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Agenda Item: File ID 20-00496 (10:00 A.M. #1)

Agenda Date: 05/21/2020

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CITY OF FRESNO
CLERK'S OFFICE

FRESNO CITY COUNCIL



Information Packet

Agenda Related Item(s) – File ID 20-00496 (10:00 A.M. #1)

ITEM(S)

File ID 20-00496 (10:00 A.M. #1) - WORKSHOP - Parking Financial and Operational Analysis and Parking Authority Feasibility Study

Contents of Supplement: PowerPoint Presentation

Item(s)

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

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Parking Financial and Operational Analysis

City of Fresno, City Council
May 21, 2020

Building Envelope
Forensics &
Restoration
Operations &
Technology
Parking Design
Planning & Mobility



Project Team

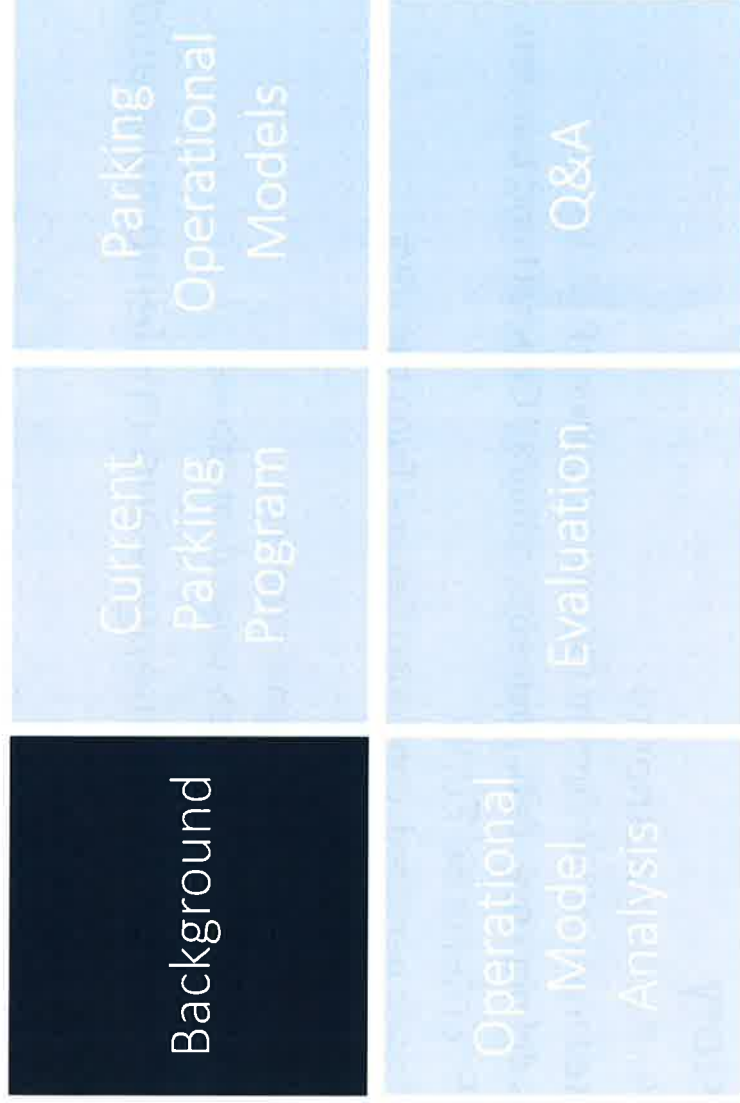
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Parking and Mobility Consultant*



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Principal and Director
Planning Studies, Pacific Region*



