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## TRANSIT AND PARKING COMMISSION COVER SHEET

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**AGENDA ITEM: E.1.**

**MEETING DATE: May 13, 2008**

**ITEM: Premium monthly pass – Capitol Square North**

**STAFF DISCUSSION OF ITEM:**

All monthly pass holders are required to leave the Capitol Square North facility at 10:00 PM. Potential customers have complained that this puts us at a competitive disadvantage with other parking entities, which often price their monthly passes with 24/7 accessibility. This is especially important for people that 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. Capitol Square North operates at about 61% occupancy during the normal daytime peak and is typically at 5% - 10% 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.

At a previous TPC meeting, concern was expressed over the following issues connected to the premium pass at Overture Garage:

- Is there a market for the premium pass?
- Would the garages be turning special event patrons away if premium passes were sold?
- Are the proposed passes priced too high or too low?
- Would the Parking Utility's financial position be impacted?
- Testimony was given from a downtown resident/landlord, indicating that long-term parking was needed for downtown residents.

As a result of these concerns, staff proposes a pilot program at the Capitol Square North garage only. We would attempt to sell a maximum of 50 premium passes during this test period for \$145/month residents or \$160/month non-residents. The current Capitol Square North monthly passes sell for \$100/\$117 resident/non-resident/business.

**FISCAL IMPLICATIONS:**

Premium monthly pass: Increased revenue of \$27 - \$160/month/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.

**STAFF RECOMMENDATION/RATIONALE:**

- **Is there a market for the premium monthly pass?**

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 that 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.
- **Would Capitol Square North garage be turning away special event parking patrons?**

Yes, but on a very limited basis. During very large events such as Art Fair and Taste of Madison, all Parking garages can fill up. If these 50 premium passes sell out, vacant stalls will be impacted. These 50 spaces represent about 1% of the public parking stalls in the downtown area. An analysis by Parking Utility staff indicates approximately 13 hours of "full" occupancy on an annual basis during these large events. The addition of these 50 premium passes would have a very small impact on the number of "full" hours.

- **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 for \$90 - \$125/mo for campus area parking. A February 2008 telephone survey found five 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 Capitol Square North currently pays \$ .80/hour. If they stay 8.75 hours/day and work 19 days/month, they would pay \$133/month at the hourly rate. If an hourly parker stays 24/7, except for 2 days/month, they would pay \$399. 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 \$120.00

- **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 \$7250 in additional revenue each month (\$145 x 50) or \$87,000/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 very low at Capitol Square North and we need to do something to better utilize it. **Staff recommends a one-year pilot premium monthly pass program at the Capitol Square North garage with a maximum of 50 participants.** The selling price at Capitol Square North would be \$145/month for residents and \$160/month for 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, Parking Utility

**DATE:** May 6, 2008