

City of Madison
Parking Utility
Memorandum

DATE: April 5, 2012

TO: Transit and Parking Commission

FROM: William Knobloch, Parking Operations Manager

SUBJECT: Staff comments on 2012 Proposed Parking Rate Modifications
Prepared for the 4/11/12 meeting of the TPC

Background:

The Transit and Parking Commission held a public hearing on March 14, 2012, concerning the staff proposed rate modifications. Seven people spoke to the commission and dozens relayed their comments/suggestions through emails and letters. The matter was referred to the April meeting to allow staff time to research the ideas suggested by the public and Commission members.

Information presented by staff at last month's meeting:

(Info presented previously is shown in black. Updated info is shown in red.)

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 **\$21M** 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. Without appropriate rate increases, these items cannot be funded. Our biggest financial challenge is replacing the three oldest structures (Government East, Lake Street and State St Capital garages) in relatively quick succession. Replacing all of the garages in a manner consistent with that proposed for the Government East facility would cost over \$131,000,000. (See attached table for updated replacement costs.)

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.

New Staff Discussion:

Following are the comments and ideas from the public or Commissioner (shown in black), followed by **staff comments (shown in red)**.

1. Delay the implementation and action by the TPC until next month.

TPC action was delayed until the April meeting. Yes, implementation of all rate modifications can be delayed indefinitely but there are ramifications. Our costs in nearly every area have continued to increase in the last three years since the 2009 rate modification, and they increase constantly every month of delay. The cost to the utility is up to \$50,000/month in revenue to delay these modifications.

2. Treat the Monroe Street area differently by charging different rates on different blocks and charging the highest rate in the Evergreen Lot. Sell the Wingra Lot.

Yes, the Monroe Street area could be treated differently. Monroe Street isn't much different than other parts of the city where demand differs by block. Total demand there is approximately the same as total demand in the CBD area.

What is the justification for charging shoppers, restaurant/business patrons etc. in the Monroe Street area less than other areas of the city? The costs to service periphery areas is actually higher due to the stem time involved.

Without meter revenues, the Utility will be unable to maintain or rebuild our structures. The debt service on new structures will not allow the Utility to break even financially based on the fees that users will be willing/able to pay in Madison. It requires a system-wide revenue approach.

The speaker suggested a 3-tier rate system where blocks closer to Regent Street would be charged \$1/hr and the block closer to Harrison would be charged \$1.50. The meters in the 1400 block of Monroe Street (along the Stadium) have a \$1.50/hr fee now, with a proposed fee of \$1.75.

A compromise rate strategy might be to set the rate on Monroe Street and Evergreen/Wingra Lots at \$1.40/hour. This has the potential of generating an equal amount of revenue as staff's original rate proposal. Last year's rate modifications and compromises tell us that parker's behavior is often unpredictable. The Schenk/Atwood area would need to be treated in a similar manner. Staff could support this compromise and would report the results to the TPC.

Staff has contacted the Interim Library Director, City Real Estate, the Library Board Chair and the City Alderperson, who all agree that a possible sale of this parcel should be pursued. The Library has told us that they don't wish to purchase the lot. It is one of the least-used facilities in our system and requires an enormous subsidy from other parkers elsewhere in the city to maintain it. It's similar to the situation we faced at the Atwood Lot on the East side before we sold it to United Way. The sale of the Wingra lot will improve the occupancy of the meters in the blocks closer to Regent Street.

A business leader on Monroe Street has advised the Utility that the business group is not in a financial position to buy, subsidize or maintain the lot. She suggested that we consider leasing half of the lot to monthly parkers – perhaps owners and store workers. Utility staff reminds Commission members that we do not want overnight parkers on surface lots due to snow removal issues in the winter. That's why we don't have 24/7 stalls in any of the other lots

including Brayton. Staff recognizes the potential to lease some daytime stalls to the public. Perhaps 10 stalls could be leased at \$75 - \$100/month for a total of \$1000/month.

3. Can we maintain the Pay-on-Entry rate at the current \$4, or develop a system where parkers not attending the special event can pay a different (lower) rate?

Yes, we can maintain the \$4 POE rate with an expected revenue loss of up to \$135,000 per year. We have not been successful at developing a POE system that charges different parkers different rates based on what they tell us about their parking purpose at the entry gate. We have been trying to notify parking customers that there is a special event in progress and that there is hourly parking available at another facility.