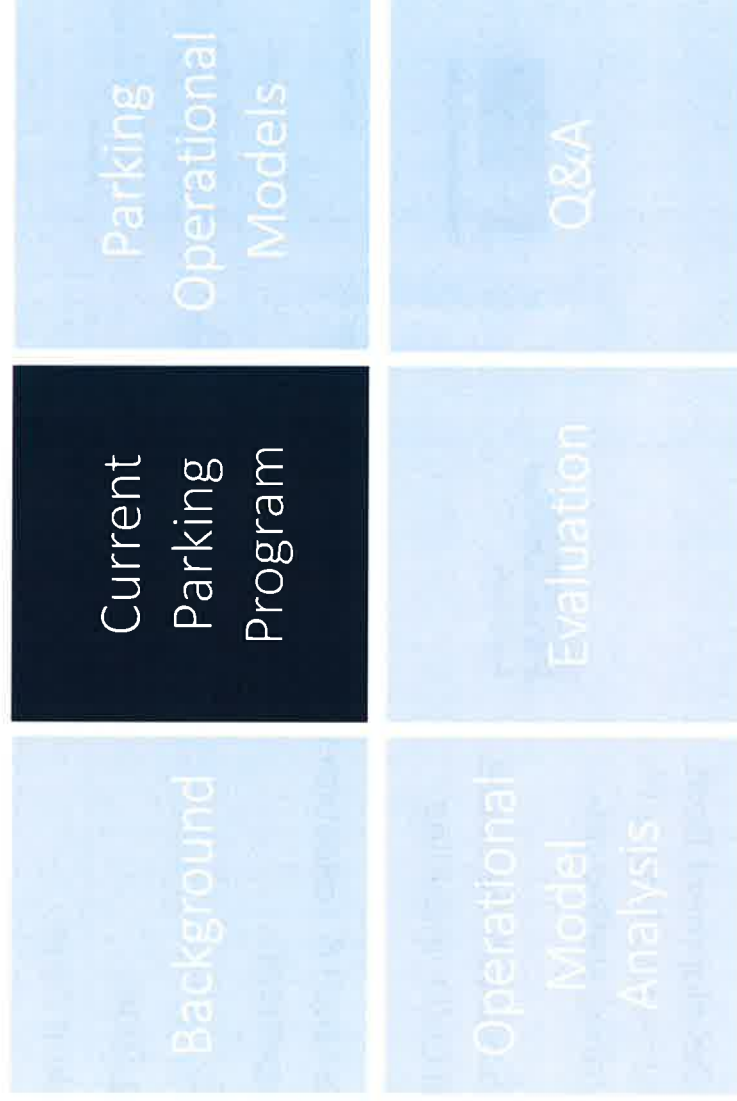
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Background: City of Fresno Parking Division

- Operational history
 - 1963 – 2005: Parking Authority
 - Constructed many of the current City owned parking facilities
 - Revenues did not cover debt payments, required General Fund transfers
 - 2005 – 2015: Enterprise Fund
 - Revenue issues persisted, continued General Fund transfers
 - 2015 - Current: General Fund
 - Annual revenue covers operational expenses
 - Annual revenue does not entirely cover debt service
- City is addressing financial challenges and implementing audit recommendations
- City wants to understand benefits and challenges of various operational models to improve operations and fiscal health

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Parking Division

- Part of Planning and Development Dept.
- Manages on and off-street parking, with a vendor (SP Plus) operating staffed off-street facilities
- Enforcement of California Vehicle Codes and Fresno Municipal Code, including towing
- Parking meter maintenance & collection
- Parking Permit Management:
 - City employees
 - Resident Parking Zones
 - Downtown Resident Zones
 - Meter Occupancy Permits



Budget

Operations

- Fiscal Year 2019 ended with a contribution of \$1.1 million towards debt service
- Fiscal Year 2020 will be impacted by COVID19 in citation, off-street, and-on street revenues with a forecasted operating loss of \$784k

Debt Service

- In addition to operating expenses there is annual debt service of \$1.8 million through 2035

