



Traffic Engineering and Parking Divisions

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To: City Transit & Parking Commission

From: Joanne Easland, Parking Analyst

SUBJECT: 2007 PARKING REVENUE/EXPENSE OVERVIEW

Parking Utility revenues and expenses for 2007 are summarized in the Attachment; the net change in cash was +\$2,538,520, before 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 2007 totaled \$10,537,450, which was \$438,590 (4.3%) over budget. Interest income totaled \$914,070, which was about 68.5% over budget (of \$542,520), and about \$197,000 over 2006 levels. Advertising revenue, however, came in about \$5,420 (-6.8%) under budget.

Reminder: System-wide rate increases were implemented mid-**2006**, with the exception of the Overture Center Garage. Thus, higher rates were in effect ALL of 2007, but for only about 7 months in 2006 (as tempered by elasticity/price resistance, of course).

Revenues for all activities except Construction-related revenues and Advertising came in over budget as follows:

	Actuals	Over/(Under) Budget	
		Amount	Percent
Cashiered Spaces (Garages)	\$ 7,111,350	\$ + 408,860	+ 6.1%
Off-Street Meters (Lots/Garages)	567,090	+ 10,170	+ 1.8%
On-Street Meters	1,655,860	+ 16,190	+ 1.0%
Construction Rev – On-Street Meters	303,250	(4,660)	(1.5)%
Subtotal – On-Street Meter Revenue	1,959,110	+ 11,530	+ .6%
Monthly Parking (incl'g Long-Term Leases)	777,110	+ 420	+ .1%
Miscellaneous/RP3	122,790	+ 7,610	+ 6.6%
Subtotal – Operating Revenues	10,537,450	+ 438,590	+ 4.3%
Interest Income	914,070	+ 371,550	+68.5%
Advertising Revenue	74,480	(5,410)	(6.8)%
TOTALS – Including Interest and Advertising Revenue	\$11,526,000	\$ + 804,730	+ 7.5%

* Gross = includes Sales Tax

Cashiered Facilities

As shown, Cashiered facilities had the largest variance over budget (+\$408,860), likely due to a combination of conservative budget projections and the three extra revenue-generating days. Component breakdown: "Regular" cashiered revenue was up about \$359,100 compared to 2006, but Special Event and Coupon revenue came in about \$31,400 and \$18,170 **below** 2006 levels, respectively. (While these declines from 2006 levels occurred despite *higher* rates in effect ALL of 2007, but for only seven months of 2006, there are possible "in-house" explanations. For instance, an event processed as "pay on entry" in 2006 could have been changed to (typical) "pay on exit" in 2007; and Coupon revenue is impacted by the timing of billings and/or receipts.)

Reminder: The following rate increases were implemented June 1, 2006 at all but the Overture Center Garage. Hourly rates (which also factor into coupon prices) went up an average of 19%; the Evening/Weekend Max was raised from \$1/\$2 to \$3; and the pay-on-entry fee for special events was raised from \$3 to \$4.

The largest variance over budget (+\$199,280) occurred for the Government East Garage (#6), where "Regular" revenue came in about \$145,000 over 2006 levels; Special Event revenue was off just slightly (-\$2,372). In addition to the rate increase (from \$.90 to \$1.10 per hour) and the three extra days, there were five more spaces in service in 2007 and occupancy was up about 2 points (from 87% to 89%, about 380 parkers). It could also be that our projection model is a bit light for evening and weekend revenue for which the rate went from \$1 to \$3 "max" at this garage (and at Capitol Square North, vs from \$2 to \$3 at the other three garages). Occupancy trended in a tight range from 86% to 92% (366 to 390 parkers), which is a bit below the pre-rate increase levels. Also, "90%" levels are not being achieved as often; i.e., prior to the rate increases, 90% occupancy was reached about 4.8 hours per day, vs 2.8 hours per day on average for 2007.

