CITY OF BEVERLY HILLS
STAFF REPORT

Meeting Date: **January 8, 2008**

To: Honorable Mayor & City Council

From: Noel Marquis, Assistant Director of Administrative Services

Chad Lynn, Director of Parking Operations

Subject: Ad Hoc Parking Committee Update

Attachments:
1. Exhibit "A" – Funding Options
2. Exhibit "B" – Proposed Monthly Parking Rates
3. Exhibit "C" – Proposed Parking Citation Fines
4. Exhibit "D" – Current Budget Deficit Worksheet and Committee Proposed Funding Options Worksheet

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INTRODUCTION

The City of Beverly Hills provides public parking in 15 off-street parking facilities to serve the visitors, merchants, businesses, residents, and employees working within the community. Three additional parking facilities are in various stages of design, development, and construction.

The Parking Enterprise Fund has been established to finance the construction, operations, maintenance, repairs, and improvements to these facilities, and is currently operating at a deficit. The deficits for the parking enterprise fund are projected for each fiscal year as follows:

- 2007/2008 – $4.8 Million
- 2008/2009 – $8.3 Million
- 2009/2010 – $6.8 Million
- 2010/2011 – $7.8 Million
- 2011/2012 – $8.6 Million

During the City Council meeting of November 13, 2007, the City Council charged the Ad Hoc Parking Committee (Committee) with three tasks:

- Identify Funding Sources for the Parking Enterprise Fund
- Investigate Options to Mitigate Misuse including License Plate Recognition (LPR)
- Make Recommendations for Parking Rates in the Newly Constructed Parking Facilities

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The Committee met on December 17, 2007, to discuss the tasks as charged. Due to the extreme nature of the current budget deficit the Committee focused exclusively on the balancing of the Parking Enterprise Fund. Once financial stability has been returned to the Parking Enterprise Fund, the Committee will begin to focus on making recommendation related to the remaining tasks.

DISCUSSION

Staff of Administrative Services and Public Works has worked together to present several funding options to balance the Parking Enterprise Fund. The tables provided in Exhibit "A" represent the information that was reviewed by the Committee. The various tables represent the parking and non-parking related funding options recommended by the committee along with options the committee either did not reach consensus for or rejected.

The City Council has several choices to further reduce this deficit, including, but not limited to:

- Alter the current parking fee recommendations
- Alter/Include additional non-parking fee recommendations to backfill off-street parking subsidies
- Introduce options that did not have consensus or were rejected by the Committee
- Reduce parking related services to meet current funding levels
- Reduce non-parking related services to subsidizing parking

FISCAL IMPACT

Based on the options selected by the Committee the deficit for the 2008/2009 has been reduced by approximately $5.3 million in parking related funds, leaving a remaining deficit of approximately $3 million.

Additional Community Services fees are being considered and staff will be meeting on January 7, 2008, to discuss the diminishing returns related to altering these rates. Based on these discussions, staff will present additional recommendations for Community Services program fees at a future Committee meeting.

This information is presented in greater detail in Exhibit "D" with two spreadsheets. The first represents the current state of the Parking Enterprise Fund and the second represents the deficit with the implementation of the Committee's recommendations.

RECOMMENDATION

Staff recommends the City Council direct staff to begin preparing the necessary ordinances and resolutions necessary to implement the funding options proposed by the Committee, and return to the City Council for formal approval in February or March of 2008.

Staff further recommends the City Council select additional funding options or takes additional steps to eliminate the remaining $3 million budget deficit in the Parking Enterprise Fund.

