



## CITY OF BEVERLY HILLS

### TRAFFIC AND PARKING COMMISSION

**TO:** Traffic & Parking Commission

**FROM:** Chad Lynn, Director of Parking Operations

**DATE:** June 26, 2010

**SUBJECT:** CONSIDERATION OF REVISED PARKING RATES FOR THE 461 N. BEDFORD DR. PARKING FACILITY.

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#### **INTRODUCTION**

The Parking Enterprise Fund was established to finance the construction, operations, maintenance, repairs, and improvements of the City's off-street parking facilities. There are currently 13 multi-level parking garages, five (5) two-level parking decks (SM5), and one (1) facility under construction, for a total of 19 facilities citywide. Funding sources for parking operations include the lease of tenant spaces within the City owned parking facilities, interest earned from fund balances, and parking fees charged to customers both off-street at parking facilities and on-street at parking meters. As of December 2008, revenues also include subsidies from the General Fund, which were backfilled from increases in the fees and fines generated by the Parking Enforcement Program. The current estimated annual deficit of the parking Enterprise Fund is \$2 million dollars.

Staff has worked with the City Council Ad Hoc Parking Committee to propose methods for mitigating the on-going structural deficit. Several recommendations were reviewed by the Ad Hoc Parking Committee and were addressed by the entire City Council in February, April, May and August of 2009 and January and April of 2010. To date the following programs have been approved:

<b>Brief Description</b>
Adjusted the contract or "monthly" parking fees while maintaining below market rates to encourage proper usage
Adjusted the current flat fee for parking after 6pm to \$3 and again to \$5
Adjusted after 2 hour free parking rate to \$2 and again to \$3 per ½ hour
Adjusted the daily maximum fee to \$19 and again to \$22
On-Street meters rates are of \$1.00, \$0.75, and \$0.50.
On-Street parking meter rates have been approved up to \$2.00 per hour (Implementation Pending)

Brief Description
On-Street parking meter hours of operation have been approved up to 9pm (Implementation Pending)
Adjusted the 20 Min Meter to \$1.50 per hour
Utilities savings available by upgrading HVAC fans, lighting and the installation of power regulators. Additional projects are pending grant award and implementation.
Terminated on-street valet parking programs
Increased parking fines to backfill General Fund subsidies

On January 5, 2010 and again on April 6, 2010 the City Council approved a menu of on-street and off-street parking rates which included pay-as-you-go rates at the Bedford parking facility in the amount of \$2 for the first hour and \$3 per ½ hour thereafter. After response to questions related to the calculation of the hourly parking rates, the City Council requested the item be reconsidered after engaging the community and Traffic and Parking Commission and upon consideration of the use of validations for local merchants.

In collaboration with the Chamber of Commerce, a community meeting was held on April 23, 2010. Present at the meeting were five members of the public, one compensated representative of the Western Triangle Merchants Association, two members of City Staff, one representative of the Chamber of Commerce and TPC Commissioner Rosenstein. Of the five members of the public, two were representatives of a commercial property owner, one was representing a medical office, one was jointly representing medical offices and residents and one was a commercial leasing agent.

**DISCUSSION**

The City invests in the construction and operation of parking facilities to ensure customer parking is convenient, available and reasonably priced in support of the local merchant community. The City’s parking program is continually challenged with balancing these uses with the competing interests and demands by medical/commercial, employee, and other non-merchant customers/visitor uses.

In an effort to balance these competing interests, the City routinely looks at the characteristics of the surrounding area along with the operational intricacies of the individual parking facilities when making rate and operations recommendations. The City’s parking facilities that primarily service the merchant retail and restaurant corridor are two-hours free and are located on Beverly Drive, Canon Drive and Brighton Way adjacent to Rodeo Drive. The parking facilities on Crescent Drive are one-hour free parking and primarily serve employee parking for the entire Triangle in addition to the neighboring merchants and business on Crescent Drive and Dayton Way. The La Cienega parking facility, which largely provides parking for the neighboring City park and community center, is two-hours free and is free after 4pm in contrast to the \$5 charge in the City’s Triangle parking facilities. The newly constructed Third St parking facility and the 455 Crescent facility under construction, primarily serving the adjacent office building and City offices along with providing overflow parking to the Triangle and visitor parking for the adjacent Center for the Performing Arts respectively, are both pay-as-you-go parking facilities. Camden, which is largely dominated by general office/professional users was converted to one-hour free

parking in 2006. Bedford, which is largely dominated by medical users, was converted to one-hour free parking in 1999. Each of these unique rate structures is an attempt to address and promote the prioritized use of the individual facility.