Revenues for the State Street Capitol Garage (SSCo, #12) came in about \$94,700 over budget, and about \$79,100 over 2006. "Regular" revenue was about \$108,100 over 2006 (rate increase from \$.70 to \$.85 per hour, +3 days, +9 spaces in service), but Special Event and Coupon revenue were off about \$10,540 and \$18,730, respectively. Occupancy levels averaged about 60% (420 parkers) both years, with occupancy around 75% (520 parkers) when MATC is in session, and about 50% (300 parkers) all other times. This garage only reaches 90% occupancy levels when MATC is in session, and then briefly – about one half-hour per day on average.

Similarly, occupancy at the State Street Campus Garage (SSCa, #11) trends with the *UW* sessions, *albeit about 10-15 points below pre-rate increase levels*. Occupancy levels used to run about 90% (950 parkers) when the *UW* was in session, and about 70% (740 parkers) in the "off season"; levels now range from 75%-80% (about 820 parkers) during *UW* sessions, and around 55% (580 parkers) all other times. Additionally, "90% occupancy" is now achieved only about one half-hour each day, vs about 3 hours per day prior to the rate increases. We presume this decline is due to the fact that this facility had the largest rate increase in 2006: from \$.85 to \$1.10, for a \$.25 (+30%) increase. The reduction in length of stay tells us some of our longer-term customers have left us. Perhaps they are using alternative forms of parking or less expensive *UW* parking. Despite all this, revenues for the SSCa Garage came in about \$75,800 over budget, and about \$95,200 over 2006 levels. In addition to the rate increase and +3 days, there were 4 more spaces in service. Special event revenues were up slightly over 2006 (+\$3,140), but cancelled by the decline in Coupon revenue (-\$3,160).

Revenues for the Capitol Square North Garage (#4) came in about \$36,670 over both budget and 2006 levels. Again, most of the increase was for "Regular" cashiered revenues (+\$41,020, rate increase from \$.65 to \$.80); Special Event revenues were off about \$4,430. As at the SSCo Garage, occupancy levels are about 12 points below pre-rate increase levels; i.e., occupancy averaged about 67% (320 parkers) for the 12 months prior to June 2006, but averaged about 55% (260 parkers) in 2007. Thus, this garage rarely, if ever, hits the "90% occupancy" mark. Also, as this garage does not get the large 'after 6 pm' crowds like Government East, "regular" cashiered revenues did not benefit from the same increase in the Evening/Weekend Max (from \$1 to \$3).

Despite the fact that it was exempted from the June 2006 rate increases, the Overture Center Garage (#9) fared the worst in 2007. (Caveat: the Evening/Weekend Maximum **was** raised at this facility, however –

from \$2 to \$3.) Revenues came in about \$2,400 over budget, *but* about \$44,030 below 2006 levels. In fact, these results are worse than those for **2003 – BEFORE Overture Hall and the 24/7 revenue equipment**. (Additionally, for 5.5 months the Parking Utility ran a “Free” shuttle between facilities to encourage use of lower utilized garages.) Following are detailed comparisons for 2007 vs 2003:

	<u>2003</u>	<u>2007</u>	<u>2007 +/- 2003</u>
“Regular” Cashiered Rev	\$622,270	\$586,130	\$ (36,140)
Special Event Rev	144,070	179,930	+ 35,860
PFN Revenue	9,600	510	(9,090)
Coupon Revenue	<u>740</u>	<u>4,470</u>	<u>+ 3,730</u>
Totals	\$776,680	\$771,040	\$ (5,640)
Average (Weekday) Occupancy	55%	50%	- 5 points
# of Revenue-Generating Days	312	356	+ 44 days

As shown, *weekday* occupancy averaged about 50% (~265 parkers) in 2007; thus, the only time this facility might reach the “90% occupancy” benchmark is during special events.

