



Traffic Engineering and Parking Divisions

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April 5, 2007

To: City Transit & Parking Commission

From: Joanne Easland, Parking Analyst

SUBJECT: 2006 PARKING REVENUE/EXPENSE OVERVIEW

Parking Utility revenues and expenses for 2006 are summarized in the Attachment; the net change in cash was +\$2,223,849, excluding encumbrances. Reasons for major differences between budget and actual are explained below. (Note: number references refer to the attached map.)

OPERATING REVENUES

Gross ^{*} revenues (excluding interest on investments and advertising revenue) for 2006 totaled \$10,015,400, which was \$301,990 (3.1%) over budget. Interest income totaled \$717,370, which was more than double the budget (of \$383,480) and about \$180,750 over 2005 levels; and Advertising revenue came in about \$12,650 over budget.

Revenues for all activities except Off-Street Meters, Monthly Parking and Miscellaneous/RP3 came in over budget as follows:

	Over/(Under) Budget	
	<u>Amount</u>	<u>Percent</u>
Cashiered Spaces (Ramps)	\$ + 261,530	+ 4.0%
Off-Street Meters (Lots/Ramps)	(3,610)	(.7)%
On-Street Meters	+ 18,750	+ 1.2%
Construction Rev – On-Street Meters	+ 39,810	+ 16.2%
Subtotal – On-Street Meter Revenue	+ 58,560	+ 3.3%
Monthly Parking (incl'g Long-Term Leases)	(4,480)	(.6)%
Miscellaneous/RP3	(10,010)	(8.2)%
Subtotal – Operating Revenues	+ 301,990	+ 3.2%
Interest Income	+ 383,480	+114.9%
Advertising Revenue	+ 12,650	+ 18.4%
TOTALS – Including Interest and Advertising Revenue	<u>\$ +698,120</u>	+ 6.9%

* Gross = includes Sales Tax

Cashiered Facilities

As shown, Cashiered facilities had the second largest positive variance (+\$261,530), despite one less revenue-generating day and lower occupancy rates for all facilities except Overture Center (#9).
Reminder: our budget projections reflect the June 1, 2006 rate increase package, as follows:

- hourly rates raised at all ramps except Overture; and the following changes were made across-the-board ...
- the Evening/Weekend Maximum raised from \$1/\$2 to \$3, and
- the Special Event pay-on-entry fee raised from \$3 to \$4.

Thus, as all variances came in over budget despite *lower* occupancy levels, this would seem to indicate that our revenue projection model is slightly conservative.

The largest variance (+\$97,870) occurred for the Overture Center Ramp (#9), where occupancy levels averaged 54% (285 parkers) vs 48% for 2005 (252 parkers). We presume most of this increase resulted from a shift of price-sensitive customers following the June rate increases (again, which were **not** implemented at Overture). This ramp rarely exceeds the (desired) 85-90% occupancy benchmark.

Revenues for the State Street Campus Ramp (SSCa, #11) came in about \$67,000 over budget. This facility had the largest rate increase: from \$.85 to \$1.10, for a \$.25 (+30%) increase. Following the rate increase, occupancy dropped about 10%-12% *across the calendar* vs 2005 levels; i.e., about 110 – 130 fewer parkers. Average occupancy levels now range from 75%-80% when the UW is in session, and about 55% - 65% all other times. Similarly, 85-90% occupancy is now achieved only about one half-hour each day, vs about 3 hours per day in 2005. Conversely, there is minimal change in occupancy levels at the State Street Capitol Ramp (#12) when MATC is in session – holding at about 75% (530 parkers). However, occupancy levels dropped about 5% (35 parkers) all other months, even *before* the rate increases. As at SSCa, 90% occupancy is reached about one half-hour per day on average. Revenues for State Street Capitol came in about \$21,650 over budget.

Revenues for the Government East Ramp (#6) came in about \$56,800 over budget. As 'after 6 pm' usage has remained about the same, we presume some of this increase is due to the increase in the Evening/Weekend Max (from \$1 to \$3 at this ramp). The other contributing factor is that, despite being one of the pricier ramps, occupancy was only slightly dampened by the rate increases, averaging about 80% to 90% (340 to 385 parkers) on a fairly consistent basis thru-out the year. Ninety-percent occupancy levels are not being achieved as often, however; i.e., prior to the rate increase, 90% occupancy was maintained about 4 – 4.5 hours per day, vs 1 - 3.5 hours per day for the last half of 2006.

