



AGENDA REPORT

Meeting Date: October 2, 2007
Item Number: E-2
To: Honorable Mayor & City Council
From: Chad Lynn, Director of Parking Operations
Subject: PARKING RATE OPTIONS FOR THE CITY'S OFF-STREET PARKING FACILITIES
Attachments:

1. Rod Wood Memo
2. Staff Report Informal – Review of Parking Rates for the City's Off-street Parking Facilities

RECOMMENDATION

Staff recommends choosing a combination of options provided as part of the attachments which will help reduce the structural deficit in the Parking Enterprise Fund and further direct staff to establish Guiding Principles and pursue implementation of a Parking Master Plan.

INTRODUCTION

Pursuant to the City Council's direction during the Informal City Council meeting of September 17, 2007, staff is bringing forward the review of parking rate options for the City's off-street parking facilities for formal review and direction by the City Council.

DISCUSSION

The attachments provided herein contain options for both free parking and revenue enhancements. Formal implementation of the options contained herein will require additional City Council action, including rate resolutions and ordinances and will require additional public notification and hearings.

Staff will return to the City Council with resolutions and ordinances as directed.

FISCAL IMPACT

Detailed options and fiscal impacts are provided as part of the attachments contained herein.



David Gustavson
Approved By



CITY OF BEVERLY HILLS
OFFICE OF THE CITY MANAGER

MEMORANDUM

TO: City Council
FROM: Roderick J. Wood, City Manager
DATE: September 14, 2007
SUBJECT: Two Hour Free Parking Reconsideration

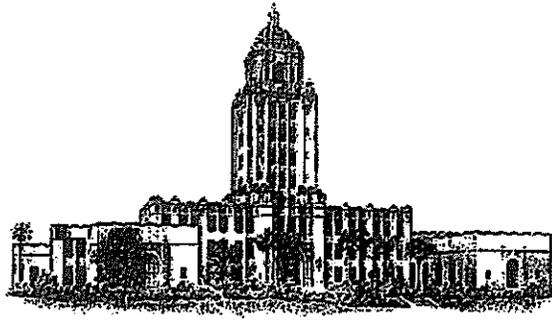
A handwritten signature in black ink that reads "Rod Wood".

While the Public Works and Finance staff does not recommend a modification to the current one-hour free parking program for the reasons they outline in the Staff Report, I would like to offer a different perspective. I fully share the concerns with the issues regarding maintaining a financially viable parking fund and effectively controlling scoff law violators of our parking time limits, and I believe a different set of circumstances relate to our residents. It is our residents that have paid the taxes that originally acquired the property for the parking facilities and funded much of the improvements over the years. In addition, our residents have paid the same rates for parking and sales taxes that non-residents pay that did not and do not make this same tax and general fund contribution.

I support the establishment of a Resident Parking program which would provide our residents two hours free parking. This differential rate is not a precedent or new concept. Many cities have a separate rate for parking by residents and non-residents. Beverly Hills has practiced for many years a deferential rate for non-residents in our parks and recreation and other programs. It is reasonable to provide a "credit" to our residents for the tax and other contributions they make toward the parking facilities and operations that non-residents do not. I would recommend that the Council Ad-Hoc Committee study the best method for implementing a resident program and return with its recommendations to the City Council.

I also support the staff recommendation to look at the parking meter program to improve the rate relationship with the parking garages and a competitive rate for on-street parking. It is essential to the City's financial well being to assure that the Parking Authority operate in a financially sound manner by covering its full costs and not obligate reduction or costs in other city services to subsidize the public parking programs. We need to make certain we maintain the garages at all times in a safe and clean manner for the protection of our residents and businesses.

No one likes costs to increase. Nonetheless, we need to keep rates adjusted with the increase in costs. We should not make the mistake of not raising rates for long periods only to have to make major increases at one time as we had to do with water and sewer operations. It is just a fact of life that costs will rise in almost every aspect of our lives including the costs of parking.



CITY OF BEVERLY HILLS
STAFF REPORT

Meeting Date: September 17, 2007
To: Honorable Mayor & City Council
From: Noel Marquis, Assistant Director Administrative Services/Finance
Chad Lynn, Director of Parking Operations
Subject: Review of Parking Rates for the City's Off-Street Parking Facilities
Attachments: Exhibit "A" – Details of Physical and Operational Improvements
Exhibit "B" – Description of Long-Term Parking Users
Exhibit "C" – Table of Monthly and Daily Maximum Rates
Exhibit "D" – Table of Proposed Parking Violation Fines
Exhibit "E" – Excerpts of Staff Reports, Meeting Minutes, and Presentations Related to the Montage Parking Facility.

INTRODUCTION

The purpose of this report is to seek Council direction on key policy issues affecting off-street parking rates and the impacts to operations and the financial stability of the Parking Enterprise Fund. Details include a brief history of the Parking Enterprise Fund and options for maintaining the Fund's financial stability and encouraging the preferred usage.

EXECUTIVE SUMMARY

The City of Beverly Hills operates 15 municipal parking structures which serve visitors, residents and employees. Three additional parking facilities are in various stages of study, design or construction.

The Parking Enterprise Fund finances construction, operations, maintenance and improvements of the City's parking facilities. This Fund began operating at a deficit in 03/04, when the City Council transferred \$2 million of parking meter revenue out of this Fund and into the General Fund to avoid a budget deficit. The Council intended to replace the Fund's revenue by eliminating free parking, but postponed the action due to business opposition. Deficits are anticipated to continue, as expenses continue to exceed revenues.

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A series of community meetings began in 03/04, with participants focusing on the free-parking issue, as well as other concerns, including the condition of parking facilities, re-parking and the need for additional parking structures. One-hour free parking rates were implemented in January 2006 in five City parking facilities. Four facilities already offered this rate, and two remain 'two-hours free' (Civic Center and La Cienega Tennis Center.)

Overall, parking rate surveys indicate that the City's parking rates are lower than private parking operators in Beverly Hills, and are comparable to (or slightly higher compared to validated rates) than neighboring shopping venues. Data indicates that revenues have increased, the length of time customers are parking in City facilities has remained stable, and parking facility occupancy remains high.

This staff report presents a menu of options for the City Council, including free parking and revenue enhancement.

Three free parking options – two-hour free parking program, a resident discount parking plan, or a subsidized validation program – would result in revenue losses each year.

Five revenue enhancement options – adjusting monthly parking rates, adjusting the off-street parking rates at the Bedford and Camden facilities, adjusting fines for parking citations, adjusting on-street parking meter rates, and implementing a City-wide parking tax – would result in annual revenue increases.

To ensure the financial and operational stability of the Parking Enterprise Fund, staff recommends that the City Council approve a combination of rate choices that will eliminate current and future deficits. Staff also recommends that the Council direct the ad hoc parking subcommittee to develop and implement a strategic Parking Master Plan for parking services within the City.

DISCUSSION

The following represents detailed information and analysis related to the history, improvements, customer feedback, statistical performance, and surveys of the City's parking operations.

History

During the 2003/2004 budget planning process, the City was experiencing a large loss in sales tax and transient occupancy tax (TOT) revenues due to post September 11th economic conditions. In order to balance the General Fund budget, the City Council was forced to choose between cutting services and/or expanding revenues. The transfer of \$2.8 million of budgeted parking meter revenue from the Parking Enterprise Fund to the City's General Fund was one of the measures considered. The net transfer from this operation resulted in a \$2 million increase to the General Fund and a \$2 million loss to the Parking Enterprise Fund. To restore the Parking Enterprise Fund's loss, the budget reflected new revenues generated by eliminating the free parking period and based rate assumptions on charging all users from the time of entry. This model was approved by the City Council during the budget process, and during the 2003/2004 fiscal year the revenues and expenses from the Parking Meter Program were transferred from the Parking Enterprise Fund to the General Fund.

Following concerns voiced by local businesses the City Council postponed implementation of the parking rates and engaged in a collaborative process with the community to reach a balance between maintaining free parking and returning financial

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stability to the Parking Enterprise Fund. Since the revenues from parking meters had already been transferred to the General Fund, the Parking Enterprise Fund experienced a \$2 million revenue loss and a \$1.3 million operating deficit.

During the collaborative process several additional parking issues were introduced and it became apparent that the proposed rate structure was only one of many issues the community wished the City to address. Other issues included poor maintenance and condition of the parking facilities, re-parking and misuse of the parking resources, and the desire for new parking facilities in the triangle, SoBev, Robertson and the area near South Santa Monica west of Wilshire.

The collaborative process considered many options to address these concerns, some of which included support from the business community, those that receive the beneficial use of the parking facilities, including validations and assessment programs. The businesses were fairly unified in their desire to create a parking program that was self-sufficient and did not require financial support by use of validation or assessments.

On December 20, 2005, after sustaining a total operating deficit of over \$2.8 million, and after working for over two years with the Chamber of Commerce, local businesses and other community groups, the City Council approved the One-Hour Free parking rates scheduled to take effect on January 9, 2006. The objectives of the new parking rates were as follows:

- Honor the collaborative process by creating a self-sufficient Parking Enterprise Fund that does not require contributions from the community or businesses.
- Reduce the amount of re-parking and misuse.
- Encourage turnover and create capacity to accommodate visitor demand.
- Generate revenues to create stability and support on-going maintenance and improvements to the parking facilities and operations.

The one-hour free parking rates were implemented on January 16, 2006, in five of the City owned public parking facilities. Four parking facilities already had one-hour free parking rates and two remain two-hours free, located at 450 N. Rexford Drive and 321 S. La Cienega Blvd, which serve Civic functions at City Hall and the La Cienega Park and Tennis Center. Consultants estimated an additional \$2.5 million in revenues as a result of the new parking rates. During the first year of operations, the Parking Enterprise Fund realized an actual gain of approximately \$2 million in transient and monthly parking revenues. Due to staff's conservative budgeting during the transition phase, subsequent budget adjustments were not required and the City was able to continue with the implementation of maintenance and improvements.

Staff presented the City Council with quarterly updates during the first year of operations which showed similar trends from period to period. The trends showed a decrease in the total number of transactions throughout the operation, which was consistent with the expectation of curbing re-parking and misuse. The data also showed a growing request for monthly parking, indicating long-term parking users changing their behavior and vacating short-term parking areas in search of low-cost, long-term parking resources. The information showed minimal change in the average length of stay, and although different during each quarter, the average customers' length of stay did not shorten more than 3-5 minutes after the implementation of the parking rates. Usage of the parking facilities from period to period showed similar growth, indicating that contrary to the decreased in the total number of transactions, growth in the number of users is stable. This information supports the goals of mitigating misuse and creating capacity for additional parking demand for customers visiting Beverly Hills.

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During this same period, facility revenues increased, with some more than doubling, adding stability to the Parking Enterprise Fund and providing resources to fund deferred maintenance and improvements. Facility and operational improvements have been listed in detail in Exhibit "A".

Overall, the trends reported during the first year of operations supported the goals of the new parking rates; mitigating misuse, creating capacity, and generating additional revenues without the use of validations or assessments.

As the City Council reviews the off-street parking rates, it is essential to recognize that rates which support financial stability may be counter productive to behavioral aspects of the operations, just as rates which support behavioral effects may not generate enough revenues to support operations.