Off-Street Meters (Lots/Garages)

Despite one extra revenue-generating day in 2007, only three of the eight facilities in this category came in over budget, with the aggregate result being about \$10,170 over budget. Most of this increase is attributable to the Evergreen Lot, for which we did NOT project a budget amount. (The 2007 budget was prepared at the end of July 2006, so we did not yet have any data for this lot, which resumed operation on October 20, 2006 as part of the Monroe Commons Condominium Project, with Trader Joe’s as retail anchor.) Gross 2007 revenues totaled \$21,710; this compares with \$9,825 annual revenues for 2000 – the last full year of “Ken Kopps operations”. That’s a 120% revenue increase, vs the 67% *rate* increase in mid-2006 (from \$.30 to \$.50 per hour). Staff surveys are NOT done at this lot, but obviously usage has increased significantly with the draw of Trader Joe’s.

The Brayton Lot came in about \$11,760 over budget, and about \$24,730 over 2006 levels. In addition to the rate increase (from \$.85 to \$1.00) and the extra revenue-generating day, Special event and Coupon revenue were up \$7,540 and \$3,220, respectively, vs 2006. Occupancy held 2006 levels of about 92% (about 140 parkers).

The Buckeye Lot had the largest *shortfall* in 2007, coming in about \$15,600 under budget and about \$4,860 below 2006 levels. This shortfall occurred despite the extra revenue day and the rate increase from \$1.00 to \$1.10 per hour (or perhaps the latter was part of the problem!?). Occupancy at this lot dropped from about 73% for 2006 (39 parkers) to about 64% (34 parkers).

All other variances were within +/- \$4,100 of budget.

On-Street Meters

As shown, revenues for On-Street Meters came in \$11,530 over budget – with an increase for collection routes (+\$16,190), but a slight drop for construction-related revenues (-\$4,660). Compared to 2006, these categories generated an additional \$110,000 and 17,050, respectively. In addition to the mid-2006 rate increases, there was also one extra revenue-generating day in 2007. Reminder: Our budget projections took into account the following rate increases: (1) on-street meter rates were raised from \$1.00 to \$1.25 per hour over the months of July and August 2006; (2) effective July 1 2006, **half**-day hangtags went from \$6 to \$7, and **full**-day permits went from \$10 to \$13; (3) individual meter hoods were raised from \$.50 to \$1.00; and (4) the cost to take a meter out of service for construction rose from \$7.50 to \$13.

“Construction-related” revenue is difficult to predict. Two sub-categories, Contractor Permits (hangtags) and Meter Hoods came in about \$12,400 and \$61,860 over budget, respectively; while Construction Meter Removal revenue fell by more than that combined amount (-\$78,890). This could indicate a downturn in

construction activity and/or simply a shift in contractor preferences.

The best performing routes were the Monroe Street Area (+\$30,700 over budget, +\$28,730 over 2006), the CCB Area (+\$19,500 over budget, +\$17,600 over 2006), and the Capitol Square (+\$10,410 over budget, +\$8,230 over 2006). In addition to the rate increases there was one extra revenue-generating day in 2007. Plus, as regards the Monroe Street Area route, 34 new (2 hour) meters were installed near Camp Randall Stadium; unlike other 'periphery' meters with a rate of \$.50 per hour, these meters matched the downtown at \$1.25 per hour.

Conversely, six of the twelve routes came in under budget, with the largest shortfalls for the East Washington Area (-\$16,150) and University Area (-\$20,450). Occupancy levels were off for both routes (-2 and -8 points, respectively). It could also be that the budget estimates for these two routes were simply too high. Variances for all other routes were within +/- \$9,800.

Note: Route collections include \$31,160 of gross revenue (before sales tax and clearinghouse, vendor and other fees) generated by **multi-meter machines** as the result of trials of two different machine types. Pay-by-Space machines (vendor = Duncan) were tested May thru July (Campus and CCB routes); and Pay-and-Display machines (vendor = Cale) were tested mid-June thru mid-September. A total of 25,540 transactions were processed. Both machines accepted credit cards and both averaged \$7.37 per day in collections (about 5.9 hours of parking).