Initiatives

- **ParkMobile App** launched October 2019
 - Consistent growth with over 11,000 users
- **Credit Card Parking Meter Demonstration** launched January 2020
 - 60 credit card meters installed on a portion of Fulton and in front of City Hall
 - Provides analytics for real time occupancy, payment method, time purchased, & malfunctions
- **Multi-Space Pay Stations** installed February 2020
 - 9 pay stations in some downtown lots
 - Accepts credit card, bills, coins, and validation codes



Spiral Garage Review

- Constructed in 1960
- 5 levels with 585 parking spaces
- Connected to vacant City-owned commercial building in fair to poor condition
- Garage & building appraised January 2018 for \$1,640,000
- Current deferred maintenance backlog is \$2,762,000



Photo 1— Overall photo of Garage 7, located at 801 Van Ness Ave, Fresno California. Photo orientation: Looking east

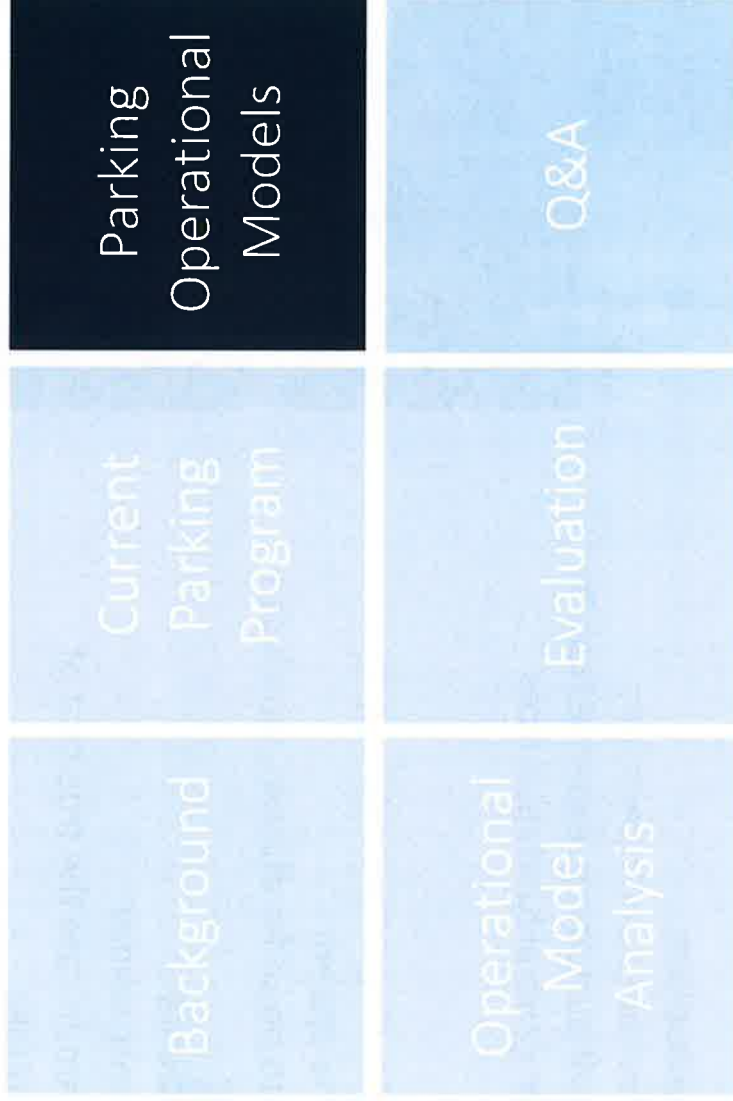


Photo 2 - Overall photo of Garage 7, located at 801 Van Ness Ave, Fresno California. Photo orientation: Looking north