DG

David Gustavson
Approved By
12/27/2007

Exhibit "A"
Funding Options

Table 1 – Ad Hoc Parking Committee Recommended Funding Options – Parking Fees

Ref #	Option	Brief Description	Net Annual Rev Increase[1]	Timeline for Implementation
1	Contract Parking Rate Adjustment	Adjust the contract or "monthly" parking fees while maintaining below market rates to encourage proper usage Details provided in Exhibit "B"	$360,000	90 - 120 Days
2	Evening Parking Rate to $3	Adjust the current flat fee for parking after 6pm from $2 to $3	$684,000	90 Days
3	Adjust 3rd Hour Parking Rate	Adjust the rate paid after the 2 hours of free parking from $1.50 per ½ hour to $2.00 per ½ hour	$200,000	90 Days
4	Daily Maximum $16	Raise the current daily maximum free from $13.50 to $16	$100,000	90 Days
5	Interior Facility Ads	Billboard advertising on interior walls inside parking facilities	$50,000	1 Year
6	Facility Ticket Ads	Print ads on the back of parking facility entry/exit tickets.	$20,000	1 Year
7	SM5 to Multi-Space with Adjusted Parking Rates	Convert SM5 meters to multi-space equipment that will allow alternative payment methods such as Credit Card. Adjusted rates from $1.00 per hour to $2.00 per hour	$265,000	1 Year
8	Parking Meters Currently Under $1 Adjusted by $0.25	Meters with current rates of $0.25 and $0.50 will be increased $0.25 to $0.50 and $0.75 respectively	$311,000	90 – 120 Days
9	Adjust Robertson Meters to $1.00	Robertson Blvd Meters will be adjusted from $0.50 to $1.00	$64,000	90 – 120 Days
10	Parking Meters Currently at $1.00 Adjusted to $1.50	Convert meters currently charging $1.00 to allow alternative payment methods such as Credit Card. Adjusted rates from $1.00 per hour to $1.50 per hour	$122,000	1 Year
11	Extend $1 Meter Operating Hours from 6pm to 9pm	Lengthen the meter hours of operation in the Triangle and SoBev from 6pm to 9pm. Additional Enforcement revenues may also be generated.	$245,000	6 Months

[1] Does not represent the capital or replacement cost of new equipment.

Ref #	Option	Brief Description	Net Annual Rev Increase[1]	Timeline for Implementation
12	Meters to Accept Only Quarters	Parking meters will be set to accept quarters only, rejecting nickels and dimes	$200,000	90 Days
13	Adjust 20 Min Meters to $2	Adjust the 20 Min Meter rate from $1.50 to $2.00 per hour	$22,000	90 Days
14	Adjustment in Parking Citation Fines	Adjust parking citation fines by $10 Details provided in Exhibit "C"	$1,190,500	90 – 120 Days
15	Energy Savings	Utilities savings available by retrofitting facility lighting systems, upgrading HVAC fans, and the installation of power regulators The City is pursuing rebates for these CIP projects	$182,000	6 Months
16	Reduction of On-Street Valet Services Budget	Upon successful conversion from the on-street valet parking to a subsidized validation program provided as part of the Montage construction project, the annual operating budget can be reduced to reflect the current cost of services	$125,000	Immediate
17	Depreciation Adjustment	By calculating a longer facility lifecycle staff estimates a 25% reduction in the current scheduled value of depreciation for the parking facility assets	$1,104,439	2008/2009 Budget
18	Service Fund Adjustment	In concert with calculating a longer facility lifecycle an additional Internal Service Fund may be reduced.	$373,000	2008/2009 Budget
19	Lease storage space in facilities	Lease of storage rooms inside parking facilities for use by individuals or businesses.	$5,000	2008/2009
	Parking Assessment District	Referendum process for businesses/property owners that receive the beneficial usage of the City's parking facilities would pay an assessment for the ongoing maintenance and operations of these facilities	Unknown	Minimum 2 years
	Parking Tax	Subject to referendum, this would impose a 10% City tax on vehicles parked in private parking facilities	Unknown	Minimum 2 years
		TOTAL Committee Recommended Options	**$5,622,939**	

Table 2 – Ad Hoc Parking Committee Recommended Funding Options – General Fund Fees				
Ref #	**Option**	**Brief Description**	**Net Annual Rev Increase**	**Timeline for Implementation**
20	Student Film Permits	This would implement a new permit fee for student filming. Suggested permit fees would be $10 for High School students and $25 for College students.	$2,419	2008/2009 Budget
21	Nurse/Caregiver Permit	This would implement a new permit fee for nurse or caregiver overnight permits. The proposed fee is $15 per permit.	$2,461	2008/2009 Budget
		TOTAL Committee Recommended Options	**$4,880**	