The following table summarizes the results of our monthly "On-Street Meter" surveys for the last three years, with a comparison to 2001 – when meters cost \$.75 per hour vs the current \$1.25/hour (i.e., **two** rate increases ago). As shown, Vacant meters *increased* by about 12 points from 2001 to 2007, while Occupied/Paid and Expired meters *declined* by about 6 and 8 points, respectively. The Enforcement Rate doubled from 12% to 24%, but is off its peak of about 30% for 2006. Per MPD staff, Parking Enforcement Officers are still (periodically) issuing tickets during the 4 pm and 5 pm hours, a practice which began in April 2006.

On-Street Meter Trends – Yearly Averages for 2001 and 2004 thru 2007

(On-street meter rates increased from \$.75 to \$1.00 per hour in 2002; and to \$1.25 per hour in 2006.)

	<u>2001 (Avgs)</u>		<u>2005 (Avgs)</u>		<u>2006 (Avgs)</u>		<u>2007 (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%	134	33.6%	129	30.0%	127	30.8%
Vacant Meters	121	35.3%	190	41.2%	194	50.0%	194	47.1%
Meters Occupied by Dis/Vets	52	11.2%	53	13.3%	58	10.0%	56	13.5%
Expired Meters	<u>70</u>	<u>16.6%</u>	<u>48</u>	<u>12.0%</u>	<u>36</u>	<u>10.0%</u>	<u>35</u>	<u>8.6%</u>
Total Meters Available	396	100.0%	425	100.1%	417	100.0%	412	100.0%
Enforcement Rate	-	12%	-	20%	-	30%	-	24%*

(Minor differences may exist due to rounding)

*For comparison, the UW reports an enforcement rate of 95%.

Monthly Parking (Including Long-term Leases)

This revenue category finished just slightly over budget (+\$420), with variances ranging from +\$2,880 (SSCo) to -\$230 (Blair). Rate increases for this revenue category averaged about 11.5% for residents/carpoolers and about 13% for non-residents/businesses; again, *except at the Overture Center Garage*. Variances *over* budget typically represent a higher mix of non-residents/businesses to residents than anticipated, while variances *under* budget represent the opposite OR unfilled vacancies.

The following table provides waiting list numbers for the years ended 2006 and 2007, with a comparison to 2005 – **before** the mid-2006 rate increases. As shown, immediately following the rate increases waiting

list numbers declined noticeably, but gradually rebounded in 2007.

MONTHLY PARKING WAITING LIST									
Comparison – Year-End 2005 (pre-rate increases), 2006 and 2007									
FACILITY	<u>NUMBER OF PEOPLE ON WAITING LIST</u>								
	RESIDENTS			NON-RESIDENTS			TOTAL		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
Cap Square No (#5)	50	21	58	58	25	62	108	46	120
Gov't East (#7)	75	29	70	75	44	81	150	73	151
Overture Ctr (#9)	9	6	5	4	4	15	13	10	20
State St Capitol (#12)	32	3	11	39	12	16	71	15	27
TOTALS	166	59	144	176	85	174	342	144	318
Note: some individuals are on more than one waiting list. The total number, excluding duplicates, is ...	114	53	115	102	67	134	216	120	249

RP3 and Miscellaneous

RP3 revenue came in \$10,440 under budget (and about \$2,700 under sales for *calendar* year 2006 – which equates to about 130 fewer permits sold). For the first four months of the *permit* year '07/'08 (which began September 1, 2007), we sold 68 fewer permits vs '06/'07 (-\$1,430). The permit fee remained at \$21 in 2007 (and is prorated every three months). As shown below, permit sales have consistently trended downward since 2004. As reported in May 2007, there is no evidence that this trend is related to enforcement; rather, the recent boom in downtown condo development is likely the primary cause for the decline – such properties are not eligible for permits. It could also be that students have traded their automobiles for other forms of transportation (e.g., Metro, mopeds, legs !??) (Note: We maintain a separate “cost center” and cash flow estimates for the RP3 program. In spite of the falling sales, we estimate revenues will still exceed program costs by about \$11,250 in 2008; resulting in an account balance of \$152,340 at year-end.)