- Financial
 - Financial effects represent how much revenue may be generated from the rate and does not consider what behavioral effects or influences those rates may have. An example would be a parking rate similar to the Beverly Center, which is \$1 for the first three hours. This rate may generate enough revenue to support the Parking Enterprise, but it neglects the behavioral aspects. A re-parker misusing the facility would now be able to re-park two or three times per day and park all day in a central parking facility at a lower rate than purchasing monthly parking or parking all day in a perimeter parking facility.
- Behavioral
 - Behavioral effects represent how rates influence the users conduct and do not consider the financial aspects of the rate. The use of Early Bird parking rates at the Crescent parking facilities would serve as an example. By offering a discounted parking rate for those entering the parking facility by 9am and staying all day, an all day user is encouraged to park in a perimeter parking facility and walk to their destination within the triangle. Although this offering results in a reduction of revenues, it is used as a tool to influence behavior.

Improvements

A complete list of improvements has been attached as Exhibit "A".

A list of improvements has been included during each of the quarterly updates provided during the 2006 calendar year. Some concerns have been voiced that many of the improvements undertaken by the Parking Operations Division reflected only basic facility upkeep and maintenance, and do not reflect major initiatives or improvements. It is necessary to recognize that in many cases these basic and ongoing services have never been performed, and while not glamorous, they are essential to the proper operation and preservation of the parking assets. Industry best practices, and information gathered from the International Parking Institute and the American Concrete Institute indicate a potential nine dollar cost savings for every one dollar spent on preventative maintenance versus the cost of repairs once damages have occurred. Some examples of basic preventative maintenance that have been previously neglected:

- Electrical Wire Heat Testing
 - This is a preventative maintenance service in which heat intensity is measured using infrared technology. Although this is a recommended

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safety and preventative maintenance action that should be conducted every two years, the 06/07 fiscal year was the first time this service had been performed in parking facilities.

- Power Washing
 - The City has begun doing semi-annual power washing, including full facility cleaning in November and oil and grease removal in May. Maintenance records indicate that prior to initiating these services in 2006, the previous power washing of any facility was in 2002.
- Parking Space Line Painting
 - At the 221 N. Crescent Drive parking facility, the parking attendant working the morning shift has been manually marking the parking lines using chalk sticks because the lines have not been repainted since the commissioning of this facility in the 1980's.

It has been the goal of the Parking Operations Division, in conjunction with the Project Administration Division and Facilities Maintenance Division to create maintenance schedules which would allocate resources over multiple facilities and years to spread out the time and expenses related to the ongoing maintenance needs of the parking facilities.

Examples include:

- Comprehensive painting of 2-3 parking facilities each year. This would allow all of the parking facilities to be repainted on a 5-7 year cycle.
- Power washing of Santa Monica Five parking decks once each quarter. Semi-annual power washing of all parking facilities.
- Elastameric (waterproof deck coating to protect post tensioning and tenant spaces) replacement every 3-5 years.
- Line striping in 3-5 parking facilities per year for a continuous cycle of 3-5 years.

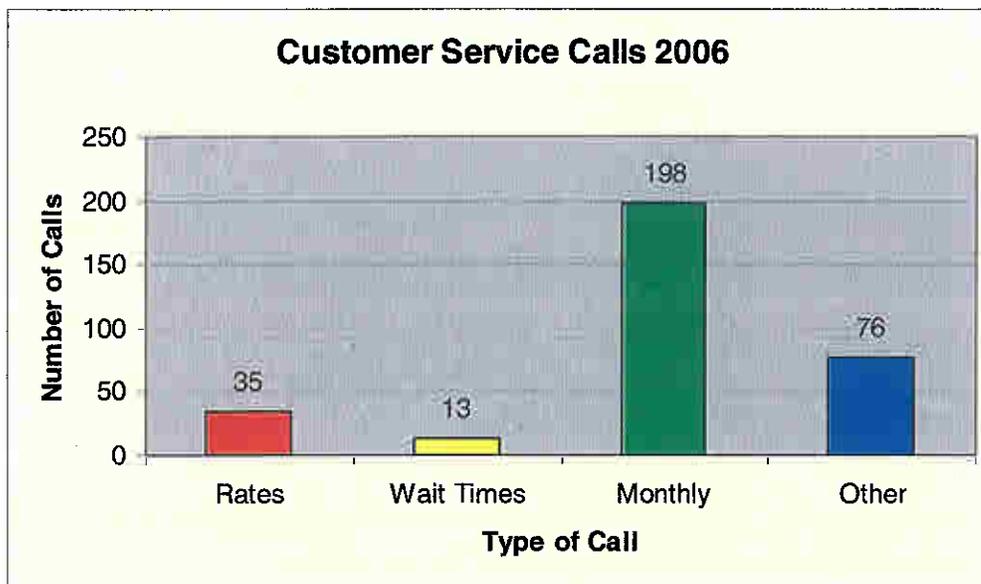
The failure of the City to perform certain basic maintenance functions may result in damage and liability claims from the City's tenants. Two of City's most substantial tenants at the 9510 Brighton Way (Rodeo) parking facility have recently completed tenant improvements, including construction of a new showroom and a complete remodel. If the City does not remain current with basic maintenance, an incident as simple as heavy rain could create water seepage through the parking facility, gathering oil, grease, tire dust and other particles, and leading to the damage of tenant improvements and tenant merchandise. Damages may be so severe as to impact the ability of the tenant to remain open to the public. In some cases, the leases include parking standards which will be difficult to maintain separately from general maintenance and repairs. If the City becomes known as a negligent property manager, it will impact the ability to command the lease rates that have become essential to supporting the Parking Enterprise.

Direct Customer Communication

New parking rates were implemented on January 16, 2006. Concerned with the potential confusion of changing the two-hour free parking rates, and anticipation of a larger number of paid transactions, resulting in extended exit wait times, staff created a discount program during the transition period. Parking attendants were given the authority to offer a second hour of free parking upon complaint from a customer. This program was implemented for the first 30 days of operation, during which approximately 270,000 transient transactions were processed and only three (3) discounts for a second hour of free parking were processed.

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The Public Works Customer Service telephone number, which was published during the implementation of the new parking rates on all press releases, signage, and handouts, recorded all calls received. From January 16, 2006 through December 31, 2006, the following graph represents the parking calls recorded through this hotline:



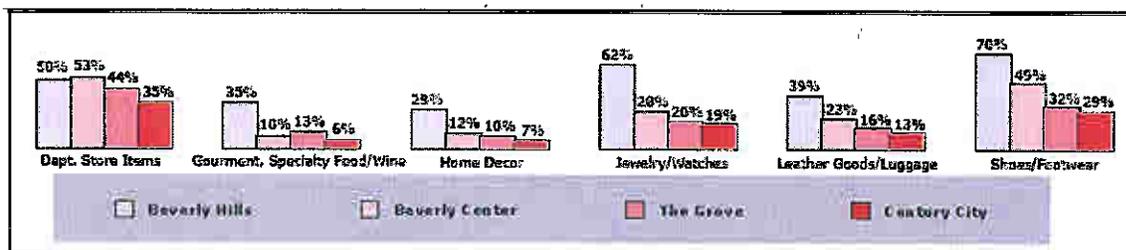
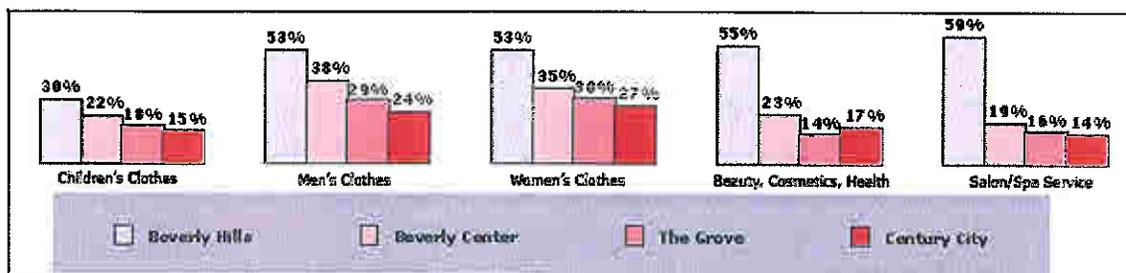
This graph demonstrates that more than four times as many calls have been received from people seeking long-term parking than from rate complaints. Eighty percent of the rate calls were recorded during the first three months of operations, while only 48% of the "monthly" calls were taken during the same period of time. During all periods of measurement, the calls for monthly parking needs outnumbered all other calls combined. While the calls for monthly parking fell during the second three months of operations they remained constant for the remainder of the 2006 calendar year and into 2007. The volume and consistency of calls for monthly parking demonstrates the influence parking rates are having on long-term parkers seeking alternatives.

The following tables and charts represent information published in the initial draft of the Beverly Hills Retail Patron Study, commissioned by the Chamber of Commerce and conducted throughout the 2006 calendar year. The study was conducted by intercepting and questioning people on various streets in the retail areas of Beverly Hills.

When asked if the respondent shopped over the last year more often, about the same, or less often, approximately 91.7% responded they shopped as much or more often, while only 8.3% responded they shopped less often. The following table represents the reasons provided by those that shopped less often, and shows a majority of people shopping less often due to lack of convenience and time constraints.

	Total
Base: Shopped BH less or not at all in last year	149
Less time/busier	32.5%
Moved away/not as close or convenient	17.2%
Too expensive here/not a good value	12.7%
Too congested	7.2%
Too hard to find parking	7.2%

The following chart represents how respondents ranked the four most desirable locations for shopping by each category listed.



When compared to the top four competitors, Beverly Hills was the most desirable location, except for Department Store shopping, in which The Beverly Center ranked number one. The Beverly Center was the second most desirable location for all other categories except the Gourmet Specialty Foods/Wine category at The Grove. The Grove represented the third most desirable shopping location, except for Beauty, Cosmetics, and Health-category. Century City was last in the remaining categories. When comparing parking rates, The Beverly Center offers no free parking and no validations. The Grove offers one-hour free parking and validations based on purchases or movie attendance. Century City offers three-hours of free parking and was ranked last (of the top four competitors) by Beverly Hills customers.

Beverly Hills received a rating of 4.17 out of 5 for overall satisfaction, with 80.4% of people responding they were Very or Extremely Satisfied and an additional 13.8% of people responding they were Somewhat Satisfied, for a total percentage of those responding they were satisfied at 94.2%. Of the 2.4% (3.4% of people did not respond) of people that responded they were Unsatisfied with Beverly Hills, 42% stated items were too expensive or offered poor value, 36% stated it was too congested, 28% indicated the shops were not unique/different, 22% felt parking was too expensive and 22% responded the area doesn't provide the items the shopper desired. Based on this

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analysis, of the 828 people questioned 5 people responded (less than 1%) that parking was too expensive, which did not distinguish between City owned and private parking facilities.

Aggregate Transaction, Growth, and Duration

During evaluation of the first year of operations staff provided statistical information for the aggregate performance of the parking facilities.

Total transactions for calendar years 2005 and 2006.