Table 3 – Additional Funding Options Without Ad Hoc Parking Committee Recommendation				
Ref #	**Option**	**Brief Description**	**Net Annual Rev Increase**	**Timeline for Implementation**
	Bedford Parking Rate Adjustment	Adjust rates at the Bedford parking facility to $1 per ½ hour for the first hour and $1.50 per ½ hour thereafter.	$400,000	90 Days
	Camden Parking Rate Adjustment	Adjust rates at the Camden parking facility to $1 for the first hour and $1.50 per ½ hour thereafter.	$82,000	90 Days
	Bedford Parking Rate Adjustment	Adjust rates at the Bedford parking facility to $1 for the first hour and $1.50 per ½ hour thereafter.	$200,000	90 Days
	Commercials in Lobbies/Elevators	Installation of LCD screens in parking facility lobbies and/or elevators that will display live commercials	$144,000	1 Year
	Meter Yellow Loading Zones	Place parking meters at a rate of $2.00 per hour in yellow loading zones Permits may be sold to regular users	$10,000	6 Months

Exhibit "B"
Proposed Monthly Parking Rates

Table of 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 (Beverly Hills Market)	$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%

NOTE: The average cost of monthly parking in Los Angeles is $192 per month[2] for an unreserved space.

[2] "North America CBD [Central Business District] Parking Rate Survey Highlights." Colliers North America, 2007: Pg. 2

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Exhibit "C"
Parking Citation Proposed Fines

Table of Proposed Parking Citation Fines						
Violation	Current Fine	Proposed Increase	New Fine	Percent of Increase	Primary Citation Area[3]	Percent of Total Violations
METER VIOLATION	$40	$9	$49	23%	C	25%
PARKING PERMIT ONLY	$45	$9	$54	20%	R	22%
NO PARKING 2:30a to 5a	$45	$9	$54	20%	R	21%
EXCESS TIME LIMIT	$45	$9	$54	20%	M	7%
STREET CLEANING	$50	$9	$59	18%	R	7%
RED ZONE	$70	$9	$79	13%	M	3%
NO STOPPING	$70	$9	$79	13%	M	2%

Proposed Citation Fine Comparison to Neighboring Cities				
Violation	Proposed BH Fine	City of West Hollywood	City of Santa Monica	City of Pasadena
METER VIOLATION	$49	$35	$35	$37
PARKING PERMIT ONLY	$54	$40	$47	$37
NO PARKING 2:30a to 5a	$54	$45	$35	$37
EXCESS TIME LIMIT	$54	$40	$47	$37
STREET CLEANING	$59	$45	$47	$37
RED ZONE	$79	$65	$47	$47
NO STOPPING	$79	$65	$47	$42

[3] C = Commercial Area; R = Residential Area; M = Mix of Commercial and Residential

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Exhibit "D"
Current Budget Deficit Worksheet and Committee Recommended Funding Options Worksheet