RP3 Permit Sales – Calendar Years 2004 thru 2007

	<u># Sold</u>	<u>Revenue</u>	<u>% Change</u>	
			<u># Permits</u>	<u>Revenue</u>
2004	5,865	\$113,301	--	--
2005	5,750	\$104,244	- 2.0%	- 8.0%
2006	5,280	\$ 97,030	- 8.2%	- 6.9%
2007	5,084	\$ 94,010	- 3.7%	- 3.1%

The above shortfall for the RP3 program was more than offset by Asset/Property Sales of \$9,200 (we do NOT budget for this line item), and \$8,060 of Miscellaneous revenues in excess of budget. All other

variances were within +/- \$1,000 of budget.

Interest Income

Interest income came in about \$371,550 over budget (and about \$196,700 over 2006 levels). In addition to being difficult to predict, our projections assumed a \$3 million (cash reserves) "withdrawal" for construction of the mid-State Street Garage, which did not occur. Our 2007 average earnings rate was 4.9%, vs 4.5% for 2006.

Advertising Revenue

This item came in about \$5,420 under budget as the result of downward adjustments to electricity usage and the removal of 14 display ads throughout the year. (The removal of display ads is at the discretion of Adams Outdoor Advertising, as long as contract minimums are maintained.) At the present time, there are 43 lighted displays throughout our five garages.

OPERATING EXPENSES

Expenses for 2007 were \$939,800 (9.7%) below budget. However, an additional \$146,900 is encumbered and will be spent in 2007. This results in an amount below budget of \$792,890 (8.2%).

Salaries and Benefits

Salaries came in about \$162,370 (4.8%) below budget, with most of the savings attributable to the following: (1) unfilled Revenue Clerk position (2) partial-year vacancies for the positions of Equipment Techs I and II; (3) "rotating" cashier vacancies throughout the year; and (4) overtime salaries came in about \$10,830 under budget. In tandem with this net under-run for salaries, *benefit* costs also came in about \$109,510 (9.4%) below budget.

Purchased Services

Purchased Services finished about \$324,980 (20.4%) below budget. Encumbered funds reduce this by \$70,950 to \$254,000 (16.0%). Most of this under-run is attributable to projects that could not be completed in 2007, specifically: \$111,600 for General B&G Repairs and Maintenance, \$79,700 for Painting, \$38,510 for Plumbing, and \$89,620 for Consulting Services. Costs for Electricity, Maintenance Contracts, Security Services and Advertising also came in under budget by \$50,720, \$27,900, \$25,530, and \$50,210, respectively. On the flip side however, due to extreme winter conditions (*four* sets of declared snow emergencies in December alone!), we ran about \$200,900 *over* budget for Snowplowing.

Materials and Supplies

Costs for items in this category came in \$6,370 (2.3%) *over* budget, with encumbrances taking the total overrun to \$55,030 (-19.5%). The primary overages occurred for computer hardware/software (\$13,950) and General Equipment and Work Supplies (\$64,290); with encumbrances making up \$43,710 of the total. These overruns were partially offset, however, by savings for office-related supplies (\$6,640), janitorial supplies (\$5,600), and uniforms (\$14,560).

Payment to City Departments (Inter-Agency Charges)

Inter-departmental Charges finished about \$75,650 (6.0%) *under* budget, primarily due to early termination of the Garage Shuttle project (e.g., only \$65,400 of the anticipated \$140,000 was spent). Unexpected outlays/overruns: \$5,800 to City Channel 12 for PSAs; \$12,400 to Fleet Services for higher fuel costs; and \$22,610 to Traffic Engineering due to a change in the billing method. These were basically offset, however, by unneeded Planning Unit services (\$31,000) and a smaller than expected billing from the Police Department for PEOs (\$8,220). All other variances were within +/- \$2,420 of budget.