2005	2006	Total Difference
3,319,634	3,231,096	(88,538)

Growth in transactions from Quarter 1 to Quarter 2 for calendar years 2005, 2006, and 2007

	Jan – Mar	Apr – Jun	Growth
2005	828,990	840,127	1.4%
2006	810,838	817,793	1.0%
2007	819,609	828,568	1.1%

Average duration from Quarter 1 to Quarter 2 for fiscal years 2005/2006 and 2006/2007

	Jul – Sept	Oct Dec	Change
2005	1hr 48min	1hr 46min	(2 min)
2006	1hr 43min	1hr 46min	3 Min
Change	(5 Min)	None	

Facility Groups

For the purpose of reporting information gathered for the individual facilities, staff has grouped facilities based on the following customer usage:

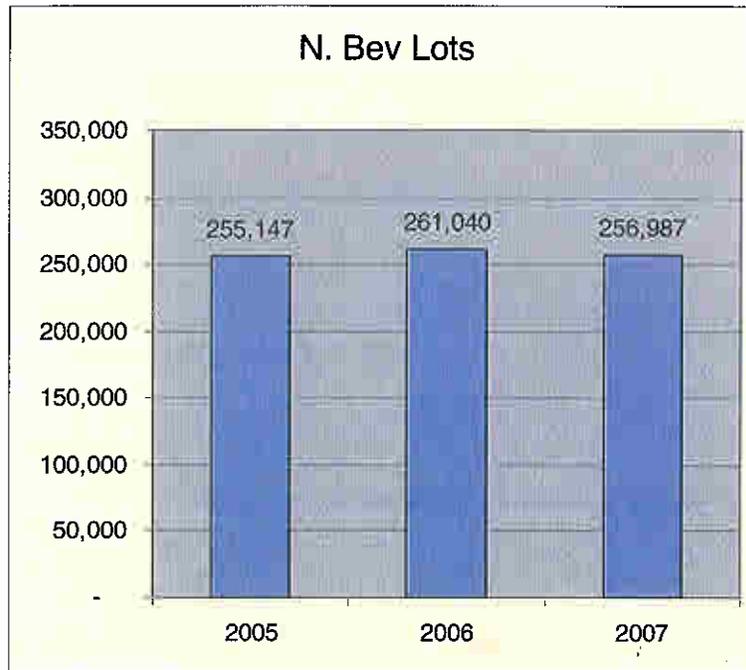
- N Beverly Lots – 345 N. Beverly Drive (William Sonoma) and 438 N. Beverly Drive (Crate and Barrel), serving largely restaurant and retail visitors.
- Brighton/Camden – 9510 Brighton Way (Rodeo) and 440 N. Camden Drive. Serving a mix of retail, medical and office customers.
- Crescent Lots – 221 N. Crescent Drive (Whole Foods) and 333 N. Crescent Drive (Beverly Hills Market). Serving largely long-term employee needs.
- 2Hrs Free Lots – 450 N. Rexford Drive (City Hall) and 321 S. La Cienega (La Cienega Park and Tennis Center). Largely serving patrons of the civic functions.
- Bedford and SoBev – Information for these individual facilities is not presented. Bedford is a facility that primarily serves medical usage and was converted to one-hour free parking in 1999. SoBev is an isolated parking facility without comparable neighboring City facilities for trend comparison.

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- Santa Monica Five – Information of this type is not available in the same format for these facilities, as they are pay-as-you-go metered parking facilities.

Individual Transactions by Facility Group

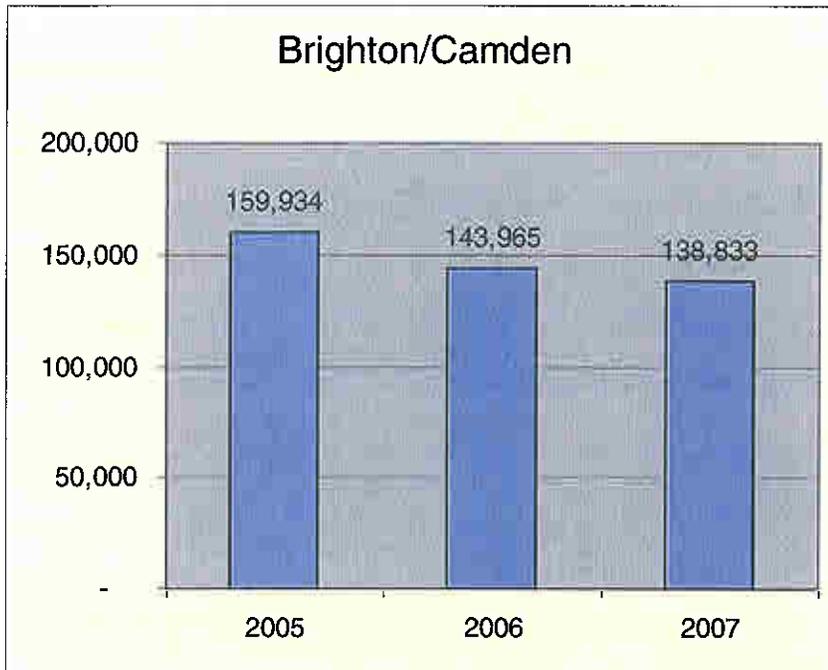
Total transactions for N. Beverly Lots April-June of 2005, 2006 and 2007:



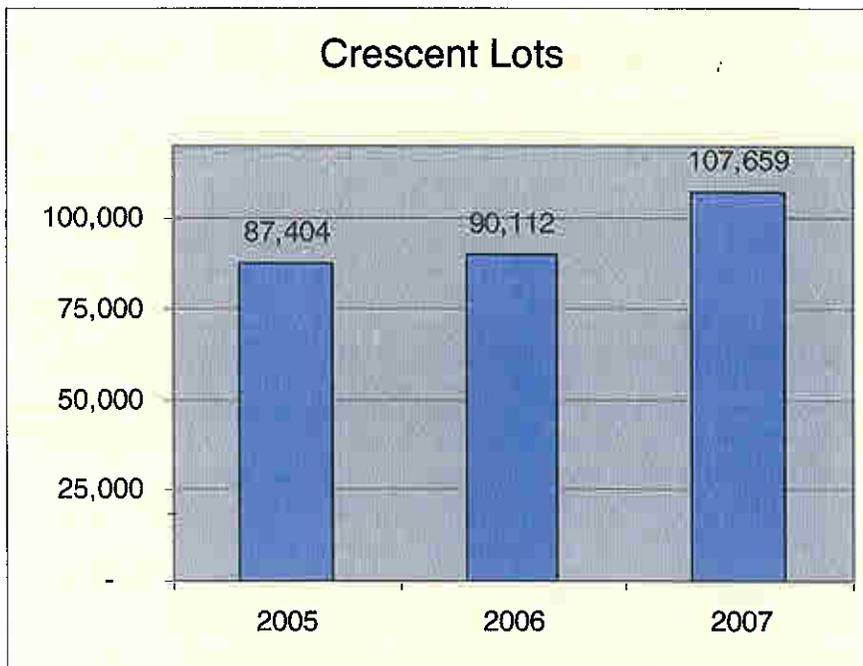
Total transactions for the 345 N. Beverly Drive (William Sonoma) and 438 N. Beverly Drive (Crate & Barrel) parking facilities have increased since the implementation of the new parking rates, supporting the supposition that moving long-term parkers out of these facilities more efficiently serves short-term users, and that customers are not discouraged from parking. In 2006 staff reduced the use of attendant assisted parking Monday – Wednesday and the facility still exceeded the total number of transactions for 2005. Using this model the City was able to reduce labor and operating expenses at the 438 N. Beverly Drive facility while increasing the number of vehicles parking. During the 2006 calendar year, staff instituted a reduction in holiday staffing when limited use of the facility failed to fully recover labor and other operating expenses. Although this only accounts for a small number of total transactions, these transactions were included in 2005 and were not included in 2006 or 2007.

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Total transactions for Brighton/Camden Lots April-June of 2005, 2006 and 2007:



Total transactions for Crescent Lots April-June of 2005, 2006 and 2007:



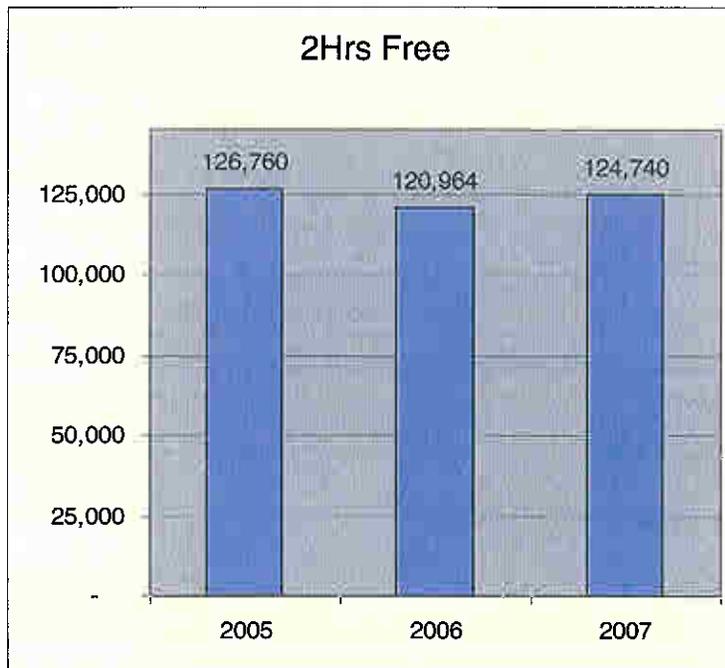
Staff is presenting the Brighton/Camden Lots and the Crescent Lots together as an example of the relationship between the parking rates and the total transactions of the individual parking facilities. The reduction in the number of transactions in the Brighton/Camden Lots is nearly identical to the rise in transactions at the Crescent Lots. Since the Crescent Lots are the lots intended for long-term use, promoted by early bird and lower daily maximum rates, the data shows that long-term parkers have left the

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triangle parking areas in search of low cost, long-term parking located at the perimeter facilities on Crescent Drive.

It is estimated that misuse accounts for a reduction of two or three transactions (re-parking) as compared to the creation of one transaction when relocating the parker for all day parking at a Crescent Lot perimeter facility. It is therefore reasonable to estimate that new visitors have backfilled usage at the Beverly Lots and additional re-parkers were encouraged to relocate from the Brighton/Camden Lots to the Crescent Lots.

Total transactions for 2Hrs Free Lots April-June of 2005, 2006 and 2007:



Transactions for the facilities that remained two-hours free declined after the implementation of the one-hour parking rates. Based on the figures collected during this period, the two-hour free parking facilities could account for as much as 20% of the decline in total transactions during the 2006 calendar year.

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Individual Duration by Facility

Average duration for Apr-Jun of 2005, 2006 and 2007

	2005	2006	2007
<i>N. Beverly Lots</i>			
438 N. Beverly Drive (Crate and Barrel)	1hr 34min	1hr 27min	1hr 29min
345 N. Beverly Drive (William Sonoma)	1hr 32min	1hr 27min	1hr 27min
<i>Brighton/Camden</i>			
9510 Brighton Way (Rodeo)	1hr 39min	1hr 32min	1hr 32min
440 N. Camden Drive	1hr 41min	1hr 32min	1hr 35min
<i>Crescent Lots</i>			
221 N. Crescent Drive (Whole Foods)	5hr 12min	4hr 23min	4hr 21min
333 N. Crescent Drive (BH Market)	3hr 55min	4hr 16min	4hr 26min

Duration represents how long customers park during each visit to the parking facilities. The duration for the N. Beverly Lots has only minor changes year over year, indicating the implementation of the parking rates had little effect on the average length of the customer's stay.

The more significant drop in transactions based on the removal of re-parkers at the Brighton/Camden Lots, combined with the mix of medical and office visitor usage, creates difficulty in accurately measuring the impact to retail/restaurant visitor durations at these facilities. The current durations are more reflective of visitor durations, without the pollution of re-parkers, which is slightly longer than the N. Beverly Lot average durations and is consistent with the anticipated longer duration expected from office and medical users.

