



Date: May 2018

From: Assistant Parking Utility Manager, Sabrina Tolley

Subject: 2018 Proposed Residential Parking Permit Fee Change

Background:

The City Residential Parking Permit Program (RP3) is administered by the Parking Utility and permit fees have historically been set at the amount necessary to retain revenue neutrality. While the Parking Utility is an enterprise agency responsible for operating, maintaining, and building on and off-street parking facilities, and must generate sufficient reserves to fund operating and capital costs, including future parking garage replacements, the RP3 program does not generate net revenue and under State Statute, revenues generated from permit fees may not exceed the cost to operate the program.

Historically, expenses tracked under the RP3 program have included Parking Utility, City IT, and City Attorney's Office staff time, as well as printing, mailing, and supply costs for the program. In 2016, the Transit and Parking Commission Subcommittee reviewed the current program and explored options for potential changes to program enforcement hours. The Subcommittee requested information on what costs were being expensed to the program, and upon learning that no enforcement costs were being charged to the program, directed City staff to identify those costs and begin charging those expenses to the RP3 program.

Additionally, because the Madison Police Department does not differentiate between RP3 and other time-restricted enforcement activities for tracking staff time, a method to accurately determine time spent on RP3 enforcement hours vs non-RP3 time restrictions was unavailable until recent years with the GIS mapping of all on-street restrictions. At the direction of the TPC Subcommittee, staff developed a methodology to determine the enforcement costs directly attributable to RP3 enforcement, and began directly allocating payroll expenses to the RP3 program in 2017 in order to begin tracking those expenses, which were reimbursed to the Parking Utility at 2017 year-end.

In the 2018 Operating Budget, the Common Council approved the allocation of an additional \$395,000 in Madison Police Department Parking Enforcement Officer salary expenses to the Parking Utility for the costs associated with RP3 enforcement. Prior to 2018, only the Parking Enforcement Officer (PEO) salaries for the PEOs performing on-street meter enforcement activities were charged to the Parking Utility, and the salaries for PEOs performing RP3 and other enforcement activities had been fully funded in the Police Department's budget by the General Fund.

RP3 Program Revenues and Expenses:

Currently RP3 program expenses are approximately \$145,000 for all non-enforcement related costs (Parking Utility staff time and purchased supplies and services). The annual cost to perform RP3 enforcement is approximately \$395,000 for 2018. The current annual permit fee of \$28 for an annual and \$7 for a replacement permit was the fee necessary to cover the Parking Utility's expenses to administer the program on a revenue neutral basis. With the additional \$395,000 in RP3 program expenses with the allocation of enforcement costs in 2018, the Parking Utility estimates that an annual permit fee of \$105 and a \$26 replacement permit fee would be necessary to achieve revenue neutrality for program administration.

Recognizing that increasing the annual permit fee from \$28 to \$105 at once would be a significant change and would not provide residents in RP3 districts with adequate time to consider whether they want to continue participation in the program, the Parking Utility proposed a more incremental fee increase of \$42 for an annual permit and \$11 for a replacement permit, to go into effect for the 2018-2019 permit year.

The increase to \$42 and \$11 is projected to generate an additional \$57,000 in revenue in 2018, bringing the total program revenues to \$205,000 for 2018. If the increase is approved, the RP3 program is still expected to operate at a deficit, requiring an estimated \$250,000 from Parking Utility Reserves in 2018 to subsidize the program costs.