The City has consistently recognized Bedford, Roxbury, Linden, and western area of Brighton as primarily medical usage. Such usage creates unique parking dynamics in this area, both on-street and off-street, including the increased use of on-street disabled person (DP) placards and the unique operating characteristics of the Bedford parking facility as shown in the table below.

#### Comparison of Parking Characteristics

Operation	Bedford	Camden	Beverly/Canon Corridor
Lot Full Times <sup>1</sup>	10:30am	None	11:45am – 12:30pm
Lot Full Repeats <sup>1</sup>	2-4x Daily	None	2x Wed thru Sat
Lot Turnover	7	2	6
Exit Congestion	12:30pm	4:30-6pm	2:30pm
Sunday Operations	Closed	Open <sup>2</sup>	Open
Weekday Peak <sup>3</sup>	1638 (249 Spaces) Tuesday	823 (364 Spaces) Friday	2258 (407 Spaces) Friday
Saturday Peak <sup>3</sup>	779 (249 Spaces)	394 (364 Spaces)	2275 (407 Spaces)
Sunday Peak <sup>3</sup>	0 (249 Spaces)	84 (364 Spaces)	1628 (407 Spaces)

These operating conditions support the supposition that this parking area is dominated by medical usage demand. This is not to suggest or underscore the presence or importance of the retail/restaurants in this area or the contribution to the general health and success of the local business community; those things are of paramount importance when crafting and recommending parking rates and policies, including recognition of the prioritized usage of the asset.

The table below illustrates both the over-utilization of the Bedford facility and the under-utilization of the Camden facility located one block to the east, which operates in a different operating environment.

<sup>1</sup> Pre-Early Bird Implementation

<sup>2</sup> Opened to reduce neighborhood impacts of religious institutions on Sundays

<sup>3</sup> Based on May 2010

### Facility Peak Tickets and Turnover

Facility	Total Spaces	Peak Transactions <sup>4</sup>	Peak Turnover
Bedford	249 <sup>5</sup>	1638	7
Camden	364	823 <sup>6</sup>	2
Beverly/Canon	407	2275	6

While many factors play a role in the over-utilization of the City's Bedford parking facility, the most prevalent are the medical demand driving this usage and the extreme rate differentiation when compared to private parking on Bedford and the adjacent streets. While private parking facilities are charging upwards of \$8 per hour and reaching their maximum daily parking rates within the first two hours of entry, the City offers one-hour free parking, reaches the daily maximum over a seven hour period, and has an average ticket value of \$1.57.

While the neighboring Camden parking facility remains under-utilized, over-utilization of the Bedford parking facility contributes to the following impacts:

- Traffic congestion from vehicles queuing to enter the facility
- Traffic congestion from vehicles circulating the block multiple times until the facility reopens
- Revenue Losses and/or Engineered Customer Conflicts
  - The volume of this facility is so high, the parking equipment and attendant are often not able to keep up with the transactions
  - Extreme exit wait times, often approaching 20 minutes
  - Internal queuing creates impacts to internal circulation, requiring the facility to be closed to entering traffic for vehicle exits without payment to clear the congestion
  - External queuing creates conflicts with traffic attendants closing the facility while customers view exiting traffic, often not understanding the internal congestion which is preventing entry

Transitioning the Bedford facility to a pay-as-you-go facility will promote the use of both neighboring private parking facilities and the use of the City's underutilized Camden parking facility. The creation of a significant enough rate difference between the Camden and Bedford parking facilities, along with promotion of the one-hour free parking available at Camden will encourage users to seek the reduced rate parking at Camden.