As the Capitol Square North Ramp (#4) does not get the large 'after 6 pm' crowds like Government East, this facility did not benefit from the same increase in the Evening/Weekend Max. Revenues for this ramp came in just \$19,120 over budget. Average occupancy has fallen from about 70% (340 parkers) to about 55% (265 parkers) – loss of about 72 parkers – since the rate increase. This facility rarely achieves 90% occupancy, even before the rate increases.

Off-Street Meters (Lots/Ramps)

Revenues for this category came in about \$3,610 below budget. Buckeye Lot revenues came in about \$100 *below 2005 levels* despite the June rate increase from \$1.00 to \$1.10. In addition to one less revenue-generating day, this lot was likely adversely impacted by State Street Phase II construction – 2006 occupancy averaged 73% (39 parkers) vs 80% (42 parkers) for 2005.

The Evergreen Lot resumed operation October 20 (after being out of service for more than a year) as part of the Monroe Commons Condominium Project. Revenues for the last 10 weeks of 2006 averaged \$650 per week vs \$190 per week for the 33 weeks of operation in 2005. That's a 242% revenue increase, vs the 67% *rate* increase (from \$.30 to \$.50 per hour).

All other variances were within +/- \$5,800 of budget.

On-Street Meters

As shown, revenues for On-Street Meters came in \$58,560 over budget – with increases for both collection routes (+\$18,750) and construction-related revenues (+\$39,810). (Rate increases for on-street meters, from \$1.00 to \$1.25 per hour, were phased in over July and August. Contractor-related rate increases were effective July 1; e.g., **half**-day hangtags went from \$6 to \$7, and **full**-day permits went from \$10 to \$13). Despite the rate increases, sales of contractor hangtags continued strong in 2006 – about 814 more permits sold (+\$24,360) compared to 2005 sales. These permits have been very popular since their debut mid-April 1998.

Most routes had positive variances despite one less revenue-generating day in 2006 and slightly lower occupancy levels for all but two routes (Meriter and University areas).

The following table summarizes the results of our monthly “On-Street Meter” surveys for the last three years, with a comparison to 2001 – **pre**-rate increase from \$.75 to \$1.00 per hour. As shown, Vacant meters *increased* by about 15 percentage points from 2001 to 2006; Occupied/Paid and Expired meters both *declined* about 7 points; but Enforcement Rates *improved* about 18 points. As reported earlier, Parking Enforcement Officers are now issuing tickets during the 4 pm and 5 pm hours.

On-Street Meter Trends – Yearly Averages for 2001 and 2004 thru 2006

(on-street meter rates increased from \$.75 to \$1.00 per hour on January 1, 2002; and to \$1.25 per hour about mid July 2006)

	<u>2001 (Avgs)</u>		<u>2004 (Avgs)</u>		<u>2005 (Avgs)</u>		<u>2006 (Avgs)</u>	
	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>	<u>#</u>	<u>%</u>
Occupied and Paid Meters	153	36.9%	148	36.4%	134	33.6%	129	30.0%
Vacant Meters	121	35.3%	167	41.6%	190	41.2%	194	50.0%
Meters Occupied by Dis/Vets	52	11.2%	56	13.8%	53	13.3%	58	10.0%
Expired Meters	<u>70</u>	<u>16.6%</u>	<u>34</u>	<u>8.3%</u>	<u>48</u>	<u>12.0%</u>	<u>36</u>	<u>10.0%</u>
Total Meters Available	396	100.0%	405	100.1%	425	100.1%	417	100.1%
Enforcement Rate	-	12%	-	22%	-	20%	-	30%

(minor differences may exist due to rounding)

Monthly Parking (Including Long-term Leases)

This revenue category finished just slightly under budget (-\$4,480), with the largest variance for Overture (#9) “regular” monthlies (-\$2,160). Despite no increase in the monthly rate at this ramp, the requirement for a 6 pm exit continues to be an obstacle to filling vacancies. Variances for all other facilities came within +\$1,340 of budget.

The following table provides waiting list numbers for the years ended 2005 and 2006, with a comparison to 2001 – **before** the two-year rate increase package which raised monthly rates 10% in both 2002 and 2003. While no longer shown in the following chart, immediately following the rate increase, waiting list numbers declined noticeably. The following situations further pared the lists: (1) opening of the Blair Lot (#1) in October 2002 (50 renters); (2) approval to fill up to 100 spaces at the Overture Center Ramp effective August 2005; (3) the move of several State offices from the downtown area over the past couple years; and (4) the latest round of rate increases (effective June 2006). While the 2006 levels are less than one-half of the 2005 levels in most cases, *they are better than the 2004 levels (no longer shown)*.