Deferred Maintenance Plan and Progress

Capital Project - High Priority Items	Amount	Status
Van Ness/Merced Garage 9	\$ 69,445.55	Completed
Underground Garage 8	\$ 296,630.47	Completed
Tulare/Congo Alley Garage 4	\$ 39,051.60	Completed
Underground Garage 8	\$ 780,000.00	Pending Bid
Tulare/Congo Alley Garage 4	\$ 289,800.00	Pending Bid
Convention Center Garage	\$ 352,000.00	Pending Bid
	<u>\$ 1,826,927.62</u>	
FY2021 Requested Capital Project - Medium Priority		
Items	Amount	Status
Van Ness/Merced Garage 9	\$ 99,000.00	Requested
Underground Garage 8	\$ 895,500.00	Requested
Tulare/Congo Alley Garage 4	\$ 231,000.00	Requested
Convention Center Garage	\$ 570,000.00	Requested
	<u>\$ 1,795,500.00</u>	

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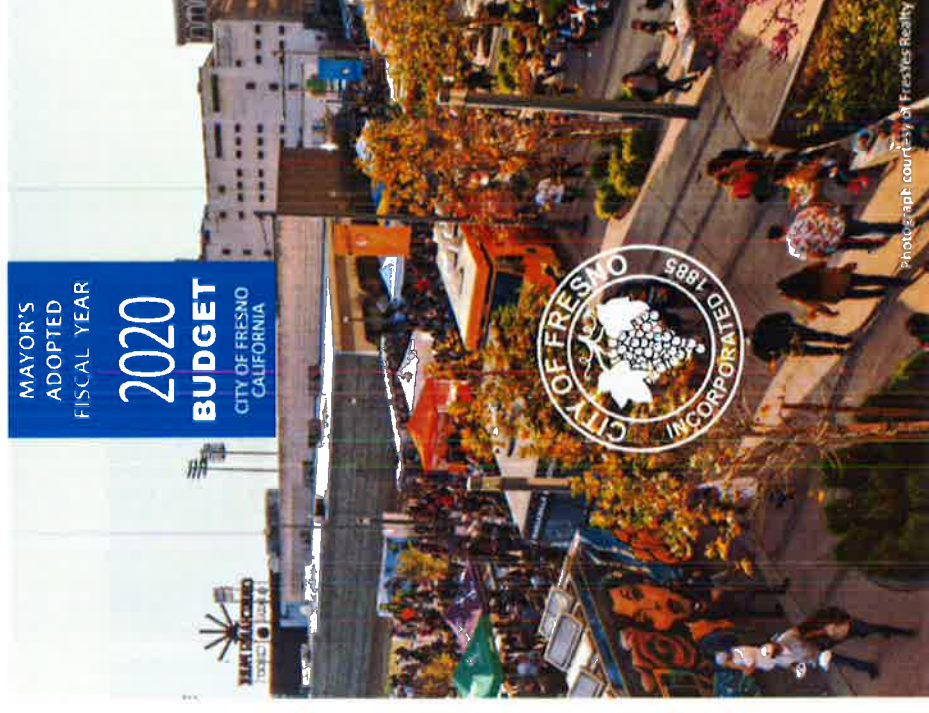
General Fund

Benefits

- Integration with citywide plans
- More flexibility with revenues and operations
- Does not have to be self-sustaining, expenses can be covered through other general fund resources

Challenges

- Competes for capital funding, more challenging to invest and maintain the system
- Entity does not need to be self-sufficient, which can result in the following:
 - Decreased efficiency
 - Less budget transparency
 - Inability to communicate the true cost of parking to the public
 - More difficult to increase parking rates



Enterprise Fund

Benefits

- Must be self-sufficient:
 - Promotes budget transparency and true cost of parking services
 - Allows the public to understand the rationale behind parking rates and rate increases
- Can retain revenue surplus and use funds to issue bonds to invest back in the system
- Does not have to compete with other city programs for capital funds
- Still a department of the city, opportunity to integrate with citywide planning efforts

Challenges

- Still a unit of city government, so can be difficult to increase parking rates if necessary
- Typically self-supporting, which may lead to more focus on revenue generating activities and less on community benefits