During the recent Boys WIAA rare, all-day special events on Thursday, Friday and Saturday, we asked cashiers to keep track of complaints from special event attendees paying the full hourly fare and from short-term parkers paying the \$4 POE rate. They got a few complaints from both sides. Some special event attendees complained that we didn't run the POE long enough and they were forced to pay the hourly rate and some short-term parkers from the Farmers Market complained that they had to pay \$4 for a very short stay. There were approximately 8,800 POE on these three days, and perhaps a few dozen complaints.

The UW charged \$10 on WIAA game days and typically charge \$15 or more for parking during other events. The UW does not currently have a method to charge different parkers different rates during a large POE event. Dane County charges \$6 POE at Alliant Center during special events.

New revenue equipment on the market may have the capability of charging different rates to different people based on an attendant's assessment. However our equipment is not ready for replacement. Better signage could be created to direct non-event goers to facilities without a POE.

4. Keep the current pole meters at \$1.50.

Yes, this can be done with an opportunity cost of up to \$240,000 per year.

5. Increase on-street meter enforcement hours to create turnover for businesses open after 6 pm.

Yes, this can be done. The Utility has suggested a trial on Langdon Street near the Memorial Union and is not opposed to expanding the trial to some streets near the Overture Center. The MPD has advised the Utility that they could provide some enforcement in the extra hour proposed.

6. Create a differential price for essential vs. non-essential use of meter hoods.

Historically meter hood prices have been linked to the maximum daily revenue of the meter ie; $\$1.50 \times 10 = \15 . This discourages non-essential use as does the ½-day rate currently at \$8. The proposed rate schedule calls for a \$16 meter hood rate with a ½-day rate of \$9. A full day's meter revenue would be \$17.50 with the new proposal.

Meter hood rates are much like lost ticket fees. The higher they are, the less likely they are to be abused. Sponsors buy them for the shortest period possible to accomplish their task to limit their costs. Example: The UW had a very large, long-term construction project last year on a local metered street. They originally asked for both sides of the street for well over a year. When the contractor found out the cost of this request for the required meter hoods, they

changed the request to only one side of the block. The contractor gained through lower fees and the public gained through a higher number of meters available to the public. These meters have been heavily used since the start of the construction project.

It is very difficult to distinguish between essential and non-essential hoods. While most of us would agree that the parking of an empty semi for advertising purposes may be non-essential, this represents almost none of our meter hood business. Staff believes that this type of behavior should be prohibited.

7. Link the lost ticket fee to the highest rated facility.

The highest rated facility is Brayton Lot at \$1.50/hr enforced 24/7. For a 24-hour day, the rate would be \$36.00. The Utility has requested a \$30 fee. If a patron stayed a week and "lost" their ticket they would still owe the Utility \$30. The higher the lost ticket fee, the less likely it will be that they will lose their ticket. In 2009 when we increased the lost ticket fee from \$10 to \$20, the number of lost tickets was cut in half. The number has gradually crept upward from that level. Other parking facilities charge much higher lost ticket fees. The Hyatt in Rosemont, Illinois for instance, charges \$200. If a parker finds their ticket later, they can request a full refund of the difference.

8. Rather than charging higher hourly rates, charge the all-night and weekend parkers \$7 rather than the current \$5.

We tried this in 2009 when we exchanged the proposed \$1 increase in POE rate (from \$4 to \$5) with a \$2 increase in weekend/night rate from \$3 to \$5. It didn't work. Private competitors with large empty parking inventories at night and on the weekend kept their rate at \$3, and we lost business to them. Look at the large parking signs in the right-of-way advertising, showing this lower price often within eyesight of our facilities. Some of these private parking facilities were built with TIF funds. Public parking is not eligible for TIF funds.

9. Return some of the parking citation and parking fee revenues to the Utility.

Anne Zellhoefer, Asst. City Attorney, responds as follows:

You asked what authority there was for parking ticket forfeiture revenues to be deposited into the General Fund. Wisconsin statutes provide that all forfeitures collected for non-moving (parking) traffic violations, whether collected by municipal court, circuit court, or direct payment from those receiving the citations, are to be deposited with the City Treasurer. Neither the statutes nor Madison General Ordinances direct the City to use parking forfeiture revenue for any particular purpose. Section 62.11(5), Wis. Stats., provides that the Council shall have the management and control of City finances. In other words, the Council has the discretion each budget year to do with the parking ticket revenues as it wishes.

