


CITY OF LOS ANGELES  
INTER-DEPARTMENTAL CORRESPONDENCE

0220-02221-8344

Date: August 06, 2009

To: Budget &amp; Finance Committee

From:  Raymond P. Ciranna, Acting City Administrative Officer**Subject: REPORT BACK ON PROPOSED PUBLIC-PRIVATE PARTNERSHIP FOR PARKING ASSETS (C.F. 09-0728-S1)**

On June 15, 2009, the Budget and Finance Committee instructed staff assigned to the Parking Asset Public-Private Partnership (P3) project to report back with additional information.

During the last Committee meeting, there was discussion to suspend further work on the parking study pending a report back to Committee. However, Desman had nearly completed all field work by the time this meeting was held; Desman continued its process to complete a modified study. Consistent with additional directions received by the Committee, Desman is focusing its analysis on the parking structures. Since data collection on a sampling of meters had been completed, Desman is including some analysis which will be useful irrespective of the decision to include or exclude meters from a potential concession.

**Parking Study**

Desman has now completed all field work and has nearly completed the data analysis on the parking garages and meter system. The parking study will address areas such as: general regional economic factors, an overview of the parking industry in the U.S., discussion about revenue collection technologies, parking occupancy surveys, a discussion of modeling assumptions such as growth in parking demand, elasticity and expense projections. These assumptions will be incorporated into a 50-year comparative review assuming three scenarios:

- 1) Base case – Department of Transportation (DOT) continues operation of the garages;
- 2) Optimized DOT – DOT integrates recommended technologies and practices to optimize operation of the garages; and,
- 3) Private model – Garages are operated by a private operator via a concession.

Desman is in the process of developing recommendations for scenario two and in communication with DOT about the assumptions to be included in this analysis. We expect a final study could be ready by late August 2009. A draft study is currently under review by the working group and DOT.

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## Expenditures to Date

Current expenditures total approximately \$265,000 and pending expenditures for the month of August total approximately \$129,000. This also includes \$30,000 for expenses incurred by transaction counsel that will be paid after the City Attorney's Office executes this contract. Current and pending expenditures through August total approximately \$394,000.

Additional expenditures of approximately \$176,000 are necessary to complete the parking study, develop final valuations for the structures and prepare a final staff report. We anticipate additional expenditures of \$146,000 to complete the parking study. We anticipate additional expenditures of \$30,000 by SBS to complete the valuations of the parking structures and provide advisory assistance with the preparation of the final staff report.

<u>Billed</u>	<u>Pending</u>	<u>Remaining Work</u>	<u>Total</u>	<u>Consultant</u>
-	30,000	-	30,000	DLA Piper – Transaction Counsel
169,997	93,640	146,363	410,000	Desman – Parking
<u>94,758</u>	<u>5,000</u>	<u>30,000</u>	<u>129,758</u>	SBS – Financial Advisor
\$ 264,755	\$ 128,640	\$ 176,363	<u>\$ 569,758</u>	

## Next Steps

The working group expects to submit a staff report within the next 90 days with the final parking study, an analysis of the results and a discussion of options for consideration by Council. However, the authorized funding of \$500,000 is insufficient to cover the cost of the additional work required to reach this point. Additional funding in the amount of \$70,000 is recommended to complete the assessment phase of this project.

In the event that the Mayor and Council desire an Operations and Maintenance manual prepared by Desman to assess best practices for structure management as a useful tool independent of a potential concession, additional charges of approximately \$60,000 would be incurred, for a total additional funding need of \$130,000. The amount identified below in Recommendation No. 1 should be changed from \$70,000 to \$130,000 if the Mayor and Council decide to pursue this option.

## RECOMMENDATIONS

That the City Council, subject to approval of the Mayor:

1. Transfer appropriations of \$70,000 from the Unappropriated Balance, Fund No. 100/58, Account No. 0250, Public Private Partnership Parking, to the Reserve Fund and appropriate therefrom to the Capital Finance Administration Fund No. 100/53, General Administration Account No. 0170, for expenditures related to the engagement of consultants and subcontractors needed to evaluate the public-private partnership transaction;

2. Authorize the City Administrative Officer to make technical adjustments as necessary to implement the intent of the Mayor and Council actions.

## **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund as a result of these recommendations. Funding to evaluate a potential public private partnership with respect to the City's parking assets was included in the Unappropriated Balance of the 2009-10 Adopted Budget. The Adopted Budget provides a total of \$3 million for this purpose from funds originating from the Special Parking Revenue Fund. The recommendations contained in this report are consistent with the City's Financial Policies in that funding was provided as part of the Adopted Budget.

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cc: Gerry Miller, Chief Legislative Analyst  
Ben Ceja, Deputy Mayor, Budget and Performance Management