Reference Number	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						
Parking Facilities	5,151,277	4,556,994	4,648,134	4,741,096	4,835,918	23,933,419
Rent of Property	8,623,367	8,795,834	8,971,751	9,151,186	9,334,210	44,876,348
Interest Earnings	208,000	-	-	-	-	208,000
Miscellaneous	-	-	-	-	-	-
Current Revenues	13,982,644	13,352,828	13,619,885	13,892,282	14,170,128	69,017,767
New Revenues - T Lot						
Parking Revenues	-	860,873	1,721,745	1,773,397	1,826,599	6,182,614
5% Premium	-	1,421,602	1,701,236	1,874,640	1,874,640	6,872,118
Garden Building Revenues	-	907,653	1,815,306	1,869,765	1,925,858	6,518,582
T Lot Revenues	-	3,190,128	5,238,287	5,517,803	5,627,097	19,573,314
Total Operating Revenues	13,982,644	16,542,956	18,858,172	19,410,085	19,797,225	88,591,082
Current Expenses						
Personnel Services	(2,531,190)	(2,607,126)	(2,685,340)	(2,765,900)	(2,848,877)	(13,438,434)
Materials and Supplies	(101,625)	(104,673)	(107,814)	(111,048)	(114,380)	(539,539)
Contractual Services	(1,120,148)	(1,153,752)	(1,188,365)	(1,224,016)	(1,260,736)	(5,947,016)
Internal Services	(5,069,733)	(5,221,825)	(5,378,480)	(5,539,834)	(5,706,029)	(26,915,901)
Depreciation/Amrtztn	(4,289,083)	(4,417,755)	(4,550,288)	(4,686,797)	(4,827,401)	(22,771,324)
Debt Service General Fund	(763,286)	(732,310)	(699,631)	(665,153)	(628,780)	(3,489,161)
Debt Service Interest	(2,125,793)	(2,525,513)	(1,947,226)	(1,843,053)	(1,696,453)	(10,138,038)
Other Misc.	(1,000)	(76,030)	(78,311)	(80,660)	(83,080)	(319,081)
Debt Service Principal GF	(563,202)	(594,178)	(626,858)	(661,335)	(697,708)	(3,143,281)
Debt Service Principal CA	-	(906,563)	(960,957)	(1,018,614)	(1,079,731)	(3,965,864)
Debt Service Principal Other	-	(226,641)	(240,239)	(254,653)	(269,933)	(991,466)
Debt Service Principal	(2,220,875)	(2,218,039)	(2,490,133)	(3,727,813)	(4,585,717)	(15,242,577)
Current Expenses	(18,785,935)	(20,784,406)	(20,953,640)	(22,578,876)	(23,798,824)	(106,901,681)
New Expenses - T-Lot						
Operations & Maintenance	-	(700,000)	(1,400,000)	(1,442,000)	(1,485,260)	(5,027,260)
Depreciation/Amrtztn	-	(875,000)	(875,000)	(875,000)	(875,000)	(3,500,000)
Debt Service CA Fund	-	(2,000,907)	(1,946,513)	(1,888,856)	(1,827,739)	(7,664,015)
Debt Service Other Fund	-	(500,227)	(486,628)	(472,214)	(456,935)	(1,916,004)
T-Lot Expense	-	(4,076,134)	(4,708,141)	(4,678,070)	(4,644,934)	(18,107,278)
Total Operating Expenses	(18,785,935)	(24,860,539)	(25,661,782)	(27,256,946)	(28,443,758)	(125,008,959)
Net from Operations	(4,803,290)	(8,317,583)	(6,803,610)	(7,846,861)	(8,646,532)	(36,417,877)