Based on these principles the City has already differentiated the parking rates at the Bedford facility with the conversion from two-hour free to one-hour free parking in 1999 and the conversion of the reduced second hour rate found in neighboring City facilities of \$1 per ½ hour to \$2 and \$3 per ½ hour during the second hour and thereafter.

The table and graph below were provided as part of previous staff reports to illustrate the local and regional parking rates for medical facilities. Concerns during the April 23rd community meeting were voiced regarding the City's comparison of the Bedford area to parking locations that are exclusively medical campuses. Although staff believes that the inclusion of medical office buildings located on Bedford and Roxbury, which include ground floor merchant tenants,

<sup>4</sup> Based on May 2010

<sup>5</sup> There are 471 total parking stalls available in the Bedford parking facility, separated into 249 upper level transient parking stalls and 222 lower level monthly parking stalls. Physical barriers prevent the merging of monthly and transient users and therefore only transient parking spaces are counted when establishing transient turnover rates

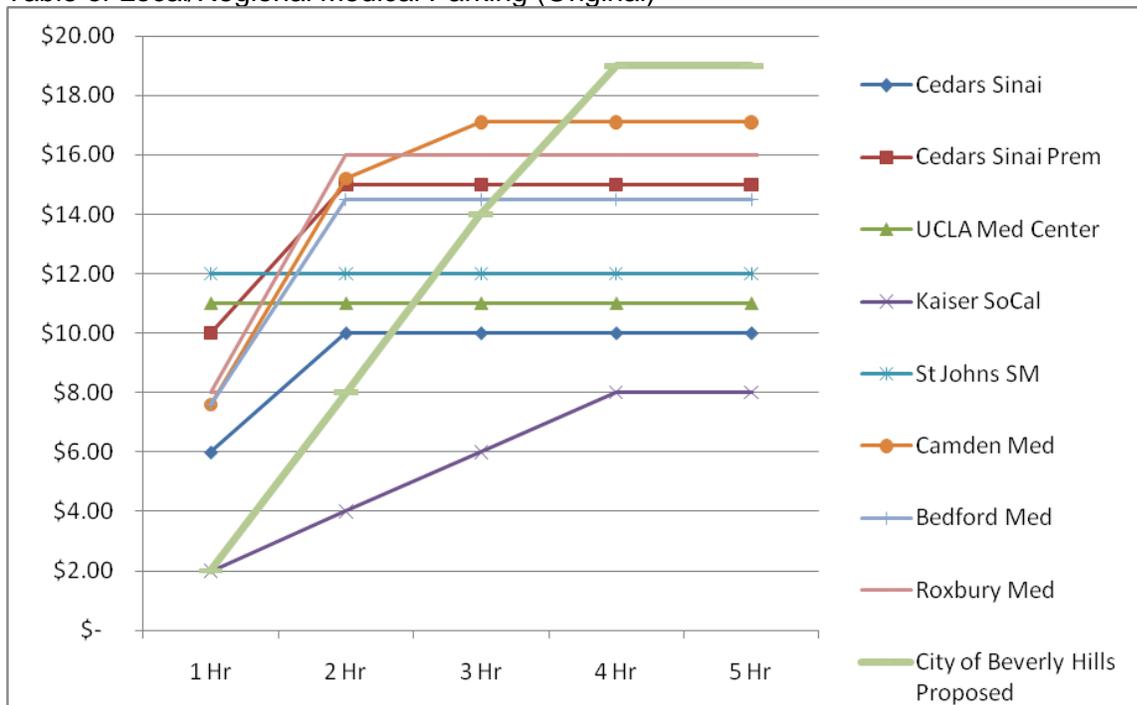
<sup>6</sup> Includes Early Bird Users

is comparable both locally and regionally, staff has included additional points of reference in a new table and graph which follow the original.

