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**PARKING STAFF RECOMMENDATION TO  
TRANSIT AND PARKING COMMISSION**

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<b>AGENDA ITEM: E.1.</b>	<b>MEETING DATE: March 11, 2008</b>
<b>ITEM: Premium monthly pass</b>	
<b>STAFF DISCUSSION OF ITEM:</b>	
<p>All monthly pass holders are required to leave the public parking facility at 6 PM (at Overture) or at 10 PM (at other garages). Potential customers have complained that this puts City facilities at a competitive disadvantage with other parking entities, which often price their monthly passes with 24/7 accessibility. This is especially important for people who work late or need overnight parking if they live downtown. Downtown condo owners sometimes have inadequate or very expensive parking options. This will give them another option. The 6 PM exit time for Overture was instituted to keep the facility near empty at the beginning of Overture events. A common Overture curtain time falls between 7 PM – 8 PM. When Overture customers arrive for events before curtain time, they often pay a \$4 entry fee and can exit with the ticket given to them at the entrance. When Overture was operating at near capacity (with over 200 Alliant Co. leased stalls), it was feared that Overture attendees would have inadequate parking if we opened up nighttime monthly parking. Now, Overture operates at 50% occupancy during the normal daytime peak and is typically at 20% – 40% during a typical nighttime peak. Monthly pass holders are not counted towards the 10% maximum long-term parkers dictated in the bond covenants. The Parking Utility or the pass holder can cancel with 30 days notice.</p> <p>At a previous TPC meeting concern was expressed over the following issues connected to the premium pass:</p> <ul style="list-style-type: none"><li>• Is there a market for the premium pass?</li><li>• Would the garages be turning special event patrons away if premium passes were sold?</li><li>• Are the proposed passes priced too high or too low?</li><li>• Would the Parking Utility's financial position be impacted?</li></ul> <p>As a result of these concerns, staff proposes a pilot program at the Overture garage only. We would attempt to sell a maximum of 25 premium passes during the test period for \$145/month residents or \$160/month non-residents. The current Overture monthly passes sell for \$103/\$118 resident/non-resident/business.</p>	
<b>FISCAL IMPLICATIONS:</b>	
<p>Premium monthly pass: Increased revenue of \$27 – \$160/month per pass holder unless new customers are simply shifting from hourly parking. If a current monthly pass holder buys a premium pass, it is likely that someone else will buy the available standard monthly pass.</p>	
<b>MATERIALS PRESENTED WITH ITEM:</b>	
<ul style="list-style-type: none"><li>• Special event occupancy data</li></ul>	
<b>STAFF RECOMMENDATION/RATIONALE:</b>	
<p><b>Is there a market for the premium monthly pass?</b></p> <p>The most likely market is someone who lives downtown and lacks adequate parking. In the newer condo developments, owners typically receive one parking stall bundled into the price of the condo. An additional stall can sometimes be purchased. A secondary market could be parkers who work very long hours and/or want the convenience of always having parking available even during special events and/or evenings and weekends. Local businesses may also buy a premium pass.</p> <p><b>Would Overture garage be turning away special event parking patrons?</b></p> <p>Yes, but on a very limited basis. While occupancy is often high when Overture and Kohl Center have large events simultaneously, there are only certain combinations of events (e.g., Men's Hockey at Kohl Center PLUS MSO at Overture) that cause the Overture ramp to fill up. For the completed 2006-2007 seven-month season (October 2006 thru April 2007), there were 7 events for which Premium Pass parking would have resulted in turning away parkers for additional hours – 4.5 additional hours to be exact.</p>	

Example: Presently, we turn away parkers when the FULL light counter reaches about 600. If the PU sells 25 premium passes, we would set the counter to show FULL at about 590 parkers rather than 600 – a reduction of 10 (25 premium passes less oversell of 15). At this lower maximum of 590, the garage would have been full an additional 4.5 hours during the 2006-07 season. The full times would be at night when the Kohl Center and Overture have their large events. It would not impact daytime parking when there is plenty of excess capacity. NOTE: Just as we do not know how many parkers we are presently turning away when the FULL light is triggered, we likewise do not know how many parkers we would turn away during the additional 4.5 hours, if any.

