CITY OF BEVERLY HILLS
STAFF REPORT

Meeting Date:	**December 2, 2008**
To:	Honorable Mayor & City Council
From:	Chad Lynn, Director of Parking Operations
	Alison Maxwell, Director of Economic Development
Subject:	Rodeo Drive "Pilot" Valet Parking Program - Holiday 2008
Attachments:	None

INTRODUCTION

In an effort to provide the highest levels of service to the Beverly Hills community, staff has been working with Ampco System Parking to provide on-street valet parking services, on a trial basis, on the 300 and 400 blocks of Rodeo Drive during the 2008 holiday season.

DISCUSSION

Over the past year, staff has been working with the Rodeo Drive committee and various independent Rodeo Drive merchants to establish an on-street valet parking operation on the 300 and 400 blocks of Rodeo Drive. While several attempts have been made to establish this program, the ongoing budget deficit in the Parking Enterprise Fund and the inability to obtain private funding have remain obstacles in launching this program.

During the New York outreach mission several New York retail executives indicated that valet parking would be a value-added service on Rodeo. Upon return from the mission, the City Council Committee for Rodeo Drive/Special Events (Mayor Brucker and Council Member Briskman) requested staff work to implement a pilot valet parking program during the 2008 holiday season.

Staff has worked with the Ampco System Parking, the City's current parking operator for the Public Gardens Montage parking facility and attendant assisted parking for the Beverly/Canon parking facility, to create this pilot program at minimal cost to the City. Based on these criteria staff and the operator have outlined the following terms:

The Operator Shall:

- Provide the service from Friday, November 28, 2008 until Saturday, January 3, 2009 without interruption.
- Provide services Tuesday – Saturday.

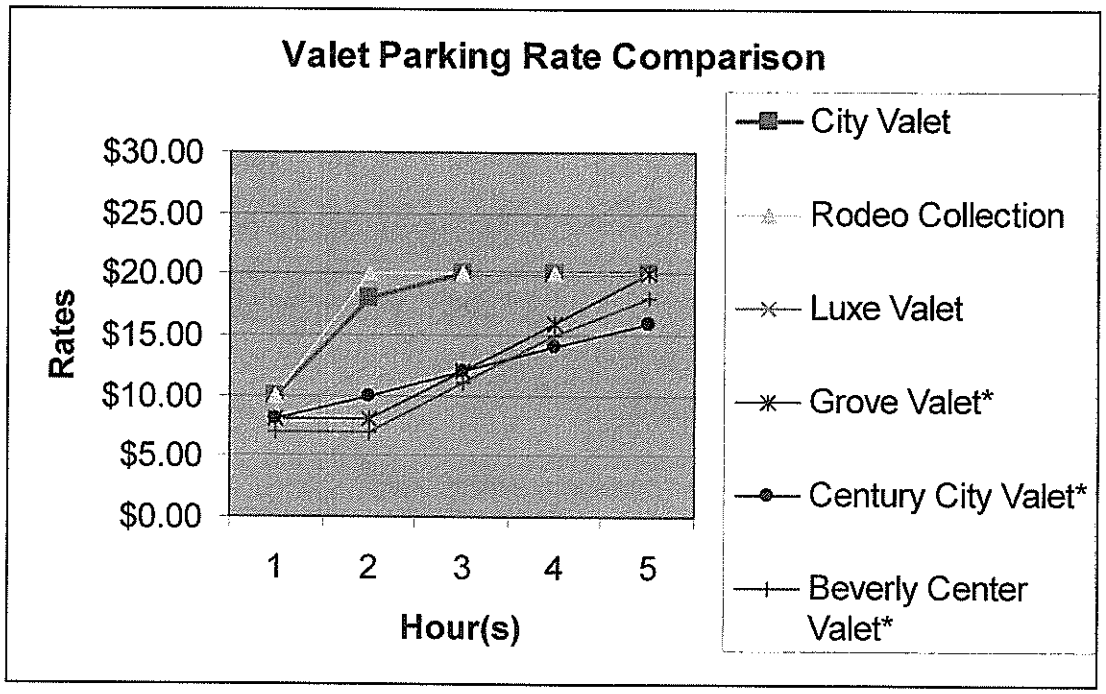
- Provide services from 10am – 8pm. If less than two vehicles are parked less than two hours after 6pm, the valet service may close early.
- Provide all of the equipment and on-site signage necessary to operate these services.
- Obtain a Valet Parking Permit and comply with the conditions, rules, regulations, and limitations set forth therein.
- Rates will be as follows:
    - $10 for the first hour
    - $2 each 15min thereafter
    - $20 Max