Medical Regional/Local Rates (Original)

Location	1	2	3	Daily Max
Cedars Sinai	\$1.50 Ea 15 Min			\$10
Cedars Sinai Premium	\$2.50 Ea 15 Min			\$15
UCLA Medical Center	\$11 Flat Rate			\$11
Kaiser SoCal	15 Min Free	\$1 Ea 30 Min		\$8
St. Johns	15 Min Free	\$12		\$12
Camden	\$1.90 Ea 15 Min			\$17.10
Bedford	\$1.90 Ea 15 Min			\$14.50
Roxbury	\$2 Ea 15 Min			\$16
City of Beverly Hills Proposed	\$2 First Hour	\$3 Ea ½ Hour		\$22

Table of Local/Regional Medical Parking (Original)



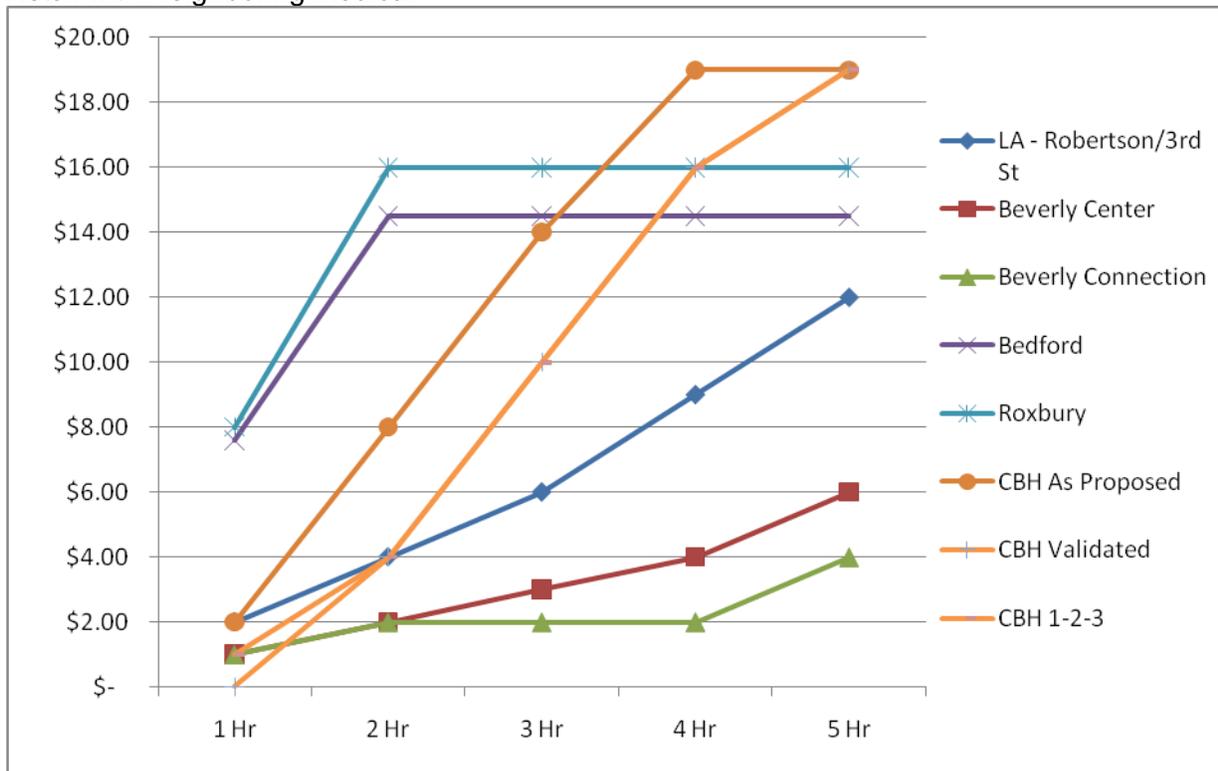
The new points of reference below have been categorized into retail areas adjacent to a medical campus and retail areas that are adjacent to larger developments which establish a dominating usage by something other than the prioritized use of the comparable parking asset.