#### **Are the proposed passes priced too high or too low for the market?**

Condo developers tell us that they try to get the construction costs back from the parking payments. Structured parking now costs about \$20,000 – \$50,000/stall in downtown Madison depending on above/below grade configuration. Monthly payments of \$116 to \$291 would be triggered by a 30-year loan at 5.75% interest. Potential customers will pay more for covered, conveniently located parking than uncovered, inconveniently located parking. A recent check of “Craig’s List” indicates sellers asking \$90 – \$125/month for campus area parking. A February 2008 telephone survey found 5 downtown facilities with 24/7 parking availability for non-tenants. The prices ranged from \$90/month near Overture garage to \$145 at the County garage on Fairchild. We have set the initial price on the high end of this range because it is easier to reduce prices rather than raise them at a later date.

A daily parker at Overture currently pays \$ .70/hr. If they stay 8.75 hrs./day and work 19 days/month, they would pay \$116/month at the hourly rate. If an hourly parker stays 24/7 except for 2 days/month, they would pay \$257. The typical full time commuter/student is not a likely buyer of the proposed premium pass – they don’t park here long enough to make it financially viable. The downtown residents are good prospects for these passes and it gets their vehicles off the street.

Potential customers are not likely to buy this pass if their purpose is to avoid the \$4/pay on entry (POE) special event price. If they went to a POE special event for 30 days/month, it would cost them \$120.

#### **Would the Parking Utility’s financial position be impacted?**

Yes, the PU would likely receive more funds with the premium pass than without it UNLESS all new customers simply shifted from longer-term hourly parking. If we attract all new parkers we would receive \$3,625 in additional revenue each month (\$145 x 25) or \$43,500/year (assumes none are non-residents). If the premium pass customers were current customers, we would receive less than this amount depending on their current length of stay.

The Parking Utility needs to stay competitive with other parking entities by offering 24/7 monthly passes. Our occupancy is extremely low at Overture and we need to do something to better utilize it. **Staff recommends a one-year pilot premium monthly pass program at the Overture garage with a maximum of 25 participants.** The selling price at Overture would be \$145/month residents and \$160/month non-residents. These premium passes would be offered first to current monthly pass holders and then to new monthly pass holders. If the passes do not sell at this price, staff will make a price adjustment recommendation to the TPC. After the pilot period is completed, staff and the TPC will review the results to determine if expansion is warranted.

**PREPARED BY:** William Knobloch

**DATE:** February 29, 2008

**SPECIAL EVENTS ANALYSIS - OVERTURE RAMP**

C:\Documents and Settings\tnatb\Local Settings\Temporary Internet Files\OLK11D\[premium pass analysis (march 2008).xls]writeup for TPC (jo)

**Background, Analyses Performed and Findings:**

Overture: There are TWO "Full" light/capacity settings at this ramp. On evenings (after 6pm) and on weekends, capacity ("full light") is 605 cashiered spaces. On weekdays (up to 6pm), however, the Full Counter is set at about 530 (reduction of 75) in order to accommodate the 95 Monthly and Long-Term Lease (LTL) parkers (reason for 75 vs 95 is "oversell" of 20 spaces, about 20%.)  
 Note: For purposes of this analysis, we assumed that the Full Counter would be reset (from 600) to 590 if the Premium Passes were in effect; 25 Premium Passes less "oversell" of 15 equals counter reduction of 10.

The **prime** season for both the Kohl Center (KC) and the Overture Center (OC) is about October thru April (7 months). As shown below, of the 87 events held at the Kohl Center during the 2006/07 season, only 34 (39%) overlapped with an Overture Center event.

Following are our detailed findings for the 2006/07 season:

	Oct 06	Nov 06	Dec 06	Jan 07	Feb 07	Mar 07	Apr 07	Totals	
# of KC Events	13	18	16	16	16	5	4	88	
# of KC Events <b>Overlapping</b> with OC Event	7	7	4	5	6	2	3	34	(39%)
# of Overlapping Events that triggered FULL Light	5	2	0	0	0	1	2	10	(29%) (of all overlapping KC/OC events)

Note: In addition to these 10 KC/OC events which triggered the Full light, there were 4 (of 5) UW Football games which also triggered the Full light; these games did not coincide with an Overture event, however, so not part of our analysis.

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<b># of FULL Events that would have resulted in Additional "Turnaway" Hours if 25 Premium Passes Sold at OC:</b>								
<b># of Events &gt;&gt;&gt;</b>	<b>4</b>	<b>1</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>2</b>	<b>7</b>

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To summarize ...