10. Encourage more people to drive/park downtown through lower monthly rates.

The Utility could lift the monthly caps at all facilities where the peak occupancy is less than 85% (all but CSN right now). When we did this recently at Overture, our revenues actually went down as the new monthly parkers turned out to be our former hourly parkers and the hourly parkers pay more than the monthly parkers. There is currently a waiting list at many of the facilities for monthly parking, but they are less than 6 months in length. Monthly parkers create more variable costs than most people realize. They bring in snow/ice/water/salt that corrodes the steel/concrete. This results in significantly higher remediation costs years later. The Parking Operations Manager has used the authority given to him to increase the number of monthly permits at Overture garage by 15 last week. He will continue to monitor this number to make

sure customer needs are being served especially those that may be moving from CSN to Overture. These new monthly customers at Overture garage will be paying the full monthly charge approved by the TPC.

11. Spread the increases out evenly over all of the structures rather than increasing CSN by 30¢/hour and others not at all

The purpose of differential rates is to encourage parkers to use less well-used facilities and to make more room at overly used facilities. It's similar to what we did with Brayton Lot and GE as they related to CSN rates in 2009. It worked. GE and Brayton lot now operate with a healthy occupancy; however CSN is overcrowded and Overture is underutilized.

Following are other comments and ideas from Commission members, with staff comments:

Delay the action on this proposal until the next meeting.

This has been done.

Increase the rate for the first hour at garages.

This can be done with our current equipment but it seems contrary to our emphasis on helping the short-term vs. the long-term customer.

Consult the Library about possible plans for Wingra Lot.

Done. They do not wish to buy the lot but expressed interest in a development that may include the Library.

Does CDA have an interest in the Wingra Lot?

CDA does not have an interest in the Wingra Lot according to the CDA Director.

Would the Monroe Street business neighborhood be interested in purchasing or subsidizing Wingra Lot?

No, the Monroe Street businesses are not interested in purchasing or subsidizing the Wingra Lot. Orange Schoreder thought it may have potential as a leased parking lot during the day to business owners and employees.

Could monthly parking pass holders receive volume discounts based on the number of passes purchased? Uncap monthly pass limits.

Yes, volume discounts to monthly pass holders can be approved by the TPC. Groups that lease stalls already receive a discount since they receive the resident rather than the non-resident approved rate. This is how the recent lease rate was calculated last month for the 35-50 stalls at OC garage.

Utility staff supports uncapping the number of monthly permits at all facilities where average peak occupancy is below 80%. Right now this includes every garage except CSN. This doesn't necessarily increase occupancy since some of the new pass holders are already hourly parkers in the same facility, who pay significantly higher rates. This could also be true of groups buying monthly passes in volume amounts.

Could the Parking Utility or others build mixed-use facilities and lease the property in order to generate revenues?

Yes, the Parking Utility or others could build mixed-use facilities like Monroe Commons and this would produce revenues. The Utility has no expertise/interest in becoming a landlord or building owner. However we are keeping an open mind about leasing space to others in our facilities.

Can the Utility's proposed enforcement after 6 pm on Langdon Street by the Memorial Union be expanded to include streets near Overture to provide a better test of this enhancement?

Yes.

Could the Utility have some restricted enforcement authority for some of the street meters and can some of this citation revenue come back to the Utility's budget to help offset some of its costs?

This is being researched by the City Attorney's Office now.

STAFF RECOMMENDATIONS:

(Recommendations presented previously are shown in black. Additions/changes to them are shown in red.)

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 Street by the Memorial Union where adjacent UW meters are enforced until 10 pm, and on some streets near the Overture Center.
- 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 \$1.40/hour, and increase the Evergreen and Wingra Lot prices to \$1.40/hour.
- Increase lot prices to various levels to reflect lot costs.
- Sell the Wingra Lot to a development acceptable to the neighborhood.
- 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.

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- 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. Half-day prices will increase from \$8 to \$9. **Forbid parking of vehicles in hooded stalls for advertising purposes.**
- 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 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. (Attached is a revised rate proposal to reflect changes in staff recommendations.)

WK:abc

Attachments