Most significantly, the duration times for the Crescent Lots have mixed results, illustrating the usage patterns of the type of long-term user occupying the individual facilities. Based on this analysis, staff has categorized long-term parking users into four distinct groups which are referenced below and described in detail in Exhibit "B"

Increased transactions for the Crescent facilities indicate an influx of long-term users displaced from the triangle parking facilities. The drop in duration at the 221 N. Crescent lot (Whole Foods) indicates an influx of Half-Day and irregular users, increasing the number of transactions and shortening the average duration of stay. Conversely, the rise in duration at the 333 N. Crescent lot (Beverly Hills Market) indicates an influx in all day Daily and Multi-Day users, increasing the number of transactions and increasing the average duration of stay. These combined statistics support the claim that long-term users, previously prone to re-parking, are being motivated to voluntarily move to parking areas outside of the triangle.

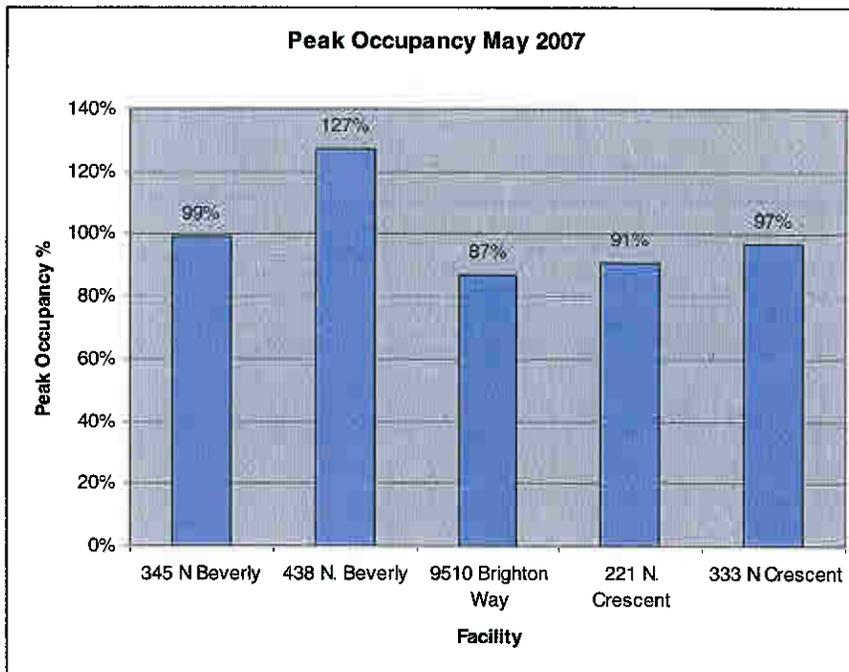
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The most significant measurement staff can provide is occupancy. This information has not been previously presented, and is rarely individually compiled, as there are many obstacles when using our current PARCS equipment to obtain this information. Occupancy represents the percentage of the parking spaces occupied during a one-hour period of the day.

The City recognizes the peak occupancy period from 11am to 3 pm, with occupancy rising from Sunday thru Thursday, the peak day of occupancy. Occupancy drops slightly on Friday and rises again on Saturday. Staff attributes the Thursday peak occupancy to the mixed use of long-term and short-term parkers which may not occur on Friday and Saturdays due to employee scheduling.

Peak Occupancy Information

Peak occupancy for May 2007¹



The numbers represented above are calculated using the number of vehicles entering and exiting each facility to establish the number of vehicles present during a one-hour time period. These numbers are also adjusted to represent the presence of both transient and monthly users. The peak at any single moment in time may be more or less, and facilities that close during this one hour period may not accurately reflect the total occupancy. For instance, the 333 N. Crescent Drive parking facility may only register 97% occupied at its peak, however this facility is filled and closed several times daily when it reaches capacity Tuesday to Thursday.

Best practices indicate that the optimal occupancy for a parking facility is 85%, which ensures available parking for those seeking parking opportunities and to ensure vehicles are able to circulate within the parking facility, entering and exiting with minimal obstruction. Total occupancy, which requires closing of the facility, is not conducive to

¹ Occupancy at 438 N. Beverly Drive exceeds 100% due to attendant assist, stack parking that is operated Thursday thru Saturday.

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maximum efficiency and often results in a reduction in the number of customers the facility is able to accommodate and a decrease in the total number of transactions.

Occupancy for the N Beverly Lots has remained constant. Increased transactions and constant durations is confirmation that short-term visitors have replaced the long-term re-parkers that were forced out of these facilities.

Occupancy for the Brighton/Camden parking facilities has been reduced while occupancy of the Crescent Lots has increased. Durations of the Crescent Lots have changed and transactions have mirrored occupancy in both the Brighton/Camden and Crescent Lots. This combination is further evidence that long-term users have voluntarily changed their behavior and are moving to the perimeter Crescent Lots.

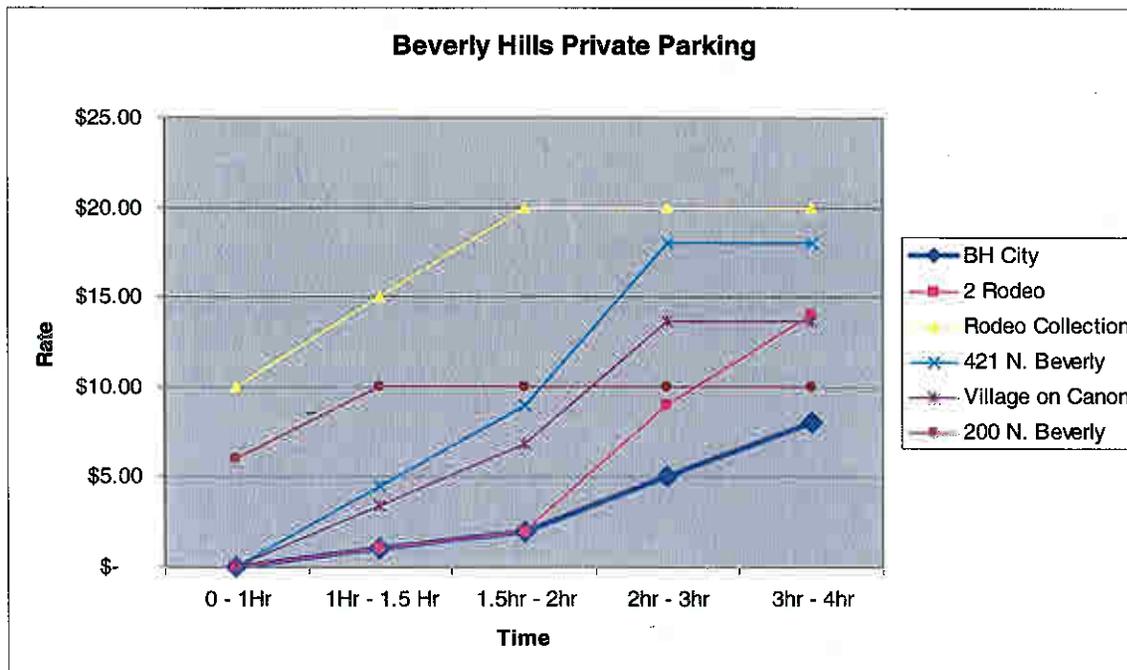
Simply stated, the City is parking more visitors in the triangle and has moved long-term users to the Crescent Lots. This creates available, convenient parking for short-term visitors by encouraging long-term users to use the appropriate resources. At the current occupancy levels, the City cannot park more vehicles by offering lower rates.

Comparison of Competitor Parking Rates

The City of Beverly Hills parking rates instituted in January 2006 are as follows:

- First Hour – FREE
- Second Hour - \$1 per ½ hour or portion thereof
- Thereafter - \$1.50 per ½ hour or portion thereof
- Daily Maximum \$13.50

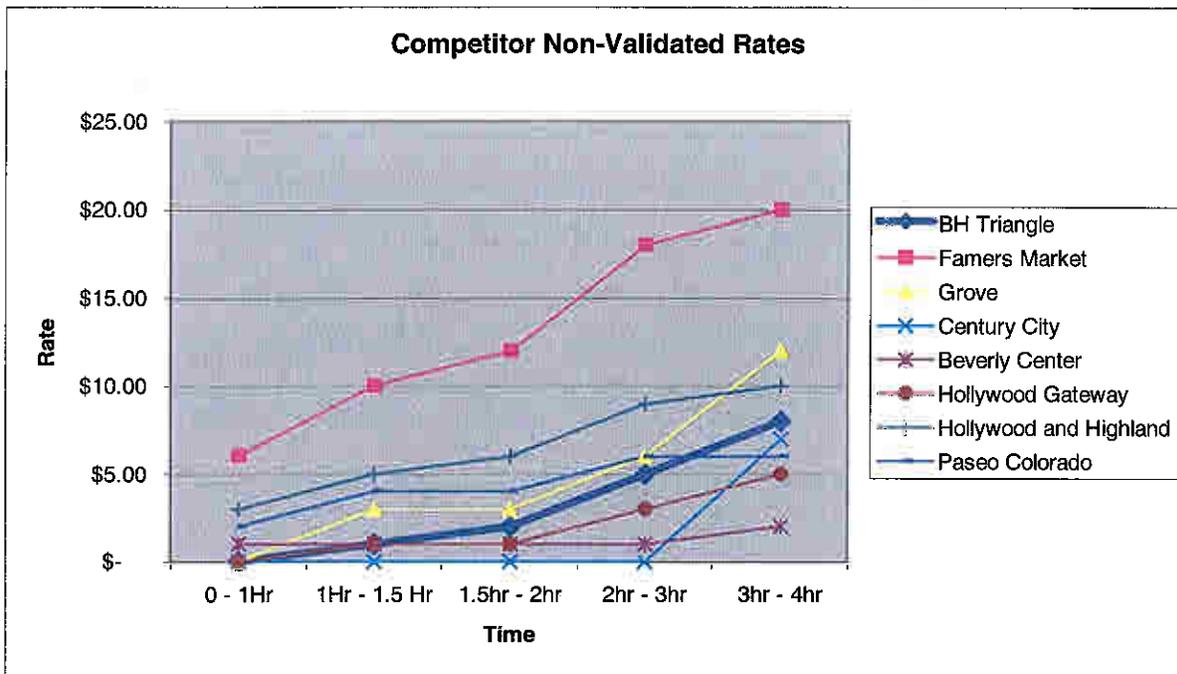
Beverly Hills Private Operator Parking Rates



When comparing parking rates to private operators located within Beverly Hills, the City is consistently lower than competitors. The only comparable facility is 2 Rodeo, which is legally bound to match the City's parking rates for the first two (2) hours.

