

CITY OF MADISON
TRANSPORTATION AGENCY
INTER-DEPARTMENTAL
CORRESPONDENCE

DATE: November 9, 2011

TO: Transit and Parking Commission

FROM: William Knobloch, Parking Operations Manager

SUBJECT: Parking Utility Financial Sustainability

Background

The Parking Utility has maintained its financial sustainability by charging fees that are reasonable to the consumer and covering all of the costs incurred in providing the service. It has become more challenging to cover all of the costs as these costs increase. The most challenging part of this process is to build and replace structures. Surface lots can cost as little as \$4K/stall, while below-grade structures can cost over \$50K/stall. For the 4,000-stall Parking Utility off-street system, this could mean the difference of over \$150M. Added to the issue of replacing/constructing new structures is the cost to maintain very old structures. This cost is now approaching \$1M/year. With a total budget of \$11M/year, this could become burdensome.

Long-Term Plan

Plans must be made now to define and address this possible long-term funding shortfall. It was suggested at previous TPC meetings that the Parking Utility hire a consultant to look at this issue and provide recommendations to maintain our financial sustainability. Before the Parking Utility staff writes up an RFP for a financial sustainability consultant, we would like Commissioner input on the scope of the work to be performed by the consultant. The consultant's report should come back to the Commission within 90 days of signing the consulting agreement.

Financial Sustainability Components

In simple terms, financial sustainability is all about maximizing revenues and minimizing expenses while creating a financial/operating model that works. Staff believes that keeping our minds open to all alternatives is important. Some of the items the Commission may want to consider for evaluation in this project are:

- What will happen if we do nothing different and continue on as we are today
- Alternative operating methods
- Alternative financial arrangements
- Partnerships
- New marketing ideas
- Better use of all current resources
- Alternative rates, time limits, leases, permits etc.
- New revenue, including air rights sale

TPC action requested

- Recommendation concerning the potential hiring of a parking consultant for financial sustainability
- Recommended scope of service for the consultant