MONTHLY PARKING WAITING LIST
Comparison – Year-End 2001 (pre-rate increases), 2005 and 2006

FACILITY	NUMBER OF PEOPLE ON WAITING LIST								
	RESIDENTS			NON-RESIDENTS			TOTAL		
	2001	2005	2006	2001	2005	2006	2001	2005	2006
Cap Square No (#5)	84	50	21	55	58	25	139	108	46
Gov't East (#7)	24	75	29	29	75	44	53	150	73
Overture Ctr (#9)	n/a	9	6	n/a	4	4	n/a	13	10
State St Capitol (#12)	30	32	3	22	39	12	52	71	15
TOTALS	138	166	59	106	176	85	244	342	144
Note: some individuals are on more than one waiting list. The total number, excluding duplicates, is ...	102	114	53	82	102	67	184	218	120

RP3 and Miscellaneous

RP3 revenue came in \$11,060 under budget (and about \$7,630 under sales for *calendar* year 2005 – which equates to about 360 fewer permits sold). For the first four months of the *permit* year '06/'07 (which began September 1), we sold 150 fewer permits vs '05/'06 (-\$3,150). The permit fee remained at \$21 in 2006. These lower RP3 permit sales follow the trend of decreased usage at the State Street Campus Ramp – perhaps students have traded their automobiles for other forms of transportation (e.g., Metro, scooters, legs !??)

All other variances were within +/- \$2,420 of budget.

Interest Income

Interest income came in about \$383,500 over budget (and about \$180,750 over 2005 levels). In addition to being difficult to predict, our projections assumed a \$3 million (cash reserves) “withdrawal” for construction of the mid-State Street Ramp -- which did not occur in 2006. The average yield was 4.5%, vs 3.2% for 2005.

Advertising Revenue

This item came in about \$12,650 over budget as a result of upward adjustments to electricity usage (in August 2006). At the present time, there are 53 lighted displays throughout our five ramps.

OPERATING EXPENSES

Expenses for 2006 were \$1,575,880 (15.5%) below budget. However, an additional \$92,460 is encumbered and will be spent in 2006. This results in an amount below budget of \$1,483,420 (14.5%).

Salaries and Benefits

Salaries came in about \$232,490 (7.0%) below budget, with most of the savings attributable to the following: (1) the position of TDM Planner went unfilled (\$46,000); (2) salaries savings for the positions of Parking Equipment Tech 1 and 2, and Revenue Clerk; and (3) *hourly and overtime* salaries came in about \$19,960 and \$18,270 under budget, respectively. In conjunction with this net under-run for salaries, *benefit* costs also came in about \$107,000 (9.1%) below budget.

Purchased Services

Purchased Services finished about \$324,540 (26.4%) below budget. Encumbered funds reduce this by \$66,440 (to 21.0%). Most of this under-run (\$224,670) is attributable to projects that could not be completed in 2006, specifically: \$109,410 for General B&G Repairs and Maintenance, \$78,860 for Painting, \$10,660 for Doors and Windows, and \$25,740 for Consulting Services. Costs for Maintenance Contracts and Security Services also came in under budget by \$7,240 and \$17,920, respectively. We did run about \$20,670 and \$8,070 over budget for electricity and snow plowing, however. Advertising costs came in about \$37,630 under budget.

Materials and Supplies

Costs for items in this category came in just \$1,300 (.5%) under budget, despite (1) an over-run of \$43,090 for Equipment and Building Supplies; and (2) the unexpected shift of computer hardware and software purchases (totaling \$14,400) from the **capital assets** account due to price reductions (i.e., only items costing more than \$5,000 are capitalized; all others are expensed). These over-runs were offset, however, by savings for office-related supplies (\$21,820), building supplies and signage (\$21,670), and uniforms (\$17,420).

Payment to City Departments (Inter-Agency Charges)

Inter-departmental Charges finished about \$16,700 (1.6%) over budget, primarily due to Motor Equipment charges (+\$16,740). All other variances were within +/- \$3,700 of budget.

Debt Service

Principal and Interest expense matched budget in all material respects.