#### Parking Rates

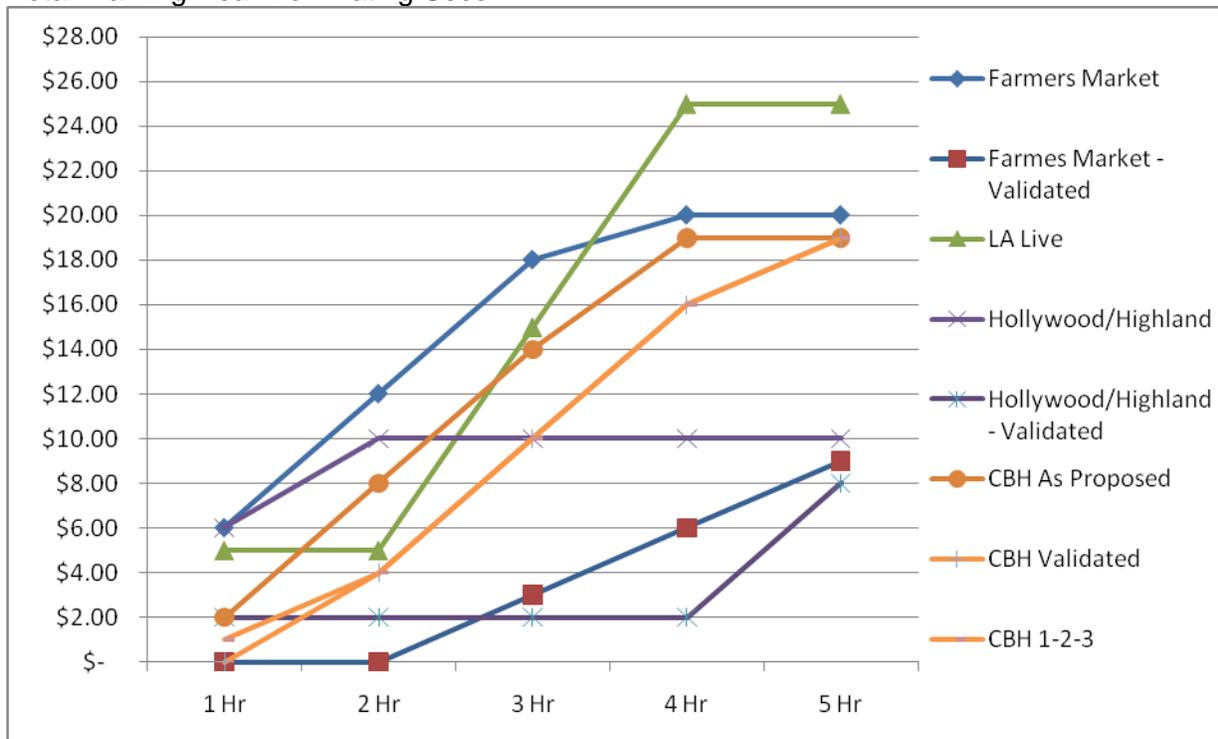
Location	1	2	3	Daily Max
City of LA – Robertson/3 <sup>rd</sup>	\$1.00 ea ½ hour First 3 Hrs	\$1.00 ea 20 min		\$12
Beverly Center	\$1 Per Hour First 4 Hrs	\$2 Each Additional Hr		\$10
Beverly Connection	\$1 First Hr	\$1 Next 3 Hours	\$2 Each Hr	\$9
Farmers Market	\$2 Ea 20 Min			\$20
Farmers Market Validated	2 Hrs Free	\$3 3 <sup>rd</sup> Hour	\$1 ea 20 min	\$15
LA Live	\$5 First 2 Hrs	\$5 ea ½ Hr		\$25
Hollywood & Highland	\$1 ea 20 min			\$10
Hollywood & Highland Validated	\$2 for 4 Hours	\$1 ea 20 min		\$10
Bedford	\$1.90 Ea 15 Min			\$14.50
Roxbury	\$2 Ea 15 Min			\$16
City of Beverly Hills-Proposed	\$2 First Hour	\$3 Ea ½ Hour		\$22
City of Beverly Hills-Validated	First Hour Free	\$2 Ea ½ Hour Second Hr	\$3 ea ½ Hr Thereafter	\$22
City of Beverly Hills- 1-2-3	\$1 First Hour	\$2 ea ½ Hr 2 <sup>nd</sup> Hour	\$3 ea ½ hr	\$22

Each of the represented locations is challenged with providing parking for visitor usage with a dominating neighboring usage in proximity. LA-Robertson/3<sup>rd</sup> and Beverly Center are in proximity to Cedars Sinai (Cedars). Beverly Connection is in proximity to both Cedars and the Beverly Center, which is influenced by the Cedars rates, creating a demising rate as the distance increases from the dominating usage. LA Live, Hollywood & Highland, and the Farmers Market are each surrounded by other developments such as the Convention Center/Downtown, Hollywood Blvd, and The Grove respectively, which create similar competition for the most available, convenient and reasonably priced parking spaces.