Parking Authority

Benefits

- Must be self-sufficient:
 - Promotes budget transparency and true cost of parking services
 - Allows the public to understand the rationale behind parking rates and rate increases
- Ability to retain any revenue surplus
- Can issue bonds to invest back into the system
- Does not have to compete with other programs for capital funds
- Revenue sharing agreements can facilitate cooperation with city
- All members at the table are solely focused on parking
- Potential to reduce the politically charged nature of parking

Challenges

- Less likely to be integrated with citywide plans
- Focus more on revenue related programs and less on non-revenue generating community benefits
- If revenues fail to cover operating expenses and debt payments, city may still need to transfer funds



Portland, OR : Dual General/Enterprise Fund

Overview

- Approximately \$65M annual revenue
- 111 Employees
- Integrated with planning efforts, parking is a policy and planning tool to forward citywide land use and mobility goals
- Conducts enforcement

On Street: General Fund

- 9,500 spaces
- Dynamic/flexible pricing based on demand
- \$51.5 million in Fiscal Year 2020

Off-street: Enterprise Fund

- 3,800 spaces and 72,000 sf of commercial space
- \$13.7 million for Fiscal Year 2020
- Authorized to set parking rates based on market conditions and City policy without Council approval
- Major maintenance account to ensure assets stay in state of good repair and set aside for future upgrades
- Annual transfer to the General Fund



Sacramento, CA: Dual General/Enterprise Fund

Overview

- Approximately \$40M annual revenue
- 131 Employees
- Integrated with planning efforts for bike and scooter programs (including revenue share) and Ride App pickup/drop-off, Leading curb management planning
- Conducts enforcement

On-Street: General Fund

- 4,000 meters
- Can add meters in parking zones without Council approval
- Tiered rate system for on-street

Off-Street: Enterprise Fund

- 5 garages, 10 lots, 60,000 sf retail
- Manages 58 private garages
- Dedicated capital funds
- Revenue share with General Fund
- Rates set by City Council

Posted Signage

Meter Display

Parking smart meters accept:

- Coin
- Credit cards
- Parkmobile

How to Pay with Park Mobile
(Often available at meters and off-street lots)

Set up Parkmobile account using any of the following methods:

- Online: www.parkmobile.com
- Phone: 916-722-7275
- Download **Parkmobile app**



To Pay:

- Look for Parkmobile sticker on meter or parking lot signage
- Log onto your Parkmobile account or call 916-722-7275 and follow payment prompts.
- Parking zone numbers are located on each meter sticker or off-street lot signage. Parkmobile charges a \$0.35 fee per transaction

Pricing Structure for Each Zone

- Tier 1=** Regular hourly rate based on posted number of hours
- Tier 2=** Effective for up to one additional hour after end of Tier 1 limit
- Tier 3=** Effective rate for every one hour parked past Tier 2



Pittsburgh, PA: Parking Authority

Overview

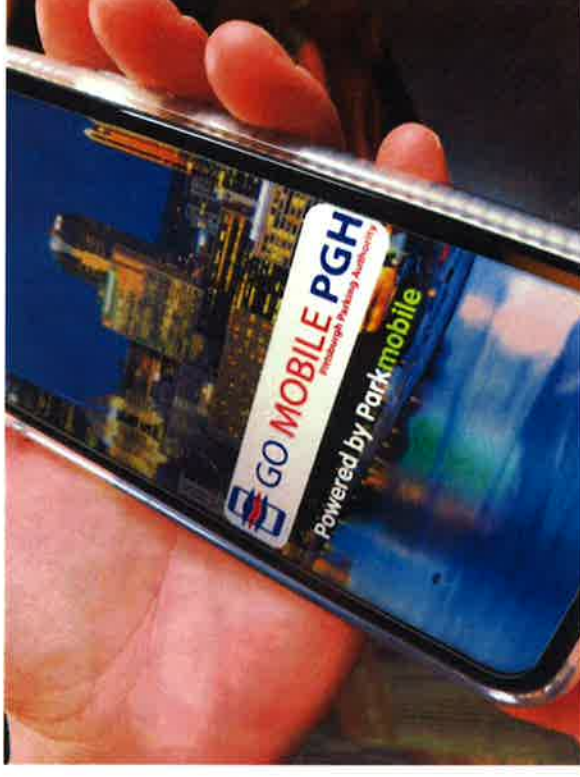
- Approximately \$56M annual revenue
- 170 Employees, Five member board appointment by mayor
- Conducts enforcement
- Some coordination with City on policies and planning
- Plan, design, acquire, hold, construct, improve, maintain, and operate, own and lease land and facilities devoted to parking vehicles
- Bonding power, Eminent domain, Can sell or lease air rights
- Exempt from real estate taxes, No taxing power, Manages pension system