Debt Service

Principal and Interest expense matched budget.

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

PILOT came in \$42,890 (4.1%) below budget. This item is difficult to predict as it is expensed more than one year after the estimate is made for the budget.

The Meter Occupancy Fee came in at \$184,500, which was \$11,400 over the 2006 amount. This 2007 transfer (to the General Fund) was the second year for the Meter Occupancy Fee which is defined as “for use of the right-of-way and for related City services such as snow plowing”. The occupancy fee equals 10% of gross receipts (less sales tax) for on-street metered parking spaces (*including* receipts from contractors for meters removed from service due to construction.)

About \$22,630 was transferred to the Metropolitan Planning Organization for TDM Services (Ward Paxton & Co.).

Fixed Assets

Fixed Asset expenses were \$477,500 (85.9%) below budget, with encumbrances reducing this amount by \$27,290 to \$450,180 (81.0%). Funding of \$500,000 for garage signage/directional lighting has been re-established in the **2008** Operating Budget.

State and County Sales Tax

This item came in about \$18,150 (3.5%) over budget due to the \$438,000-plus of operating revenues *in excess of our projections*.

CAPITAL EXPENSES

The \$5.9 million Capital Budget included \$3.0 million for the mid-State Street Garage and \$2.0 million for purchase of the State spaces at the Brayton Lot. The mid-State Street Garage has been “scrapped” (at least for now!) and the Brayton Lot project has been restructured as a Brayton *Garage* project in our 2010 Capital Budget. When these two items are removed from the \$5.9 million, we’re left with \$900,000. About \$143,000 (15.9%) of this total was spent in 2007, with another \$472,520 encumbered (primarily for consulting services and building improvements).

OTHER CASH TRANSACTIONS

In 2007 we received principal repayments on two outstanding loans: (1) \$50,000 for the 1996 loan to TIF #15 (Olin Terrace) – the final \$50,000 payment in January **2008** retired this loan; and (2) \$426,770 for the 2001 loan to TIF #23 (Capitol Point) – the loan balance is \$945,250 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 “2007 Cash Flow Statement” (see Attachment) was about +\$2.54 million. Encumbered funds of \$619,420 result in a Net **Increase** in Cash of about \$1.92 million.

PARKING UTILITY 2007 CASH FLOW STATEMENT

OPERATING REVENUES (Gross)		
Parking Revenue	\$ 10,537,450	
Advertising Revenue	74,480	
Interest on Investments and Advances	<u>914,070</u>	\$ 11,526,000
OPERATING EXPENSES (Excluding Encumbrances)		
Salaries and Benefits	4,246,480	
Purchased Services	1,267,280	
Materials and Supplies	288,950	
Payments to City Agencies	1,176,650	
Debt Service (Principal and Interest)	599,800	
Payment in Lieu of Taxes	1,009,530	
Transfer to General Fund – Meter Occupancy Fee	184,580	
Transfer to Madison Planning Organization (TDM)	22,630	
Fixed Assets	78,440	
Inter-Departmental Reimbursement	(93,080)	
State and County Sales Tax	<u>539,950</u>	<u>(8,715,863)</u>
INCREASE IN CASH THROUGH OPERATIONS		2,204,790
CAPITAL EXPENSES AND OTHER CASH TRANSACTIONS		
Capital Fund Expenses (Non-Borrowing)	(143,040)	
Principal Repayment from TIF #15 (Olin Terrace)	50,000	
Principal Repayment from TIF #23 (Capitol Point)	<u>426,770</u>	<u>333,730</u>
NET INCREASE (DECREASE) IN CASH BEFORE ENCUMBRANCES		2,538,520
ENCUMBRANCES (NON BORROWING)		
Operating Fund	146,900	
Capital Fund	<u>472,520</u>	<u>(619,420)</u>
NET INCREASE (DECREASE) IN CASH INCLUDING ENCUMBRANCES		<u>\$ 1,919,100</u>

Note: Parking Revenues per this report are about \$13,070 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).