increase cannot be justified. Perhaps price sensitive customers at other facilities will switch their patronage to this facility.
- Increase the daily hourly rates in ramps by approximately 23% with the exception of Overture Center which will not be changed. The hourly rate will be capped at the on-street meter rate (\$1.10 in this proposal) to discourage parkers from parking at the on-street meters and feeding the meters all day at a less expensive meter rate.
- Increase the special event price to \$4 from the current \$3 per event.
- Decrease the special event payment period from 2 hours before an event to 90 minutes before an event (see staff recommendations below on this item).
- Increase the meter hood rate to \$13 per day (12 x \$1.10/hr = \$13.20). These are currently \$7.50 - \$9.50 for a full day. Hang tags for the same purpose are currently \$10 for a full day or \$6 for a half day, and they will increase to \$13 for a full day and \$7 for half day. Contractors and others who want to hood a meter for their own use routinely purchase these. It puts the meter out of service for all others for 24 hours. We anticipate that those bagging meters will be more conservative about the number of meters requested and the number of days bagged at this higher price.
- Increase motorcycle permits from \$165/year to \$180/year. The hourly rate for motorcycles will increase from \$.30 to \$.50.
- Retain the current fee for residential parking permits, \$21/year. This is a stand-alone process that is financially self sufficient.

The above rate modification will generate approximately \$1,035,000 per year in additional revenue.

FISCAL IMPLICATIONS: No impact on the tax levy. The Parking Utility funds all of its costs internally by fees assessed to its customers. Ten percent of the revenue generated from the on-street meters will go back to the General Fund.

MATERIALS PRESENTED WITH ITEM:

Public Hearing Notice
 Rate Increase Proposal with current/proposed rates
 Pay on entry analysis

STAFF RECOMMENDATION:

Staff recommends all of the modifications contained in this rate proposal except the change in pay-on-entry times. Currently parkers entering a facility 2 hours before an event pay the pay-on-entry fee. The TPC recommended that this time limit be reduced to 90 minutes before an event. Staff recommends that the pay-on-entry fee be increased to \$4 and that this fee continues to be collected starting 2 hours before an event. Our cost analysis (attached) predicts that the Utility will net only \$.05 of the \$1 increase if this time change happens. This prediction is based on an analysis of 6 special event days between mid-Dec. 2005 and mid-Jan. 2006. Four ramps were studied. The analysis assumes that all of the parkers currently entering the ramp 60 minutes to 2 hours before an event would get out free at the end of an event. While this may not be absolutely correct, it is substantially correct. Those parkers currently entering a facility 90 to 120 minutes before an event would not intentionally detain themselves so that they could pay the new \$4 entry fee, and many parkers currently arriving 60 to 90 minutes before an event could alter their arrival time to avoid the new \$4 fee. Altering their arrival time by an average of 15 minutes would accomplish this purpose. The intent of this rate increase was to generate an additional \$1.1 million in revenues. With this component included, the proposal falls \$65,000 short of this goal. If this item is retained another item will need to be increased to generate the additional \$65,000.

We expect that 3 additional evenly spaced rate increases will be necessary in the next 10 years to accomplish all of the financial objectives shown in the discussion section. The dollar amounts of the future rate increases will be similar to the current proposal but the exact amounts will be determined after staff analyzes the result of these increases. By this time we will also know the impact, if any, of the proposed new Mid State Street Ramp, the fee on street meter revenue and the replacement of the Government East facility.

PREPARED BY:

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SIGNED

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