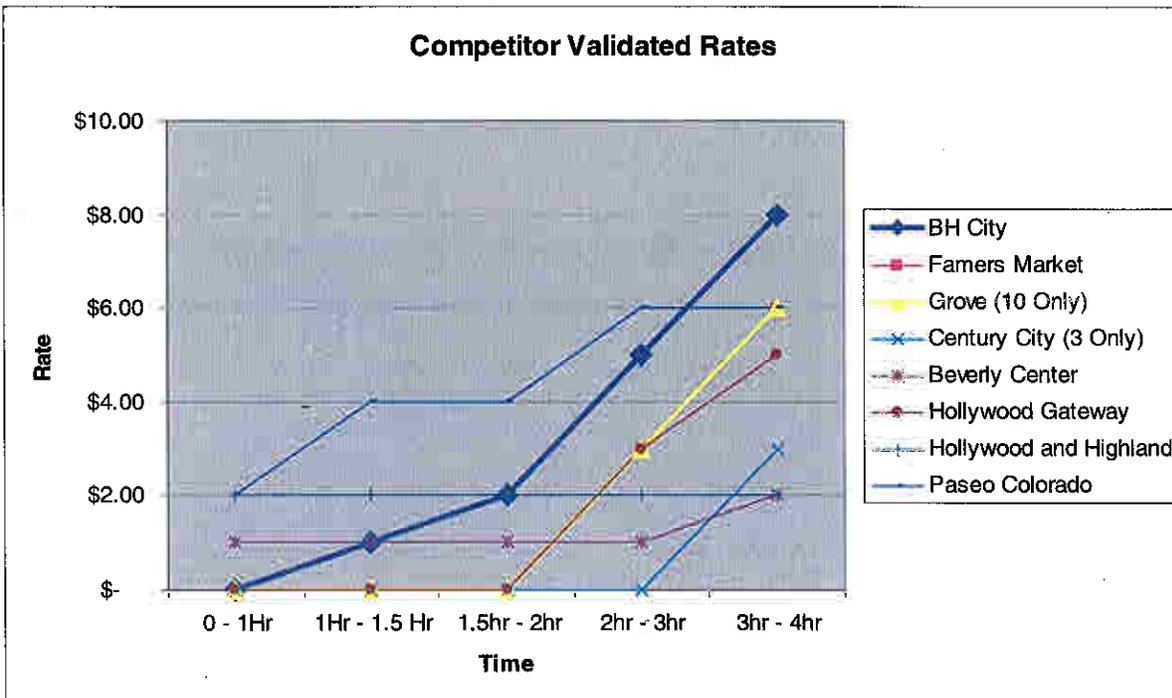
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Regional Competitor Non-Validated Parking Rates



When comparing non-validated parking rates, the City's parking rates fall within the range of local competitors.

Regional Competitor Validated Parking Rates

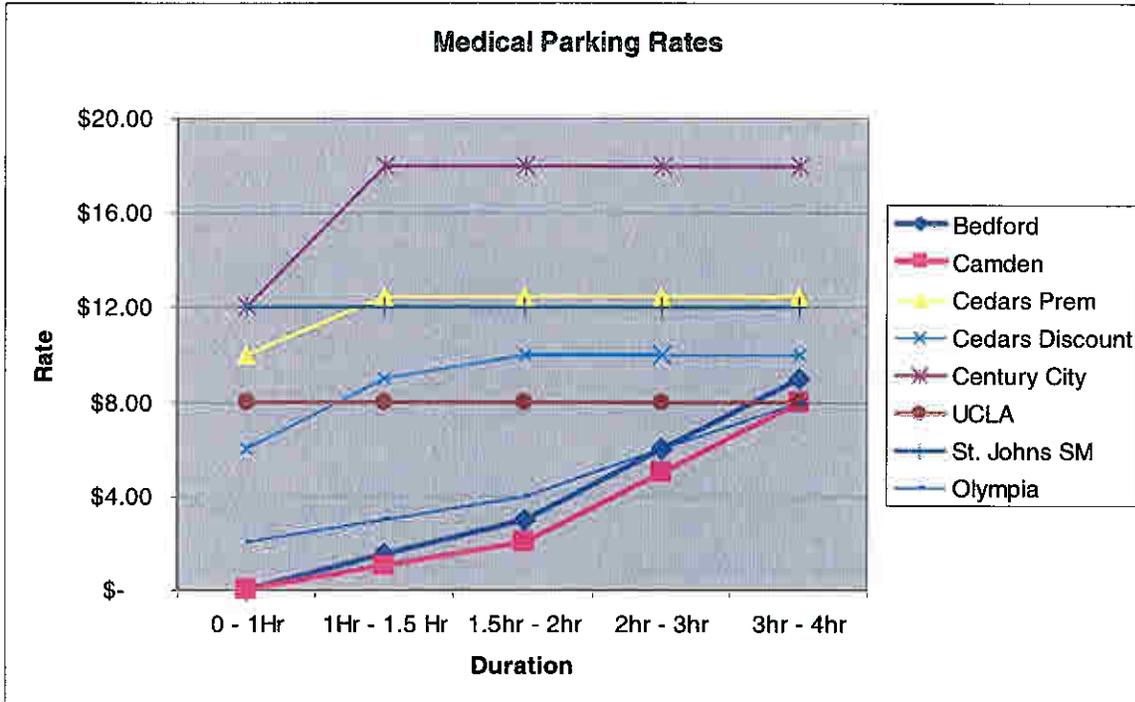


When competitors introduce parking rates subsidized by the businesses receiving the beneficial use of the facility through the use of validations, the City rates appear slightly above the regional competitors and accelerates as parking durations extend past two (2)

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hours. The City only appears higher in this scenario because there are no programs, such as validations or assessments, in which the businesses receiving the beneficial use of the City's facilities contribute to the cost of operations.

Regional Medical Parking Compared to Bedford and Camden Facilities



Most regional medical parking fees are significantly higher than parking fees charged for similar use in the City's facilities. The City provides one-hour of free parking and then progressively escalating rates, while regional competitors are charging flat rates at entry or rates that reach the daily maximum charge within 1½ hours of entry.

Below is a brief description of the financial and operational differences in the model used by the City and the model used by competitors.

- Financial
 - Private shopping developments consider parking infrastructure and operation expenses as part of their general business plans. Operating costs are recovered as part of the rent charged, common area maintenance (CAM) assessments to each tenant, and validations that may be negotiated as part of rental agreements or purchased at established rates. In this model tenants pay taxes and fees to the City of Los Angeles, such as business license and sales tax, in addition to the fees paid to the shopping center to subsidize parking expenses.
 - In the City's parking model, there is currently no contribution from neighboring businesses and/or property owners that receive the beneficial use of the City's facilities. The Parking Enterprise Fund is financed by leasing retail/office space within the City owned buildings and from fees charged to customers using the parking facilities.
- Behavioral
 - Most private developments have a single, large parking facility to meet the parking demand. In this model the development does not need to

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address the competing interests of long-term and short-term parking users, as all users park within the same facility. In the event the developer chooses to regulate parking within a single facility, compliance by enforcing common area rules through tenant agreements allows the development to hold businesses responsible for the conduct of its employees.

- For operations in Beverly Hills, the City owns multiple facilities located throughout the City. The primary customer of each facility is slightly different based on its location. The City is currently attempting to accommodate short-term parking demands in the central triangle area and long-term needs in perimeter lots on Crescent Drive. Since the City is unable to hold the majority of businesses responsible for employees' parking behavior, the City uses rates to encourage long-term usage outside of the triangle.

FISCAL IMPACT

As a result of the Two-Hour Free Parking program the Parking Enterprise Fund has always struggled to meet its financial demands based solely on fees collected from parking customers. The fund has relied heavily on the revenue generated by leasing the retail space in each parking structure and from the on-street parking meters to maintain stability. As discussed earlier, in fiscal year 2003/2004 a decision was made by the City Council to move parking meter revenue to the General Fund and replace the lost revenue with adjusted parking rates.

Transient revenues for calendar year 2005, 2006 and 2007

	2005	2006	2007
Jan – Mar	\$590,254	\$998,136	\$1,047,690
Apr – Jun	\$633,745	\$1,032,135	\$1,072,692
Jul – Sept	\$636,019	\$1,005,497	N/A
Sept – Dec	\$759,769	\$1,082,811	N/A

Growth in dollars of transient revenues from calendar year 2005 to 2007

	Growth 2005 - 2006	Growth 2006 – 2007
Jan – Mar	\$407,882	\$49,554
Apr – Jun	\$398,390	\$40,557
Jul – Sept	\$369,478	N/A
Sept – Dec	\$323,042	N/A

Percentage growth of transient revenues from calendar year 2005 to 2007

	Growth 2005 - 2006	Growth 2006 – 2007
Jan – Mar	69%	5%
Apr – Jun	63%	4%
Jul – Sept	58%	N/A
Sept – Dec	43%	N/A

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In the following spreadsheet the operating results are presented for the Parking Enterprise Fund from Fiscal Year 2002/2003, the last year on-street parking meter revenues contributed to the Fund, through the projected 2007/2008 operating year. The operating loss in 2003/2004 and 2004/2005 is a result of continuing the Two-Hours Free Parking program without the subsidy from the parking meter program. In January 2006 the current one-hour free parking program was implemented and the increased revenues resulted in a slight operating gain for fiscal year 2005/2006. Continued improvements to parking revenues from the increased parking rates (which contribute 39% of total operating revenues) and from retail space rental (which contribute 57% of total operating revenues) resulted in \$2.4 million net from operations in the 2006/2007 operating year.

The fiscal year 2007/2008 budget and projected operating results incorporate a higher level of service approved by the City Council. As a direct result of this effort overall operating expenses have increased by about \$3 million resulting in a projected operating loss of about \$1 million.

	Historical					
	Actual Fiscal Year 02/03	Actual Fiscal Year 03/04	Actual Fiscal Year 04/05	Actual Fiscal Year 05/06	Projected Fiscal Year 06/07	Projected Fiscal Year 07/08
Current Revenues						
Service Charges						
Current Revenues	11,873,599	10,201,990	11,119,954	13,041,263	15,193,671	15,060,957
Current Expenses						
Current Expenses	11,819,380	11,529,136	12,613,245	12,984,569	13,029,288	16,001,858
Net from Operations	54,219	(1,327,146)	(1,493,291)	56,694	2,164,384	(940,901)

The financial schedule below looks at the next 5 years, including the operating revenues and expenses for the new Montage Adjacent Parking Garage Public Gardens and Garden Building. A continuation of the operating loss is anticipated, specifically expenses continuing to exceed revenues based on the current service levels.

	Projected Fiscal Year 07/08	Projected Fiscal Year 08/09	Projected Fiscal Year 09/10	Projected Fiscal Year 10/11	Projected Fiscal Year 11/12	Total of Years
Current Revenues						
Service Charges						
Current Revenues	15,060,957	15,326,396	15,453,016	15,762,077	16,077,318	77,679,764
New Revenues - T-Lot						
T-Lot Revenues	-	2,681,397	4,663,085	4,824,186	4,967,224	17,135,892
Total Operating Revenues	15,060,957	18,007,793	20,116,101	20,586,263	21,044,542	94,815,656
Current Expenses						
Current Expenses	16,001,858	16,838,985	16,635,454	16,916,461	17,165,736	83,558,494
New Expenses - T-Lot						
T-Lot Expense	-	4,076,134	4,708,141	4,678,070	4,644,934	18,107,278
Total Operating Expenses	16,001,858	20,915,119	21,343,595	21,594,531	21,810,669	101,665,772
Net from Operations	(940,901)	(2,907,326)	(1,227,494)	(1,008,268)	(766,127)	(6,850,116)

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The projections for the Montage Adjacent Parking Garage rates do not include any free parking. A rate structure of \$1 per hour for the first two-hours is consistent with the revenue assumptions presented to the City Council going back as far as November of 2002 and is consistent with the assumptions presented at the time of the projects approval by the City Council. This facility was intended to be a paid parking facility as referenced by the PowerPoint presentation and notes from the meetings attached in Exhibit "E". Parking rates were considered as an available funding source to support the cost of creating, operating, and maintaining this parking facility.