Payment in Lieu of Taxes (PILOT) and Meter Occupancy Fee

PILOT came in \$203,390 (16.9%) below budget. This item is difficult to predict as it is expensed more than one year after the estimate is made for the budget.

As part of the 2006 Budget deliberations, the Council amended MGO 4.18 to initiate the Meter Occupancy Fee for "use of the right-of-way and for related City services such as snow plowing"; the occupancy fee to be 10% of net receipts for on-street metered parking spaces (*including* receipts from contractors for meters removed from service due to construction.) Such receipts resulted in a Meter Occupancy Fee of about \$173,170 for 2006.

Miscellaneous Transfers Out

Subsequent to 2006 Budget approval, we negotiated an agreement with Ward Paxton for TDM services; the total paid for 2006 was \$1,040.

Fixed Assets

Fixed Asset expenses were \$900,090 (89.1%) below budget, with encumbrances reducing this amount by \$16,080. Several anticipated outlays simply didn't occur in 2006: \$120,000 for remodeling, \$20,000 for communication equipment enhancements, \$207,100 for (ramp) revenue equipment, and \$17,650 for vehicles

and other equipment. Funding for one uncompleted project -- \$500,000 for ramp signage/directional lighting - has been re-established in the **2007** Operating Budget. And, as mentioned earlier, this account included \$28,000 for computer-related purchases, which ended up running thru the "Material and Supplies" account due to price reductions.

State and County Sales Tax

This item came in about \$15,201 (3.0%) over budget (as adjusted for mid-year rate increases) due to the \$291,000 of revenue *in excess of our projections*.

CAPITAL EXPENSES

As was also the case in 2005, the \$12,060,680 Capital Budget included \$11.5 million for the mid-State Street Ramp (for which only \$6,940 was spent for conceptual design work). If this mid-State Street Ramp component is removed from the total, we're left with a Capital Budget of \$560,680. About \$416,800 (74.3%) of this total was spent in 2006, with another \$115,870 encumbered; thus, leaving less than \$35,000 unspent.

OTHER CASH TRANSACTIONS

In 2006 we received principal repayments on two outstanding loans: (1) \$50,000 for the 1996 loan to TIF #15 (Olin Terrace) -- the loan balance is \$100,000 and will be retired January 1, 2008; and (2) \$398,850 for the 2001 loan to TIF #23 (Capitol Point) -- the loan balance is \$1,372,020 and will be retired May 15, 2009.

RESULTS

As a result of all of the above, the Net Increase in Cash *Before Encumbrances* shown on the "2006 Cash Flow Statement" (see Attachment) was about +\$2,223,850. Encumbered funds of \$208,330 result in a Net **Increase** in Cash of about \$2,015,520.

* The budget is prepared in July, at which time we only have 6 months of *actual* revenue experience for the current year (year X). Additionally, we purposely take a slightly conservative approach for all revenue projections. Thus, often our projections for the *budget* year (year Y) end up coming in lower than *actuals* for year X. Low projections are offset, of course, by year-over-year revenue declines.