- Of the 88 Kohl Center events, only 34 (39%) overlapped with an Overture Center event
- Of the 34 KC events which overlapped with an Overture Center event, only 10 such events (29%) triggered "Full" occupancy (even if briefly!) at the Overture Center ramp. These events *typically* had the following characteristics ...

- Kohl Center events: Men's Hockey **OR** Basketball game, UW Band, or major concert **combined with**
- Overture Center events: MAJOR and/or Sold Out Production

(To clarify, the following events do NOT trigger "Full" occupancy at OC: WIAA Basketball or Wrestling held on a weekday, Women's Hockey and Basketball, etc. On Sat, Oct 7, 2006, a **Women's** Hockey game coincided with a Full light, but likely only because there were also TWO events at the Orpheum Theatre {8 and 9 pm}, with attendance for the later event estimated at 1,200.)

- of these 10 "Full" events, only 7 would have resulted in additional "turnaway" hours if the Premium Pass had been in effect. (To clarify, a NON-sellout Overture production, while triggering the Full light, would NOT have resulted in any additional "turnaway" hours, while **sell-out** and certain other Overture productions would have resulted in .5 to 1.0 additional "turnaway" hours per event.)

Following are the details for the 7 "Turnaway" events ... (NOTE: While these 7 "Turnaway" events represent 70% of the 10 FULL events, they only represent 21% of the 34 "overlapping" KC/OC events.)

	<u>Kohl Center Event</u>	<u>Overture Event</u>	<u># Hrs at &gt;600 Prkrs (a)</u>	<u># Hrs at &gt;590 Prkrs (a)</u>	<u>Add'l "Turnaway" Hours</u>
Sat 10/7/06	Women's Hockey (b)	Hairspray (+ TWO events at Orpheum)	1	2	+ 1.0
Fri 10/13/06	Men's Hockey (c)	Madison Symphony Orchestra	1.5	2	+ .5
Sat 10/14/06	Men's Hockey (c)	Madison Symphony Orchestra	4	4.5	+ .5
Sat 10/21/06	Men's Hockey (c)	Bob Newhart	1	1.5	+ .5
Fri 11/10/06	Men's Hockey (c)	AIDA	0.5	1.5	+ 1.0
Fri 4/20/07	UW Band Concert	Madison Symphony Orchestra	1	1.5	+ .5
Sat 4/21/07	UW Band Concert	Madison Symphony Orchestra	0.5	1	+ .5
Totals for these 7 Events .....			9.5	14	+4.5 hrs

Notes:

- (a) This assumes the FULL light is coming on at ... (some 'wiggly room' built in)  
 Currently - 600 (capacity is 605 after 6 pm and on Sat and Sun)  
 Proposed - 590 (capacity would be reduced by 10 >> 25 Premium Pass parkers less 15 spaces for "oversell")
- (b) **Women's** Hockey is typically NOT a Kohl Center event that would trigger the Full light at Overture; on Sat, 10/7/06, however, there were also TWO events at the Orpheum Theatre (8 and 9 pm), with attendance for the later show estimated at 1,200.
- (c) Likely just a coincidence that it was only **Hockey**, not **Basketball** games, that coincided with these particular Overture events !

Conclusion:

Based on the results of our analysis, and assuming that the number of Kohl Center and Overture Center events which meet the above criteria remains consistent from year to year, it appears that if 25 Premium Passes are sold at the Overture Center Ramp it would result in about 4.5 additional "turnaway" hours during the 7-month period October thru April. Note however, that while we can approximate the number of additional "turnaway" hours, we do NOT know how many parkers we're turning away during these additional 4.5 hours, if any ! (Just as we do not know how many parkers we're turning away under **current** conditions when the Full light comes on, which was 9.5 hours for the above 7 events ...)

Note: While special event goers might be pre-empted by Premium Pass holders during these additional "turnaway" hours, this would NOT hurt our bottomline as the Premium Pass would be priced above \$120 -- the cost a parker would have to pay if they attended a special event every day of the average month !! (\$4 x 30 days -- NOT a likely scenario !) In other words, we're getting more revenue (on a daily basis) from the Premium Pass holders than from the special event goers we might be turning away ...