

TRANSIT AND PARKING COMMISSION COVER SHEET

AGENDA ITEM	MEETING DATE Jan. 10, 2006
ITEM Parking Rate Increases	
ID Number	Council report back due date: N/A
OTHER REFERRALS AND ACTIONS TAKEN TO DATE: (Asterisk indicates lead agency.) Discussion at TPC meeting of 12/8/05	
<p>STAFF DISCUSSION OF ITEM: The Parking Utility has various financial obligations including the following:</p> <ul style="list-style-type: none"> • 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 <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 PILOT (+\$100,000 est.), the building of the proposed Mid State Street Ramp with a \$6M Parking Utility financial obligation, and the replacement of the Government East Ramp at a cost of \$15M (minus a developer payment if any) have combined to trigger another series of rate increases. Without appropriate rate increases these items cannot be funded.</p>	
FISCAL IMPLICATIONS: No impact on the tax levy. The Parking Utility funds all of its costs internally by fees assessed to its customers.	
MATERIALS PRESENTED WITH ITEM: Rate alternative sheet	
<p>STAFF RECOMMENDATION/RATIONALE: At its Dec. 8, 2005 meeting, the TPC asked staff to come back with some alternatives that would generate approximately \$1,100,000 in additional revenue. Staff has identified approximately 40 rate items that can be adjusted on an individual basis. As evidenced at the last meeting, there is a constituency that wants to keep nearly every rate where it is or even lower it. Maintaining certain rates at current levels means raising other rates higher than anticipated. There are hundreds of rate scenarios that would generate the needed revenue. The attached spreadsheet illustrates four of these scenarios. The initial draft proposal included the following items:</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 use periods without paying additional fees. • Increase the street meter enforcement times from the current 8 am-6 pm to 7am-7 pm. • Increase the on-street meter rate from the current \$1 to \$1.25/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. 	

- Standardize all of the on-street meters to the new \$1.25 rate. Currently Monroe Street and the Schenks meters are \$.35/hr.
- Increase 10 hr meters from the current \$.35 to \$.50/hr.
- Standardize the surface lot meters to \$ 1.00/hr. It now varies from \$.30 to \$.85/hr, with the Buckeye and MMB lots already at \$ 1.00/hr.
- Standardize the ramp evening/weekend rate at \$2 as it is at Overture Center, State Street Campus and State Street Capitol. It is currently \$1 at Capitol Square North and Government East.
- Standardize the lost ticket rate in ramps at \$10/day. It is currently \$8 or \$9 depending on facility.
- Enforce all surface lots and ramps 24/7.
- Increase monthly rates by approximately 23% 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.
- Maintain the current special event rate of \$3.00 per event.
- Increase the meter hood rate to \$15 per day (12 x \$1.25/hr). These are currently \$7.50 - \$9.50 for a full day. Increase hang tags from \$10 to \$15 for a full day, and from \$6 to \$9 for a 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 (including residents) for 24 hours. We suspect 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. Increase the hourly rate for motorcycles from \$.30 to \$.50.
- Retain the current fee for residential parking permits, \$21/year.

This rate modification will generate approximately \$1.1M per year in additional revenue.

Alternatives #1 and #2 keep the on-street meter rate at the current \$1 level, increase the Monroe and Schenks meters from \$.35/hr to \$.50/hr, increase meter enforcement times to at least 7 a.m. to 7 p.m. (and in some locations longer), and increase the special event fee from \$3 to \$5. Alternative #1 maintains the current monthly and business rates while alternative #2 increases these rates but not as high as the original proposal. All of the alternatives include a \$15 lost ticket fee. Alternative # 3 is a blend of modest rate increases, with nearly every area accepting some of the revenue generation burden and is the staff recommendation.

Many other rate strategies can generate the revenue necessary for future projects.

We expect that three 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 rate increases will be similar to that shown above but the exact amounts will be determined after staff analyzes the result of the 2006 increases.

After the Commission has agreed upon policy issues involved in setting parking rates (hopefully at this meeting), staff will prepare a "Final" rate proposal and schedule a public hearing at the next TPC meeting. Since it takes the Parking Utility up to 5 months to fully institute a rate increase it is important to keep this process moving along.

PREPARED BY:

SIGNED:

DATE: _____

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