On Street

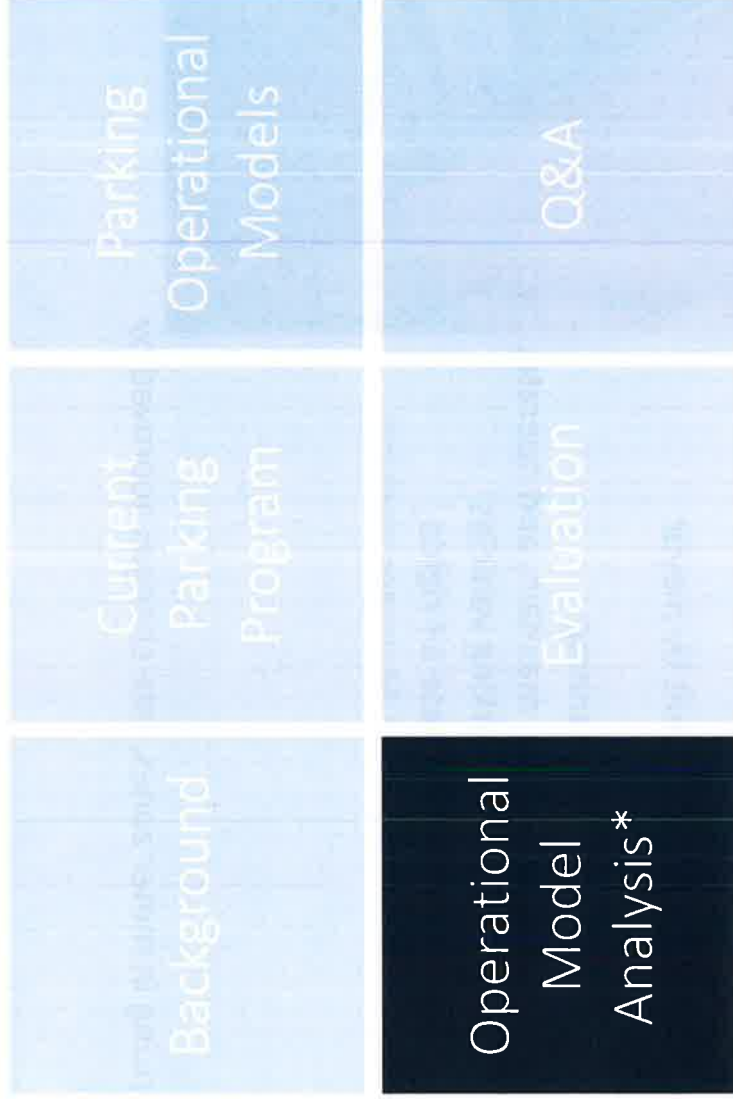
- 9,300 meters
- Code allows dynamic pricing in meter zones, rate changes approved by City

Off Street

- Operates ten garages with over 8,600 spaces and 34 surface lots
- The Authority Board approves all garage and surface lot rates



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*The information and descriptions provided are for planning purposes. The structure of each operational model may vary in some cases based on specific provisions of the organizational model, or ordinances. The city's legal counsel should be consulted regarding specific legal or financial requirements of each model.