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Reference Number	07/08	08/09	09/10	10/11	11/12	of Years
Current Revenues						
Parking Facilities	5,151,277	4,556,994	4,648,134	4,741,096	4,835,918	23,933,419
Rent of Property	8,623,367	8,795,834	8,971,751	9,151,186	9,334,210	44,876,348
Interest Earnings	208,000	-	-	-	-	208,000
Miscellaneous	-	-	-	-	-	-
Current Revenues	13,982,644	13,352,828	13,619,885	13,892,282	14,170,128	69,017,767
New Revenues - T Lot						
Parking Revenues	-	860,873	1,721,745	1,773,397	1,826,599	6,182,614
5% Premium	-	1,421,602	1,701,236	1,874,640	1,874,640	6,872,118
Garden Building Revenues	-	907,653	1,815,306	1,869,765	1,925,858	6,518,582
T Lot Revenues	-	3,190,128	5,238,287	5,517,803	5,627,097	19,573,314
1 Contract Parking Adj	90,000	360,000	367,200	374,544	382,035	1,573,779
2 Evening Rate $3	171,000	684,000	684,000	684,000	684,000	2,907,000
3 3rd Hour Rate to $2	50,000	200,000	200,000	200,000	200,000	850,000
4 Daily Maximum Adj	25,000	100,000	100,000	100,000	100,000	425,000
5 Interior Facility Ads	-	25,000	50,000	51,000	52,020	178,020
6 Facility Tkt Ads	-	10,000	20,000	20,400	20,808	71,208
7 SM5 Rate Adj	-	132,500	265,000	265,000	265,000	927,500
8 Meters Under $1 Adj	77,750	311,000	311,000	311,000	311,000	1,321,750
9 Robertson to $1	16,000	64,000	64,000	64,000	64,000	272,000
10 Meters Over $1	-	61,000	122,000	122,000	122,000	427,000
11 Extend Meter Hrs 9pm	-	122,500	245,000	245,000	245,000	857,500
12 Meter to Quarter Only	50,000	200,000	200,000	200,000	200,000	850,000
13 Adj 20min Meter $2.00	5,500	22,000	22,000	22,000	22,000	93,500
14 Parking Citation Fines	297,625	1,190,500	1,190,500	1,190,500	1,190,500	5,059,625
19 Lease Storage Sapce	-	5,000	5,000	5,000	5,000	20,000
Total Committee Reco	782,875	3,487,500	3,845,700	3,854,444	3,863,363	15,833,882
Total Operating Revenues	14,765,519	20,030,456	22,703,872	23,264,529	23,660,588	104,424,964
Current Expenses						
Personnel Services	(2,531,190)	(2,607,126)	(2,685,340)	(2,765,900)	(2,848,877)	(13,438,434)
Materials and Supplies	(101,625)	(104,673)	(107,814)	(111,048)	(114,380)	(539,539)
16 - Contractual Services	(995,148)	(1,025,002)	(1,055,752)	(1,087,425)	(1,120,047)	(5,283,374)
15/18 - Internal Service Fund	(5,069,733)	(4,666,825)	(4,806,830)	(4,951,035)	(5,099,566)	(24,593,988)
17 - Depreciation/Amrtztn	(3,216,812)	(3,313,317)	(3,412,716)	(3,515,098)	(3,620,551)	(17,078,493)
Debt Service General Fund	(763,286)	(732,310)	(699,631)	(665,153)	(628,780)	(3,489,161)
Debt Service Interest	(2,125,793)	(2,525,513)	(1,947,226)	(1,843,053)	(1,696,453)	(10,138,038)
Other Misc.	(1,000)	(76,030)	(78,311)	(80,660)	(83,080)	(319,081)
Debt Service Principal GF	(563,202)	(594,178)	(626,858)	(661,335)	(697,708)	(3,143,281)
Debt Service Principal CA	-	(906,563)	(960,957)	(1,018,614)	(1,079,731)	(3,965,864)
Debt Service Principal Other	-	(226,641)	(240,239)	(254,653)	(269,933)	(991,466)
Debt Service Principal	(2,220,875)	(2,218,039)	(2,490,133)	(3,727,813)	(4,585,717)	(15,242,577)
Current Expenses	(17,588,664)	(18,996,217)	(19,111,806)	(20,681,787)	(21,844,822)	(98,223,295)
New Expenses - T-Lot						
Operations & Maintenance	-	(700,000)	(1,400,000)	(1,442,000)	(1,485,260)	(5,027,260)
Depreciation/Amrtztn	-	(875,000)	(875,000)	(875,000)	(875,000)	(3,500,000)
Debt Service CA Fund	-	(2,000,907)	(1,946,513)	(1,888,856)	(1,827,739)	(7,664,015)
Debt Service Other Fund	-	(500,227)	(486,628)	(472,214)	(456,935)	(1,916,004)
T-Lot Expense	-	(4,076,134)	(4,708,141)	(4,678,070)	(4,644,934)	(18,107,278)
Total Operating Expenses	(17,588,664)	(23,072,350)	(23,819,947)	(25,359,856)	(26,489,756)	(116,330,573)
Net from Operations	(2,823,145)	(3,041,895)	(1,116,076)	(2,095,327)	(2,829,167)	(11,905,610)
Non-Parking Funding Reco						
20 Student Film Permits	-	2,419	2,419	2,419	2,419	9,676
21 Nurse Parking Permit	-	2,461	2,461	2,461	2,461	9,844
Total Non-Parking	-	4,880	4,880	4,880	4,880	19,520
Net Parking Fund	(2,823,145)	(3,037,015)	(1,111,196)	(2,090,447)	(2,824,287)	(11,886,090)