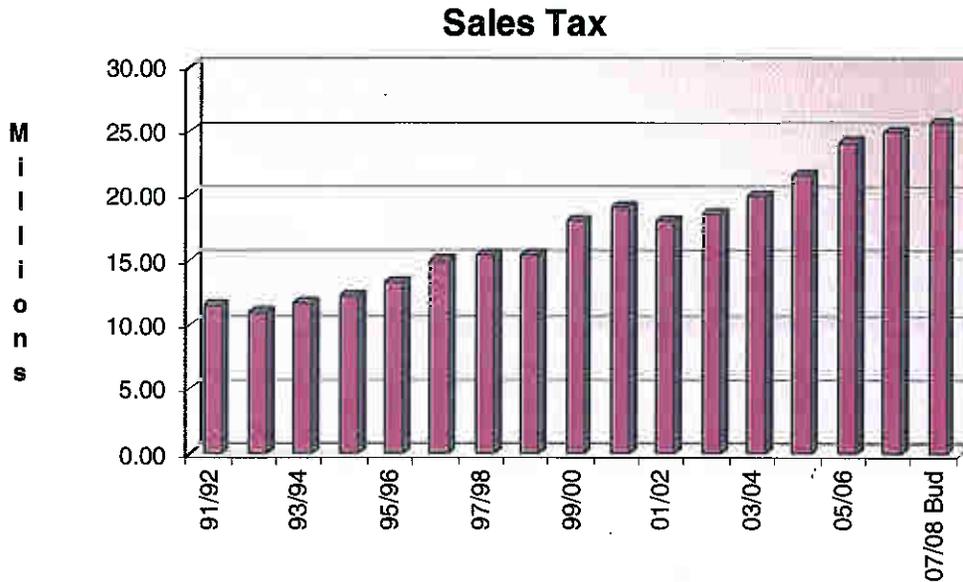
The following spreadsheet presents the results of operations if a two-hour free parking program was implemented for the parking garages converted to one-hour free parking in January 2006 (and includes the Montage Adjacent Parking Garage).

	Projected Fiscal Year 07/08	Projected Fiscal Year 08/09	Projected Fiscal Year 09/10	Projected Fiscal Year 10/11	Projected Fiscal Year 11/12	Total of Years
Current Revenues						
Service Charges						
Current Revenues	13,263,769	13,403,405	13,583,222	13,854,887	14,131,984	68,237,267
New Revenues - T Lot						
T Lot Revenues	-	2,211,117	3,722,525	3,855,410	3,969,365	13,758,437
Total Operating Revenues	13,263,769	15,614,522	17,305,747	17,710,296	18,101,369	81,995,704
Current Expenses						
Current Expenses	16,001,858	16,838,985	16,635,454	16,916,461	17,165,736	83,558,494
New Expenses - T-Lot						
T-Lot Expense	-	4,076,134	4,708,141	4,678,070	4,644,934	18,107,278
Total Operating Expenses	16,001,858	20,915,119	21,343,595	21,594,531	21,810,669	101,665,772
Net from Operations	(2,738,089)	(5,300,597)	(4,037,848)	(3,884,235)	(3,709,300)	(19,670,088)

As illustrated by the spreadsheets, the results of returning to a two-hour free parking program would require additional funding from other sources to prevent the Parking Enterprise Fund from entering a state of extreme deficit.

Sales Tax

According to research recently done by MuniServices and the Chamber of Commerce the engine that drives the economy of Beverly Hills is the result of international, national and local economic factors, and is too complex to be attributed to any single element. It is the synergy between the different business types, the support/demand they place on each other, the level of service the City provides its guests and visitors, and the value of the Beverly Hills brand. The following graph shows the history of sales tax over the last sixteen years and projections of the 2007/2008 fiscal year. This graph illustrates the impact of each economic cycle on taxable retail sales.



Beverly Hills is experiencing historic growth in our economic base for sales, business and transient occupancy taxes. Even with the current downturn in the national economy the economic growth in Beverly Hills continues to be well above surrounding communities and California in total. The most recent sales tax data compiled by the State shows first quarter sales tax growth for Beverly Hills to exceed areas experiencing explosive population growth such as the Inland Empire and Central Valley. Of even greater significance, when adjusted for inflation, sales tax revenue has remained even while the rest of the State has experienced a loss in value from -1.2% to -4.6%.

If sales tax revenues are identified as a method for recovering the \$2.7 million operating deficit within the Parking Enterprise Fund, the two-hour free parking rates will need to be responsible for generating \$270 million in new taxable sales. In order to achieve \$270 million in new taxable sales the City will need to attract 1,479 new visitors, every day of the year (365 days), with each visitor spending \$500 during their visit to Beverly Hills.

Customer Free Parking Options

OPTION 1

- Return the following parking facilities to two-hours free parking for all users:
 - 216 S. Beverly Dr.
 - 345 N. Beverly Dr. (William Sonoma)
 - 438 N. Beverly Dr. (Crate & Barrel)
 - 9510 Brighton Way (Rodeo)

Impacts

- Based on the financial analysis presented previously, implementation of two-hours free parking will result in a \$1.7 million reduction in revenues, a deficit of \$2.7 million in the current fiscal year and a total deficit of \$19.6 million deficit over the next five years.
- The extreme nature of this deficit may have the following financial impacts:
 - Downgrading the City's bond rating resulting in higher interest rates for financing.
 - Potential lack of funding for new parking facilities or contributions for public/private partnerships in impacted parking areas such as SoBev and Robertson, and specifically the 400 N. Canon Drive Parking Facility as part of the Beverly Hills Cultural Center project.
 - Reduction in all non-urgent related CIP projects for Parking Operations.
 - Scaling back of PARCS equipment to be implemented in an exit cashiering configuration.
 - Reduction of all non-revenue collecting parking attendant staff positions.
 - Santa Monica Five walking attendants.
 - Internal traffic guidance.
 - Return to deferring maintenance and a potential deterioration of parking facility structural condition.
 - Reduction in revenues from Crescent Parking Lots.
 - A requirement to subsidize ongoing operations.
 - Assessments on Businesses
 - General Fund Subsidies
 - Accelerates the General Fund Rev/Exp crossover
 - Requires cuts to currently funded General Fund Programs
- The nature of these rates may have the following behavioral effects:
 - Return of misuse and re-parking in triangle parking facilities.
 - Reduction in the number of users encouraged to use long-term parking facilities.
 - Reduction in the capacity available to meet visitor parking demand.
 - Increase in the internal congestion within parking facilities.
 - Increase in the number of facilities full, congested, and/or unavailable during peak demand periods.
 - Increase in traffic congestion during peak demand periods created by circulating vehicles seeking free parking.

OPTION 2

- Create a Residential Two-Hours Free Program, allowing residents the privilege of two-hourss free parking in the facilities referenced in Option 1.
 - Staff recommends creating a program where upon verification of residency users will be eligible for the discounted parking rate.

Impacts

- Based on the financial analysis presented above, a resident “opt-in” two-hour free parking program will result in an estimated \$340,000² reduction in revenues, a deficit of \$1.2 million in the current fiscal year, and \$3.2 million deficit in the 2008/2009 fiscal year.
- Residential discount parking programs have been instituted in other California cities and cities nationwide. Examples include:
 - Hermosa Beach
 - Monterey
 - Sausalito
 - Ft. Lauderdale, Fl
 - Norfolk, Va
- New parking equipment may allow residents the combined convenience of access card and debit card holders, allowing access without the need to take a ticket and pay prior to exiting, even if the duration of stay exceeded the free parking period.

OPTION 3

- Creation of a validation program in which the local merchants, the beneficial users of the parking facilities, would distribute validations to customers.

Impacts

- The City Council could choose from an almost unlimited number of permutations and combination to implement this program.
 - Examples include:
 - City subsidized validations. Merchants could purchase the validations at a discount that could range from completely free to percentage discounts, such as 10%, 50%, or 75% off market rates.
 - A limited number of free validations could be provided to each merchant based on an established criterion.
 - Criteria could be established for use of the validation. A minimum stay of three hours would allow for the first two hours of free parking. Or a minimum purchase of \$50 before a validation would be provided.
 - The validation provided to the customer could be for a percentage discount of the total parking fee, such as 50% off the calculated fee for up to three hours.

² The \$340,000 for a resident parking program was calculated as 20% of the estimated \$1.7 million revenue loss from a full two-hour free program. The Draft of the Beverly Hills Retail Patron Study conducted in 2006 by the Chamber of Commerce shows Beverly Hills residents accounted for 20% of triangle patrons.

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- Since the City Council may set policies and/or fees for validation there is more direct control over the distribution of free user parking.
- Parking validations are consistent with methods used by our regional competitors.
- This process ensures participation of the local businesses and provides the City with influence over other parking challenges, such as employee parking behavior.
- Limitations and merchant responsibility for validations can prevent re-parking and other misuse.
- Merchants have communicated two major issues of opposition when discussing validations.
 - Merchants do not wish to distinguish between browsers and buyers when providing or denying validations. Merchants fear that denial of a validation to someone that is browsing might create tension and prevent them from becoming future customers.
 - Smaller merchants believe that paid validations will place them at a competitive disadvantage and that larger retailers are more capable of absorbing the cost. Based on the perception of a competitive disadvantage, smaller merchants do not support implementation of any paid validation program, even if participation is at the discretion of the business.

Summary of Customer Free Parking Options

	Description	Annual Revenue Loss
Option 1	Two-Hours Free Parking for All Users	(\$1,700,000)
Option 2	Resident Discounted Parking Program	(\$340,000)
Option 3	Validation Program	Variable and Directly Manageable

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Revenue Enhancement Options

The revenue enhancement options presented represent a menu of options to generate additional revenues for the Parking Enterprise Fund, which may be implemented separately, together or in any combination.

OPTION 1

- Adjust monthly parking rates and daily maximums. Proposed monthly parking rates and daily maximums are detailed in Exhibit "C"

Impacts

- Based on the rates recommended in attached table, monthly parking rates would generate and estimated \$360,000 annually.
 - Staff is recommending minor adjustments to the fees for Daily Parking Passes, Early Birds, and Daily Maximums to maintain consistency within the program.
- Implementation of this option may take up to 90 days. New rates require a public hearing, an approved resolution, and a 30 day waiting period to implement the rates. Customer notification will need to go out at least one billing cycle prior to the implementation of the new parking rate, so rates will not be charged and collected until at least two billing cycles after rates are approved.
- Adjustments to monthly rates may cause some users to seek alternatives, including parking in private parking facilities, parking in lots outside of the triangle or using mass transit.

OPTION 2

- Adjust parking citation fines by approximately 15%, resulting in a \$6 increase based on the most commonly cited violations.

Impacts

- Adjusting the parking citation fines by \$6³ would generate an estimated \$790,500 annually. The proposed fines are detailed in Exhibit "D".
- New revenues generated do not account for potential diminishing returns based on greater compliance. Although staff does not anticipate a measurable difference based on a \$6 adjustment, greater potential exists as the fines increase.
- Beverly Hills parking citation fines would be the highest in the region.
- A higher percentage of residents may be affected by parking citations than by the parking facility rates.
- Pledging fine revenues to parking facility operations links those violating the parking laws with the cost of providing legal parking opportunities.

³ For the purpose of additional calculations, it can be assumed that for each \$4 increase to fines approximately \$500,000 of new revenues will be generated.

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OPTION 3

- Adjust transient parking rates at the Bedford and Camden parking facilities as follows:
 - Bedford
 - First Hour \$1 per ½ Hour
 - \$1.50 per ½ Hour Thereafter
 - Camden
 - First Hour \$1
 - Second Hour \$1 Per ½ Hour
 - \$1.50 Per ½ Hour Thereafter

Impacts

- Based on the recommended rates estimated \$482,000 in new revenues would be generated annually.
 - Bedford \$400,000
 - Camden \$82,000
- Implementation of this option may take up to 90 days. New rates require a public hearing, an approved resolution, and a 30 day waiting period to implement the rates. Customer notification 30 days prior to implementation is recommended at each site.
- Separate adjustments are recommended for Bedford and Camden to minimize impact to the neighboring parking facility at Brighton Way, which services Rodeo Dr. Staff believes the tiered rates proposed are not significant enough to deter parking at the Bedford or Camden parking facilities based on the primary user of those facilities.