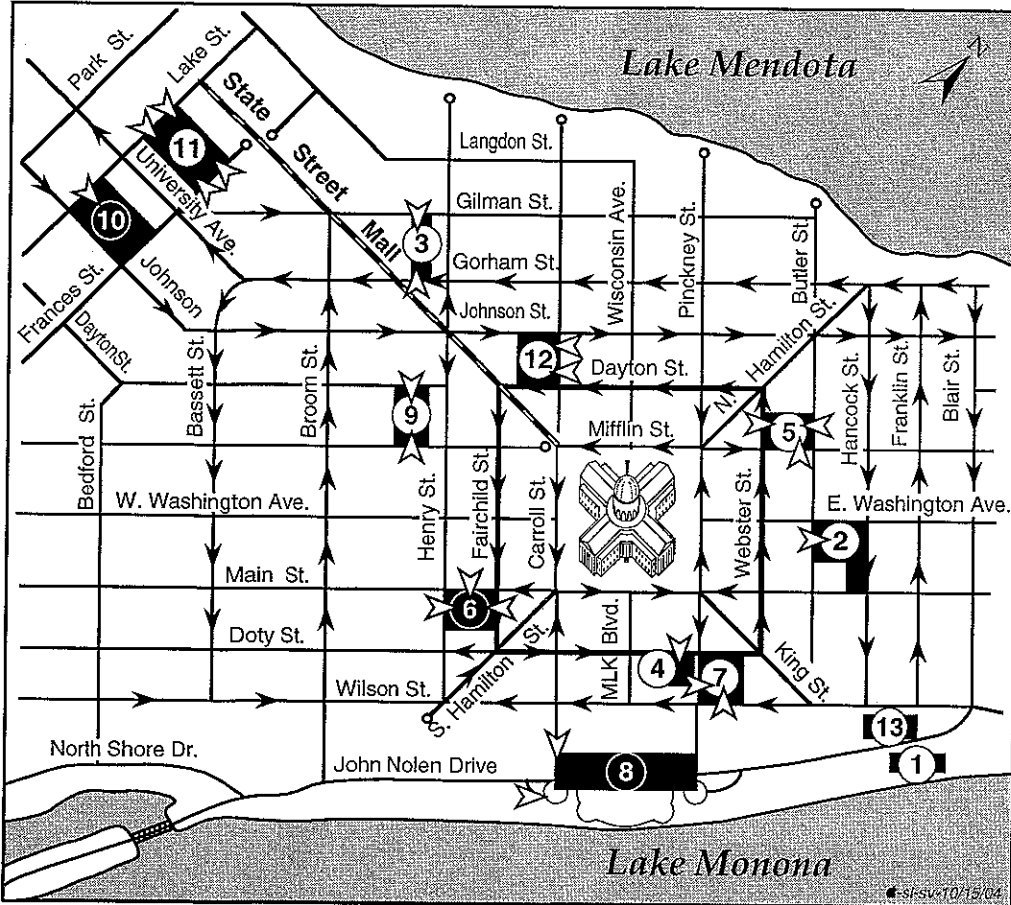
PARKING UTILITY 2006 CASH FLOW STATEMENT

OPERATING REVENUES (Gross)		
Parking Revenue	\$ 10,015,397	
Advertising Revenue	81,405	
Interest on Investments and Advances	<u>717,367</u>	\$ 10,814,169
OPERATING EXPENSES (Excluding Encumbrances)		
Salaries and Benefits	4,131,147	
Purchased Services	904,565	
Materials and Supplies	232,141	
Payments to City Agencies	1,049,979	
Debt Service (Principal and Interest)	595,340	
Payment in Lieu of Taxes	996,608	
Transfer to General Fund – Meter Occupancy Fee	173,166	
Transfer to Madison Planning Organization (TDM)	1,037	
Fixed Assets	110,612	
Inter-Departmental Reimbursement	(89,006)	
State and County Sales Tax	<u>516,781</u>	<u>(8,622,370)</u>
INCREASE IN CASH THROUGH OPERATIONS		2,191,799
CAPITAL EXPENSES AND OTHER CASH TRANSACTIONS		
Capital Fund Expenses (Non-Borrowing)	(416,800)	
Principal Repayment from TIF #15 (Olin Terrace)	50,000	
Principal Repayment from TIF #23 (Capitol Point)	<u>398,850</u>	<u>32,050</u>
NET INCREASE (DECREASE) IN CASH BEFORE ENCUMBRANCES		2,223,849
ENCUMBRANCES (NON BORROWING)		
Operating Fund	92,459	
Capital Fund	<u>115,872</u>	<u>(208,331)</u>
NET INCREASE (DECREASE) IN CASH INCLUDING ENCUMBRANCES		<u>\$ 2,015,518</u>

Note: Parking Revenues per this report are about \$18,590 HIGHER than reflected on the City's Books and in the report prepared by the Comptroller's Office due to differences in revenue recognition, i.e., cash (Books) vs accrual basis (Us).

DOWNTOWN PUBLIC PARKING

City Operated and Non-City Operated



FACILITY NAME	LEGEND
① Blair Lot	■ Public Parking
② Brayton Lot	⊙ # City Operated Facilities
③ Buckeye Lot	● # Non-City Operated Facilities
④ Lot 88	➤ Lot/Ramp Entrance
⑤ Capitol Square North Ramp	➤ One-way Street
⑥ Capitol Square South Ramp (County)	
⑦ Government East Ramp	
⑧ Monona Terrace Community and Convention Center (NOT City Operated)	
⑨ Overture Center Ramp	
⑩ South East Campus Ramp (UW-Madison)	
⑪ State Street Campus Ramp	
⑫ State Street Capitol Ramp	
⑬ Wilson Lot	