In recognition of the public benefit provided by the offering of these services the City shall:

- Waive the fees associated with:
    - Lost parking meter revenue
    - Commercial Valet Permits
    - Valet Parking Attendant Permits
- Allow the operator flexibility with the parking rates and certain hours of operation in order to mitigate potential losses.

The following are the parking rates of local and regional valet parking operations:

- Luxe Valet Rate - $5 First 30 min, $2.50 each 30min, $28 Max ($7.50 First Hour)
- Rodeo Collection Valet Rates - $2.50 each 15 min, $20 Max ($10 First Hour)
- Grove Valet Rates - $8 First 2 hours, $2 each 30 min, $20 Max
- Century City Valet Rates - $8 First hour, $2 each hour, $20 Max
- Beverly Center Valet Rates - $7 First 2 hours, $2 each 30 min $18 Max
- The City's current off-street daily maximum rate is $16.



* Represents operations subsidized by common area maintenance (CAM) charges.

The City's parking rate is competitive when compared to the unsubsidized valet parking rates currently charged on Rodeo Drive. The following is a list of challenges the City's on-street operation faces which the competing operations do not:

- This operation is not subsidized; it reflects the market cost of providing these services.
- This operation is on-street, operating in surrounding traffic and subject to many uncontrollable variables which create tremendous liability for the operator.
- The valets must travel approximately five blocks (due to one-way streets) to park and return vehicles during peak traffic hours in order to deliver this service. Once the vehicle is parked the driver must walk back to the receiving area from the off-site vehicle storage area. This requires more staffing to accommodate the same volume of vehicles.
    - The competing operations are off-street operations located in private parking facilities, completely controlled by the operator. The valet accepts the vehicle, moves it a short distance to the parking storage area and walks a few feet or takes an elevator to the lobby area to accept the next vehicle.
- Due to the travel times and circulation liabilities associated with this operation, the operator must collect a minimum fee, even if someone parks for only a short period.

FISCAL IMPACT

The City will not incur any fees or charges for the services provided by the parking operator.

The City has agreed to waive the lost parking meter revenue and the associated permit fees, which amount to approximately $6,500 for the term of this service.

Staff estimates a fully subsidized program to cost approximately $15,000 to $24,000 depending on the rates and the volume of service.

RECOMMENDATION

Due to the elective nature of this service, staff recommends charging market rates and allowing users to determine the value of this service. Since the operator must operate the service uninterrupted throughout the holiday season, if people are not using the service the vendor will be forced to find equilibrium between the parking rates and covering the cost of operations.

However if the Council wishes to consider options the following should be contemplated:

- Continue to operate the valet parking services, at minimal cost to the City at the established market rates.

- Subsidize the operations in order to reduce the fees charged to the customer by the operator.

- Sell validations, at face value or at a discount, for merchants to subsidize their customers' parking.

- The City would pay the difference between the face value of the validation and the fee charged by the operator.

If the City Council wishes to provide an option to subsidize the cost of these operations, staff recommends selling full value validations to merchants that wish to participate in this program.

Due to the continuing deficit in the Parking Enterprise Fund, staff does not recommend subsidizing this program as an additional service. The City Council may wish to offer this on-street valet parking service in lieu of the traditionally provided attendant assisted parking services offered during the holiday season. These services are usually Tues-Sat at 345 N. Beverly Dr (William Sonoma) and 9510 Brighton Way (Rodeo Drive) and could offset the cost of subsidizing services for the on-street valet services.

Chad Lynn
Approved By