### Retail with Neighboring Medical



### Retail Parking Near Dominating Uses



Most notable in the visual representation of the parking rates, is the parking rate for medical uses reaches the daily maximum by the second hour of parking, and similar to the uses neighboring medical and the non-validated retail adjacent to dominating uses, escalating at a greater rate than the City's parking facility. There is a sharp contrast to the rate progression, by design, when compared to validated rates for the same usage. The proposed City rates range comfortably in the middle of these comparable rates, staying competitive for the first two hours and escalating for longer-term uses.

In addition to the behavioral ramifications of parking rates and policies, the current financial condition of the City's Parking Enterprise Fund cannot be dismissed. Beverly Hills and Los Angeles area businesses alike contribute business and sales tax to their respective local governments. However, in addition to the standard taxes borne by all of the businesses represented, each of the comparable parking facilities have a stable funding source. Some are funded through rates, which include validations purchased by the businesses and offered to visitors for reduced rates. Other models include common area maintenance (CAM) charges, which are charge backs to the individual businesses for their portion of the ongoing maintenance and operations costs related to parking. The City of Beverly Hills is the only case in point which provides significantly below market rate parking to the public without an alternative funding source or other subsidization from the neighboring business, the beneficial users of the asset.

## **CONCLUSION**

The area serviced by the Bedford parking facility has a unique neighborhood characteristic which is largely dominated by surrounding medical uses. The limited availability and significant difference between the City's below market parking rates, upwards of 40% less than the private parking operators on the same and neighboring City streets, is creating competition between merchant's customers and medical and other commercial users.

In order to promote the City's priority of providing convenient, available and reasonably priced in support of the local merchant community the parking rate at the Bedford parking facility needs to reflect the specific conflicts and operating challenges found in this area.

## **RATE OPTIONS**

### **Option 1** - Rates with Validation Program

- \$2 – First Hour
- \$3 – Each ½ Hour Thereafter

#### w/Validation

- 1<sup>st</sup> Hour Free
- \$2 per ½ Hour Thereafter
- \$3 per ½ Hour Thereafter

#### Validation Distribution

- A specific number of validations may be provided without charge to each qualifying business
- An additional number of validations may be provided at a nominal fee (under \$1)

Option 2 – 1-2-3 Rate

- \$1 – First Hour
- \$2 – Each ½ Hour Second Hour
- \$3 – Each ½ Hour Thereafter

Option 3 – As-Is

- 1<sup>st</sup> Hour Free
- \$3 per ½ Hour Thereafter

Revenue Estimates

Proposal	Additional Revenue Estimate
As Originally Proposed	\$500,000
Option 1 – Validations	\$260,000
Option 2 – 1-2-3	\$300,000
Options 3 – As-Is	\$0

Throughout the review of the parking rates and programs, the merchant community has consistently opposed the use of validation for two primary reasons; the merchant's desire to remain a neutral party in parking transaction and the potential competitive disadvantages for smaller businesses and/or small dollar transaction businesses.

Merchants have voiced concerns related to remaining a neutral party in relationship to parking transactions. The use of validations places the business in the position of choosing whether a customer or potential customer will receive the validation. Merchants are concerned that this practice may place them in a potentially antagonistic relationship with those requesting and potentially denied validations. Merchants have also voiced concerns over the potential that smaller businesses or businesses that have transactions with small dollar amounts, such as coffee or frozen yogurt shops, will not be able to equitably absorb the costs of validations, placing them at a competitive disadvantage.

If the TPC recommends, and the City Council adopts, the use of validations, staff will work in conjunction with the merchant community to create a detailed program that will address the complications related to providing these services.

**RECOMMENDATION**

In order to achieve the goal of promoting the prioritized use of the City's parking asset, while recognizing the complication of a validation program, staff recommends Option 2, which balances reasonable short-term pricing with escalating prices for long-term users.