Operational Model Analysis: COF Program Goals

- Financially self-supporting:
 - Able to fund expenses, capital, debt service, and deferred maintenance
 - Achieve a 1.10 debt coverage ratio
- Provide well maintained, safe facilities with zero deferred maintenance
- Leverage technology
- Enhance citywide economic development, multi-modal mobility, community benefit services, and smart growth planning decisions
- Operate a vertically integrated parking program:
 - Managing on-street parking
 - Managing off-street parking
 - Parking enforcement
 - Parking planning
 - Enforcement of code and regulatory violations

Financial Analysis: Current Conditions Remain*

Assumptions

- Based on pre-COVID-19 data and assumptions
- Operating expenses escalate by 3% annually
- Some revenues increase by 3% annually, generating \$515,000 in FY 2021:
 - Parking meter revenue
 - Employee and monthly permit revenue
 - Citation revenue
 - Event parking
- No additional rate increases or infrastructure investments

Findings

- System would likely generate a contribution towards debt service
- When including debt service of \$1,800,000, a net deficit is created

*Complete or current data sets and information were not available for some of the financial and parking demand information evaluated as part of this effort. As such, in some cases projections and assumptions were used in part of the analysis.

Revenue Opportunities Considered

\$1,400,000 in additional revenue could be generated annually by:

- Implementing Credit Card Meter Technology: \$540,000
- Increasing meter rates from \$1.00 - \$1.75/hr. to \$2.00/hr.: \$450,000
- Increasing off-street daily maximum rate from \$9/day to \$12/day: \$100,000
- Adding meters to additional areas of high parking demand: \$285,000

Operational Evaluation: General Fund*

If revenue recommendations are implemented:

- Expected to achieve the debt coverage ratio goal of 1.10 by Fiscal Year 2022

Challenges

- Not required to be self-sufficient, could make it more difficult to raise parking rates, result in less transparency
- Not permitted to maintain a reserve to fund capital investments
- Would compete with other City programs for infrastructure investment
 - May make it more difficult to support parking program goals

Advantages

- Remains a part of City – more opportunity to integrate parking with citywide planning
- More flexibility to balance revenue generating activities with community benefit services

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Operational Evaluation: Enterprise Fund*

If recommendations are implemented:

- Expected to achieve the debt coverage ratio goal of 1.10 by Fiscal Year 2022

Challenges

- Focus on revenue would result in less flexibility to balance revenue generating activities with community benefit services
- Still could result in revenue challenges that could require a transfer from the City's General Fund

Advantages

- Remains a part of City – more opportunity to integrate parking with citywide planning
- Because an enterprise fund must be self-sufficient, could result in more willingness to raise parking rates to cover expenses
- Self-sufficiency requirement results in more budget transparency
- Would maintain any reserves in an isolated fund for capital investments
- Would not compete with other City programs for infrastructure investment

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Operational Evaluation: Parking Authority*

If revenue recommendations are implemented:

- Unlikely to meet a 1.10 debt coverage ratio

Challenges:

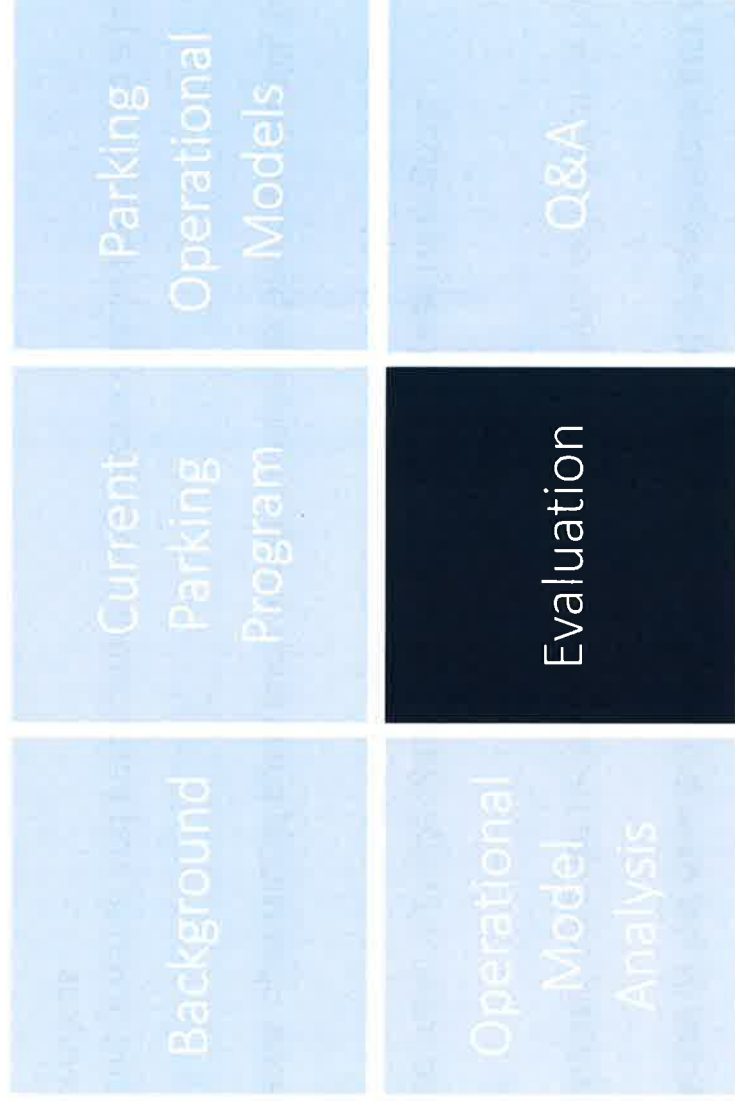
- Focus on revenue would result in less flexibility to balance revenue generating activities with community benefit services
- Would have to raise additional revenue to cover increased operating expenses
 - Would result in higher customer parking rates
- Operates as a separate entity, less opportunity for integration of parking with citywide plans
- Still could result in revenue challenges that could require a transfer from the City's General Fund

Advantages:

- All parties responsible for making decisions deeply understand the system
- Must be self-sufficient, could result in more willingness to raise parking rates to cover expenses, more budget transparency
- Would maintain any reserves in an isolated fund for capital investments
- Would not compete with other City programs for infrastructure investment
- City could retain some powers and share revenue

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Recommendation: Remain in the General Fund

RECOMMENDATION - REMAIN IN THE GENERAL FUND, STUDY POTENTIAL OF AN ENTERPRISE FUND

Based on our findings, Walker does not recommend a parking authority or enterprise fund model at this time:

- Additional costs would make it challenging to achieve debt coverage ratio goals:
 - Additional administrative costs of approximately \$400,000 annually without an associated significant benefit
 - Potential duplicative operational costs such as information technology, payroll, budget management, fleet support
- Higher focus on parking revenue and enforcement operations would translate to a low priority for community benefit services
- Creating a separate entity could result in less coordination in planning for parking, land use, and mobility infrastructure and services

Recommendation: Study Potential of Enterprise Fund

Short-term: Given the volume of initiatives currently underway, it is beneficial to remain a general fund

Long-term: Once these have been implemented, study moving to an enterprise fund:

- Could have a reasonable likelihood of achieving program goals
- Potential to be more self-sufficient than a general fund due to regulatory requirements
 - Typically provides benefits of budget transparency
 - Could create a capital reserve and bond against itself, allowing for more and consistent investment in new infrastructure, technology, and a better maintained system
- Remains part of city government:
 - No additional administrative costs of a parking authority
 - Parking Division has a seat at the table in citywide planning efforts:
 - Increasingly important as the transportation system continues to experience shifts in mobility trends
 - The ability to have a close working relationship will allow the City to prioritize community benefits

Agenda