OPTION 4

- Adjustment of the on-street parking meter rates.
 - Staff recommends any adjustment over \$1.00 per hour be implemented after the installation of parking meters capable of accepting alternative payment methods, such as credit card.

Impacts

- Approximately 1300 meters are currently programmed for \$1.00 per hour. If staff were to receive direction to proceed with the replacement of on-street parking meters in this fiscal year, it is estimated this project will take 12–18 months for implementation.
 - At a proposed rate of \$1.50 per hour this option would produce an estimated \$420,000 of new revenues annually.
- Approximately 1700 meters are currently programmed for \$0.25 or \$0.50 per hour. Staff recommends raising these meters by \$0.25 to \$0.50 per hour. Implementation of this increase could occur within 120 days. Pursuant to the California Vehicle Code (CVC), parking meter rates may only be set by ordinance. Staff will need to order new meter information plates for installation in the meter housing during the rate reprogramming. There is an approximate material cost of \$4 per meter to implement this change.
 - By charging an additional \$0.25 to \$0.50 in 1700 parking meters, staff anticipates additional revenues of \$350,000 annually.
- Estimates do not include reduction of revenues based on increased vandalism or increased usage (legal and illegal) of Disabled Person (DP) placards.

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- Los Angeles County accounts for over 25% of all DP placards issued by the Department of Motor Vehicles.
 - Use of DP placards between 1994 and 2006 in Los Angeles County went from 247,000 to over 600,00 and statewide from 875,000 to over 2.2 million.
 - 2005/2006 saw a 35% increase in the number of DP placards issued compared to the prior year.
- Adjusting the parking meter rates reflects best practices recommendations for on-street metered parking rates to exceed off-street parking facility rates.

OPTION 5

- Implementation of a Parking Tax for private parking operations.

Impacts

- Implementation of a tax measure would require a ballot measure, and staff estimates implementation of this option would take two to three years.
- Additional deliberation of the City Council would be needed to more thoroughly frame this option. While staff supports the long-term goal of seeking alternative resources to fund parking operations, staff does not recognize this as an immediate option for solving the current Parking Enterprise Fund deficit.
- The City of Los Angeles currently assesses a 10% City tax on all parking revenues collected by private operators.
- Collection of this tax would be similar to the collection of Transient Occupancy Tax (TOT) and Business License Taxes.
- It is unknown what type of revenues this option could generate. Additional studies are needed to determine the effectiveness of this option.

Summary of Revenue Enhancement Options

	Description	Implementation Timeline	Estimated Annual Revenue Increase
Option 1	Monthly Parking Rates	90 Days	\$360,000
Option 2	Adjust Parking Citation Fines by Approx 15%	90 Days	\$790,500
Option 3	Bedford and Camden Parking Rates	90 Days	\$482,000
Option 4	On-Street Parking Meter Rates	12 - 18 Months	\$770,000
Option 5	Parking Tax	2 - 3 Years	Unknown

RECOMMENDATIONS

Based on the revenues generated by the current parking rates, accompanied with the positive behavioral influences the parking rates have promoted, staff recommends the following:

1. Maintain the current one-hour parking rates and adopt revenue enhancement options to eliminate the structural deficit in the Parking Enterprise Fund.
2. Continue the ad hoc subcommittee for parking with the purpose of immediately drafting a Guiding Principles document for parking services in the City of Beverly Hills.
 - a. The City is facing greater demand on its parking resources and potential future deficits. This exercise is the first step when creating a parking master plan, which can bring more consistent direction to our rates, policies, and operations. This exercise will create a collaborative process to prioritize the competing interests of our operation and provide a focal point for our goals and objectives as we continue to face challenging financial and operational issues.
3. Present and adopt Guiding Principles as a first step to creating a Parking Master Plan.
 - a. The adoption of Guiding Principles can be a first step in creating a Parking Master Plan that will address our growing parking needs both in the triangle and in neighborhood business districts, such as Robertson, SoBev and the west side of S Santa Monica. This plan can also provide opportunities to balance parking rates with operational best practices, and explore programs that incorporate the local businesses receiving the beneficial use of the City provided parking facilities.
4. Develop and implement a City wide strategic Parking Master Plan within the next two years.
 - a. Once guiding principles have been adopted, parking rates, policies and operations can be presented based on our individual parking assets, the services they are intended to provide, the user groups identified as the primary or secondary customers, and the additional infrastructure needed to meet our future demand.

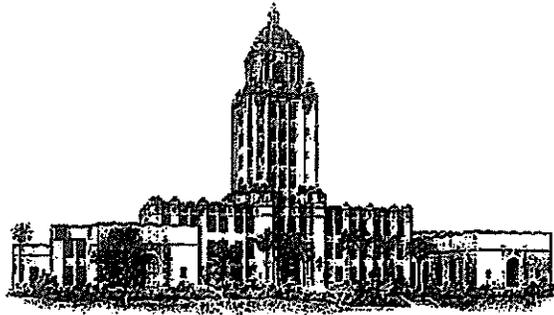
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If the City Council wishes to pursue the implementation of additional free parking, staff recommends options as follows:

1. Implementation of a validation program which will engage the business community, the beneficial users of the parking facilities.
2. Implementation of a Resident Parking Program, which is more sustainable and has less system wide behavioral impacts.
3. Implementation of a free parking program for all users accompanied with revenue enhancements to replace lost revenues.

Under all circumstances, staff recommends choosing a combination of options which will eliminate the structural deficit in the Parking Enterprise Fund and direct staff to establish Guiding Principles and pursue implementation of a Parking Master Plan.

 David Gustavson
Approved By



CITY OF BEVERLY HILLS

Exhibit "A" – Details of Physical and Operational Improvements

The information provided herein reflects the improvements we have completed, scheduled, and are planning for implementation, along with the statistical comparisons of operations conducted with both two-hour free and one-hour free parking rates.

Physical Improvements performed to date include:

- Comprehensive interior/exterior painting of:
 - Civic Center
 - 216 S. Beverly Drive (SoBev)
 - 221 N. Crescent Drive (Whole Foods)
 - 333 N. Crescent Drive (Beverly Hills Market)
- New elevator flooring for:
 - 216 S. Beverly Drive (SoBev)
 - 345 N. Beverly Drive (William Sonoma)
 - 9510 Brighton Way (Rodeo)
 - 440 N. Camden Drive
 - 461 N. Bedford Drive
 - 221 N. Crescent Drive (Whole Foods)
 - 333 N. Crescent Drive (Beverly Hills Market)
 - 450 N. Rexford Drive (Civic Center)
- Interior stairway and lobby painting of:
 - 345 N. Beverly Drive (William Sonoma)
 - 9510 Brighton Way (Rodeo)
 - 440 N. Camden Drive
 - 461 N. Bedford Drive
- Increased janitorial services at all parking facilities, including:
 - Litter removal
 - Additional cleaning of lobby, elevator and stairway areas.
 - Improved quality assurance and contract management.
- Replacement/refurbishment of exterior sign stands and signage at all parking facilities.
- Improved technology for communications between attendants and supervisors.
- Elevator glass replacement at 461 N. Bedford Drive and 221 N. Crescent Drive (Whole Foods)
 - Includes the addition of graffiti resistant window film to ease future maintenance performance.
- Increased use of air quality fans during summer months for temperature control in subterranean parking facilities.

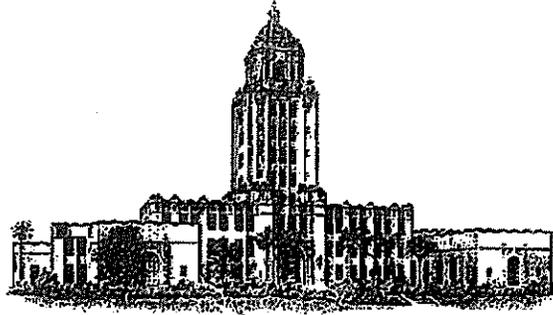
- Manually set fan speeds to increase air flow even when air quality does not require it. Promotes lower temperatures and more comfortable surroundings.
- Created and implemented a special event wayfinding program.
- Pilot program for energy efficient lighting system at 461 N. Bedford Drive
- Pilot program for a non-lethal bird deterrent system at 345 N. Beverly Drive (William Sonoma).
- Painted entry/exit lanes and curbs.
- Replaced aging delineators and cones used for traffic control within parking facilities.
- Used bollard covers in areas of frequent vehicle impact.
- Exterior signage improvements.
- Inspected electrical wiring systems in all parking facilities
 - A list of potentially dangerous “hot spots” was developed and systematically addressed based on severity.
- Established a service agreement for existing Parking Access and Revenue Control System (PARCS) equipment.
 - Entry lane equipment at 438 N. Beverly Drive (Crate and Barrel) was non-operational for almost six months.
- Used air fresheners in stairways and pedestrian corridors.
- Semiannual power washing at all parking facilities.
 - April/May cleaning for summer months. Includes power washing all facilities, stairways, elevators lobbies, and oil scrubbing for parking stalls and entry/exit lanes.
 - Oct/Nov cleaning for holiday season. Includes power washing all facilities, stairways, elevators lobbies, and washing of all surfaces such as walls, ceilings, and in some cases exterior panels.
- Quarterly power washing for the Santa Monica Five parking decks.
- Added pedestrian lifts at the Santa Monica Five parking decks to the City's elevator maintenance agreement.

Operational improvements performed to date include:

- Improved supervisory coverage.
 - A new supervisor position was approved in the 07/08 budget process. Recruitment is suspended until financial stability has been restored to the Parking Enterprise Fund.
- Revised some exception transaction policies to improve customer relations and exiting times.
- Created and executed an employee parking program for the 2006 (and planned 2007) Holiday Season.
 - This provided off-site parking out of the triangle to address the increase in temporary/seasonal employees working in the area during the holiday season.

Staff has an extensive list of continued maintenance, repairs and improvements to implement in the City's parking facilities. These include:

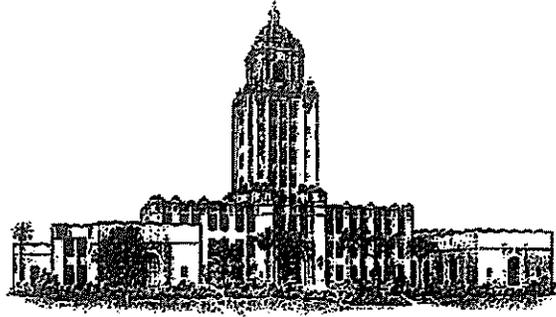
- New PARCS equipment.
 - This improvement is in progress. Pay-on-foot configuration and final agreements have been postponed until the health of the Parking Enterprise Fund has been determined.
- Completing facility structural and rehabilitation analysis.
 - This project is in progress and will provide the City with recommendations and estimated costs of implementation for one-time rehabilitation projects and preventative maintenance schedules related to the structural components of the facilities over the next ten years.
- Repainting of parking stall lines in 221 N. Crescent Drive (Whole Foods) and 216 S. Beverly Drive.
- Elastameric (waterproof deck coating to protect post tensioning and tenant spaces) deck coating in 461 N. Bedford Drive and 9510 Brighton Way (Rodeo).
- New interior instructional signage for PARCS pay-on-foot configuration.
- Improved interior directional signage for vehicle and pedestrian traffic.
- New facility and level counting technology for improved internal traffic management.
- Marquee signage for facility entrances.
- Expansion of the energy efficient lighting program.
- Expansion of the bird deterrent systems.
- Replacement and rehabilitation of the landscaping and irrigation systems for the Santa Monica Five, 461 N. Bedford Drive and 216 S. Beverly Drive parking facilities.



