

City of Madison
Parking Utility
Memorandum

DATE: March 7, 2012

TO: Transit and Parking Commission
FROM: William Knobloch, Parking Operations Manager
SUBJECT: 2012 Proposed Parking Rate Modifications

STAFF DISCUSSION OF ITEM:

The Madison Parking Utility is an enterprise agency and receives no taxpayer subsidy. All of its revenues come from fees paid by users and interest income. The Utility receives none of the citation revenue.

The purpose and distribution of this rate proposal is:

- Generate necessary revenues and reserves to maintain and replace structures and carry on our daily operations.
- Redistribute demand at Capital Square North garage to other less utilized structures.
- Promote adequate parking availability in all parts of the city.
- Promote longer-term parking when availability is high.
- Promote adequate parking turnover in commercial areas.
- Encourage customers to pay their tickets and not to “lose” their entry tickets.
- Generate more pay-on-entry revenue but stay below UW rates.
- Not to vary meter rates by meter type (single pole vs. multi space).
- On-street rates are the most convenient hence the most expensive; lots are less expensive to encourage motorists to park in less convenient areas; and structures are the least expensive to allow for all-day parking.
- Meters in the Monroe and Atwood areas need to generate revenue levels closer to break-even. For many years the downtown areas have been subsidizing the periphery areas.
- Encourage longer-term parking in park/walk/bike/bus areas with 10-hour meter rates on street.
- Bring lots closer to a break-even financial position.
- Encourage monthly and 24/7 parking to improve occupancy in structures.

The Utility has various financial obligations including the following:

- Employee (76+) salary & benefits (43% of operating budget)
- Purchased services such as electricity, snow removal, credit card fees, security (12% of op budget)
- Materials & supplies such as uniforms and building and equipment supplies (3% of op budget)
- Fixed assets such as revenue equipment, vehicles, consultant fees and signage (1% of op budget)
- Interagency charges to entities such as MPD, Treasury and Traffic Engineering (9% of op budget)
- Debt service – principal and interest for large building projects (varies by outstanding debt)
- Payment in Lieu of Taxes (PILOT) – (10% of op budget)

- Occupancy fee paid to the City (10% of gross meter revenue and 2% of op budget)
- Capital projects \$1 million to \$20 million depending on building and remediation needs

From time to time, these financial needs change and rates are adjusted to compensate for these changes. In 2001, three rounds of rate increases were proposed. Two of these were approved and implemented on January 1, 2002 and January 1, 2003. The 2004 modification was not implemented. In 2006, we started a rate review process every three years with the first one implemented in June 2006. The last general rate increase was implemented in June 2009.

Normal inflationary pressures, PILOT (\$1,200,000), occupancy fee (\$200,000), charges from other departments(\$1,093,058), and the building of the proposed Judge Doyle Square parking facility to replace the current Government East garage with a \$20M Parking Utility financial obligation, combined to trigger another series of rate increases. The remediation charges to keep aging structures serviceable is nearing \$1 million/year and increasing. (See attached table showing structure age and replacement costs.) Without appropriate rate increases, these items cannot be funded. Our biggest financial challenge is replacing the three oldest structures (Government East, Lake, and State St Capital garages) in relatively quick succession.

Many rates did not change including: State St campus hourly rates, evening/weekend max, residential parking fee, replacement permit, meter hood and covering Dis/Vet signs. A majority of the fees increased at or below 3% per year, including Gov East hourly, Overture hourly, State St Cap garage hourly, multi-space meters, Buckeye Lot, Gov East monthly, Overture monthly, State St Cap monthly, State St Campus monthly, Wilson Lot, meter hooding and contractor hang tags.

Three years ago at the last rate modification, staff and commissioners assumed that every rate alternative could be slotted into precise mathematical formulas to get us to the needed \$1.2 million in additional revenue. With that theory in mind, we exchanged a \$1 increase in special event fee (\$4 to \$5) with a \$2 increase in nightly/weekend maximum fee. It didn't work. The competition retained their \$3 nightly max and advertised it, and our night business decreased. We now know that tradeoffs like this are possible but not necessarily likely. We accept the fact that this modest rate increase comes up short in meeting our long term financial needs, but it's the best we can do under these uncertain economic times.

Please note that the on-street portion of this proposal will be incorporated into a resolution to update associated ordinances, for referral to the Board of Estimates and adoption by the Common Council.

FISCAL IMPLICATIONS: No impact on the tax levy. The Parking Utility funds all of its costs internally by fees assessed to its customers plus interest income.

STAFF RECOMMENDATIONS:

Staff recommends a more market-driven rate structure where financial needs, turnover and parking availability are all considered. High-demand, low-parking availability areas will have higher rates, and lower-demand, high-availability areas will be charged less. All major areas of the operation will break even financially and contribute towards reserves necessary to maintain and rebuild our facilities.

- Increase the street meter enforcement times from the current 8 am to 6 pm, to 8am to 7 pm in select commercial locations like Langdon St by the Memorial Union where adjacent UW meters are enforced until 10 pm. We will study availability; then report to the TPC before taking action.
- Remove select time limits on metered streets where peak occupancy is routinely under 80%. Parking Utility is authorized to monitor this on a routine basis, and make changes as necessary, reporting findings and outcome to the Transit and Parking Commission
- Increase the on-street multi space meter rate from the current \$1.70 to \$1.75/hour on time limits below 10 hours. This represents the majority of the parking spaces in downtown Madison.
- Increase the remaining downtown on-street single-pole meters from \$1.50 to \$1.75/hour.
- Increase on-street 10-hour meters from the current \$0.75 to \$1.00/hour.
- Increase Monroe Street and the Atwood/Schenks on-street meters from \$1.00 to \$1.50/hour.
- Increase lot prices to various levels to reflect lot costs.
- Consider sale of certain lots that routinely require large subsidies (Wingra Lot for instance).
- Maintain the weekend/all night rate at \$5.
- Increase the failure to pay and lost ticket rate to \$30.
- Enforce all structures and surface lots 24/7 as they are now.
- Increase select monthly rates as shown to encourage long-term parkers to park in less utilized garages. Maintain the price at the lowest use structure (Overture \$0.75/hr) at about ½ the price as the highest used facility (Gov East \$1.50/hr). The Utility will alter the number of monthly passes at select facilities to maintain a healthy parking availability rate.
- Increase select daily hourly rates in various facilities.
- Increase the special event rate from \$4 to \$5 per event.
- Increase the meter hood rate from \$15/day to \$16/day (10 hours of enforcement x \$1.75/hr = \$17.50). Half-day prices will increase from \$8 to \$9. This will encourage hood sponsors to use them only when necessary and then for as short a time as possible.
- Increase motorcycle permits from \$200/year to \$225/year. The hourly on-street rate for motorcycles will increase from \$0.75 to \$1.00/hour to reflect the limited space utilized.
- Retain the current fee for residential parking permits, \$21/year.

This rate modification will generate approximately \$600,000 per year in additional revenue. This isn't sufficient to finance the below-grade replacement of the oldest three structures (Gov East, Lake & State St Capital) in relatively quick succession, but it puts us on a more positive path.

ACTION RECOMMENDED BY STAFF: Approve the recommended rate proposal as shown or as amended.

WK:abc
Attachment