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Exhibit "B" –Description of Long-Term Parking Users

- Daily, All Day
 - These are users that regularly park Monday thru Friday and/or Saturday, arriving in the morning and departing in the evening. They traditionally park every week day, all day. This type of user is usually motivated by convenience and will seek long-term parking resources on their own; however, they can be influenced by rates.
- Daily, Half Day
 - These are users that regularly park Monday thru Friday and/or Saturday; however, they only park for part of the day. These users will either arrive in the morning and depart in the afternoon or arrive in the afternoon and depart in the evening. They traditionally park every week day for part of the day. These users benefit from reparking, but may seek long-term parking opportunities on their own for convenience. These users can be influenced by rates.
- Multi-Day
 - These are users that regularly park during the week, but may not park every day of the week. These users may park all day or part of the day and may have schedules such as Monday, Wednesday and Friday, or weekend schedules, such as Thursday thru Saturday. They traditionally park two or three days per week and may park all day or part of the day. These users may be motivated to seek long-term parking opportunities on their own for convenience; however, they may financially benefit from reparking and can be highly influenced by rates.
- Irregular
 - These are users that do not have regular parking habits. They may only work a small number of days, or a small number of hours, or they may work several hours over short periods of time, such as seasonal employees. These users may be the most motivated to repark and can be most influenced by rates.



CITY OF BEVERLY HILLS

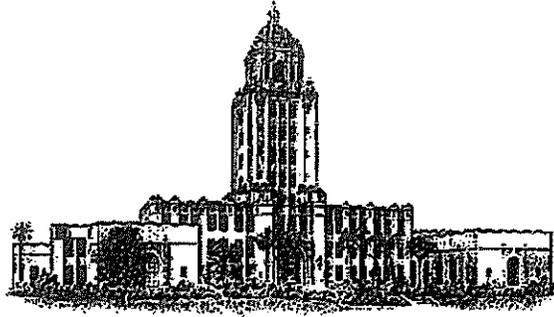
Exhibit “C” – Table of Monthly and Daily Maximum Parking Rates

Proposed Monthly Parking Rates:

Parking Facility	Proposed Rate	Current Rate	Percentage Adjustment
221 N. Crescent Drive (Whole Foods)	\$90	\$75	20%
333 N. Crescent Drive	\$95	\$85	12%
9361 Dayton Way (w/333 N. Crescent)	\$95	\$85	12%
216 S Beverly Drive	\$185	\$145	28%
438 N. Beverly Drive (Crate & Barrel)	\$185	\$145	28%
SM5	\$125	\$100	25%
9510 Brighton Way	\$135	\$125	8%
440 N. Camden Drive	\$135	\$130	4%
461 N. Bedford Drive	\$145	\$95	53%
450 N. Rexford Drive (Civic Center)	\$100	\$75	33%
321 S. La Cienega	\$85	\$65	31%
Peninsula	\$100	\$90	11%
Daily Parking Passes (Package of 20 Passes)	\$95	\$85	12%
Daily Early Bird	\$5.00	\$4.25	12%

Proposed Adjustment to Daily Maximum:

Parking Facility	Proposed Rate	Current Rate
216 S. Beverly Drive 345 N. Beverly Drive 438 N. Beverly Drive 9510 Brighton Way 440 N. Camden Drive 461 N. Bedford Drive	\$14.00	\$13.50
9361 Dayton Way	\$14.00	\$9.00
221 N. Crescent Drive 333 N. Crescent Drive 450 N. Rexford Drive 321 S. La Cienega	\$8.00	\$7.00



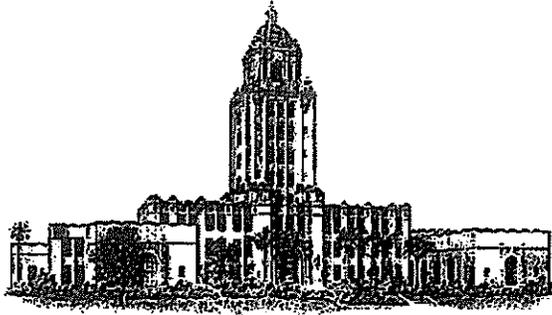
CITY OF BEVERLY HILLS

Exhibit "D" – Table of Proposed Parking Violation Fines

Table of Current and Proposed Fines:

Violation	Current Fine	Proposed Increase	New Fine	Percent of Increase	Primary Citation Area*	Percent of Total Violations
METER VIOLATION	\$40	\$6	\$46	15%	C	25%
PARKING PERMIT ONLY	\$45	\$6	\$51	13%	R	22%
NO PARKING 2:30a to 5a	\$45	\$6	\$51	13%	R	21%
EXCESS TIME LIMIT	\$45	\$6	\$51	13%	M	7%
STREET CLEANING	\$50	\$6	\$56	12%	R	7%
LICENSE PLT MISSING	\$35	\$6	\$41	17%	M	4%
NO LIC TABS	\$25	\$6	\$31	24%	M	3%
RED ZONE	\$70	\$6	\$76	9%	M	3%
NO STOPPING	\$70	\$6	\$76	9%	M	2%

* Primary Citation Area - C = Commercial, R = Residential, M = Mixed



CITY OF BEVERLY HILLS

Exhibit "E" – Excerpts of Staff Reports, Meeting Minutes, and Presentations Related to the Montage Parking Facility.

1. Page 4, Paragraph 4 of the meeting minutes for the Special Council Meeting held on July 14, 2004.

Minutes
July 14, 2004
Page 4

Mr. Wood concluded by listing the criteria to determine if this project would be appropriate for Beverly Hills.

In determining the format for the meeting, Mayor Eggerman stated there are many variables and issues to address and suggested each issue can be discussed by the Council and then a poll taken of the Councilmembers. He explained this poll is not binding, but will allow for a collage of what the project should be and then a vote can be taken on the final product, as it has been adjusted/modified throughout the evening's discussion.

The Mayor framed the base conceptual land use issues to be considered. After a poll, all of the Council agreed it is appropriate land use to allow the development of a private hotel on the eight lots owned by the private developer.

The Mayor introduced the second land use issue regarding development of a subsurface parking structure over all of the 14 lots in question, both publicly and privately owned. In response to a question by Councilmember Delshad, City Manager Wood confirmed the City has engaged in a number of joint venture relationships in the past where public parking is provided including: The Peninsula Hotel, Two Rodeo Drive, William Morris Plaza, etc. In response to a request by Councilmember Delshad, James Birmingham, General Manager of the Montage Hotel in Laguna Beach, addressed parking issues raised and stated the resort in Laguna Beach is larger, but the parking in Beverly Hills is larger. The Council agreed that the subsurface parking structure is appropriate land use with a caveat by Councilmember Webb that he would want validated parking and would not support free two-hour parking.

The Council concurred the construction of a public garden of approximately 33,000 square feet of open space on six parcels owned by the City is an appropriate land use and welcomed a public plaza for the community to come together and which allows for greater pedestrian use of the Business Triangle.

The Council concurred it is appropriate land use for the construction of a liner building on the north side of the six City lots as part of the project noting it is necessary and enhances the public plaza.

The Mayor restated the base proposal/structure to allow for discussion of the alternatives. The Mayor mentioned the alternate proposal recommended by staff although the Council decided it would be best to discuss the proposals for parking first. The Mayor described the three parking options. Deputy City Manager/Development addressed the Council's questions regarding details of the parking demands for the various options. Following discussion, the Council agreed that costs associated with a fifth level of parking would be prohibitive and supported the fourth level expansion (Alternative 2) which would allow for 1218 parking spaces.

The Council recessed at 8:00pm and reconvened at 8:15pm with all members present (Councilmember Levyn recused)

2. Slide 32 of a presentation conducted on February 2, 2005 entitled Beverly Hills Gardens/Garage/Montage Hotel Community Informational Meeting.
 - a. This presentation is available to the public on the City's website.

Estimated Parking Income

- City Receives Hotel Parking Payment
- Hotel Retains Valet Parking Income
- City Retains Self-Parking Income
 - Self-Parking Rates at \$1.00 per Hour For the First 2 Hours; \$1.00 per Half-Hour Thereafter
 - Parking Income From Self-Parking: \$1,600,000
 - Operating Expenses: \$ 573,000
 - Hotel Parking Payment (5% of Room Rate): \$1,141,000
 - **Net Operating Revenues \$ 2,168,000**

3. Page 2 of a memorandum entitled Montage Hotel Economic Analysis Summary prepared by Keyser Marston Associates, Inc. dated February 4, 2005.
- a. This document is available to the public on the City's website.

To: David Lightner, City of Beverly Hills February 4, 2005
 Subject: Montage Hotel Economic Analysis Summary Page 2

The City improvements on City property include four levels of subterranean parking, the public gardens, and the Gardens building. The cost to the City for these improvements is not to exceed \$32.3 million, as shown in the table below.

**Cost of City Improvements on City Land
(\$000s)**

Public Parking ¹	\$15,503
Gardens/Gardens Podium	\$9,662
Gardens Building ²	\$6,629
Utility Relocation	<u>\$456</u>
Total City Cost^{3, 4}	\$32,270

The City's improvement costs would be \$26 million if the right to develop the Gardens building's upper floors were leased to the hotel for additional suites. The City will determine the final design and uses for the Gardens building at future public meetings.

Discussed below are the estimated City revenues generated by the project and an estimate of the economic return to the City.

PARKING AND GARDENS BUILDING REVENUE

Shown in Table 1 are the estimated revenues generated by the project. KMA estimated the net parking revenue to the City would be \$1 million, with the following key assumptions:

1. Transient parking rates are \$1.00 per hour for the first two hours.
2. Parking operating expenses are \$900 per space.

KMA estimated the ground floor retail in the Gardens building would generate a net rental income of \$122,000 annually. The net revenue would be \$384,000 annually for the office and restaurant space on the upper levels. The total retail income including the Gardens Retail would be \$506,000.

Therefore, the parking and Gardens building revenue is \$1.5 million.

¹ 419 spaces at \$37,000 per space.

² Assumes office/restaurant uses in Gardens building.

³ Excludes appraised value of land retained by City (\$14.7 million).

⁴ March 2003 estimates increased at 7.5%, 2004 estimates increased 2.5%.

CHARITING 30 YEARS OF SERVICE TO OUR CLIENTS

02/04/05 10:20:00

4. Slide 9 of the PowerPoint Presentation entitled Beverly Hills Montage Public Gardens and Parking Development dated February of 2004.

Parking Income Assumptions

■ Parking Income

■ Daytime Transient \$1.00 per hour \$1.50 Avg.	\$1,560,000
■ Evening Transient \$1.00 per hour \$3.00 Avg.	\$ 160,000
■ Daytime Banquet Valet (net) \$8.00 Avg.	\$ 60,000
■ Evening Banquet Valet (net) \$10.00 Avg.	\$ 125,000
■ Monthly \$120.00/ Mo.	\$ 180,000
■ Hotel Guests (net) \$20.00 30% utilization	\$ 420,000
■ Expenses including Gardens Maintenance	<u>(\$900,000)</u>
■ Net Stabilized Revenue	\$1,605,000