

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

0160-01551-0000
Assignment No.: 11-03-0308

Date: April 1, 2011

To: The Council
Attn: Hon. Bernard C. Parks, Chair, Budget and Finance Committee
Hon. Bill Rosendahl, Chair, Transportation Committee

From: Miguel A. Santana, City Administrative Officer *MAA*
Gerry F. Miller, Chief Legislative Analyst *HEM*
for

Subject: **ANALYSIS OF THE DEPARTMENT OF TRANSPORTATION'S SPECIAL
PARKING REVENUE FUND 5-YEAR OPERATIONS AND MAINTENANCE
PLAN (C.F. 10-0596)**

SUMMARY

Per Ordinance No. 181337, effective November 11, 2010, a 5-Year Operations and Maintenance Plan ("5-Year Plan") is to be proposed and updated at least annually by DOT and approved by the City Council. The objective of the 5-Year Plan is to establish the required funding for "the necessary maintenance, upgrades, technology and repairs of parking structures, meters and related assets."

The Department of Transportation (DOT) submitted a report to the Council on February 7, 2011, detailing the Department's recommendations for a five-year operations and maintenance plan for the City's off-street parking facilities and parking meter system. The system is funded through the Special Parking Revenue Fund (SPRF). The Department provided a 5-Year Plan with major objectives, components and associated costs. After capturing the costs of all the Plan proposals, DOT calculated a "net revenue" amount for each year of the Plan. The City Administrative Officer (CAO) and Chief Legislative Analyst (CLA) were directed to work with DOT to identify the detailed components, costs and resulting revenue of each major proposal of the Plan, which is detailed in Attachment A of this report.

DOT's proposal includes funding for the maintenance of Citywide parking assets, debt service on outstanding bonds, capital improvements, expanded installation of parking meters and programs, technology upgrades, and additional staffing. DOT also proposes the transfer of the Permit Parking Division function and funding from the General Fund to the SPRF. In addition, DOT's report addresses, but does not provide a funding recommendation for the development of new off-street parking facilities and possible alternatives.

Based on the program details and the financial estimates provided by DOT, our Offices recommend adoption of the 5-Year Plan, modified to hold for discussion the following proposals, which require more information before a recommendation can be made to include them in future years of the Plan:

- Purchase of 8,000 new single-space, credit card-capable meters for low revenue areas
- Expansion of the ExpressPark Program, beginning in Year 3 of the Plan
- Enforcement Technology upgrade, including installing on-street parking sensors and upgraded monitoring equipment in enforcement vehicles
- Transfer of the Permit Parking Division into the SPRF
- Additional staffing requests

Our Offices also recommend that DOT report back with additional details and recommendations for the installation of parking meters in new areas and the “smart funding alternatives” discussed in the Department’s report.

RECOMMENDATIONS

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

1. Approve the Department of Transportation’s 5-Year Parking Operations and Maintenance Plan, as revised by the City Administrative Officer and Chief Legislative Analyst in Attachment A of this report;
2. Authorize the General Manager of the Department of Transportation, or his/her designated staff, working with the City Administrative Officer and Chief Legislative Analyst, to make adjustments to the 5-Year Operations and Maintenance Plan on an annual basis, and that those changes be reviewed and approved by the Council and Mayor as part of future budgets; and,
3. Direct the Department of Transportation to report back within 60 days with additional information on:
 - a. An implementation schedule for the installation of parking meters in new areas;
 - b. The costs and benefits of the identified “smart funding alternatives” being considered for eligible uses of the Special Parking Revenue Fund; and,
 - c. The impact and suggested implementation plan relative to the transfer of the Permit Parking Division.

FISCAL IMPACT STATEMENT

Approval of the recommendations will result in a five-year expenditure plan for the Special Parking Revenue Fund (SPRF) beginning in 2011-12. This expenditure plan will provide for the maintenance, operations, upgrade, and expansion of the City’s SPRF-funded parking facilities and parking meter system. The Department of Transportation will present annually a report of the expenditure plan, including any proposed changes, to the Mayor and Council through the budget process. There is no impact on the General Fund.

DISCUSSION

The SPRF was established as a special fund to receive all revenue collected from parking meters and public off-street parking facilities in the City that are administered by the Department of Transportation (DOT). Over the past several years, the City has increased parking meter rates, expanded hours/days of parking meter operations and implemented electronic locks and technology upgrades. Together, these actions have dramatically increased meter revenue.

In the Special Parking Revenue Fund 5-Year Operations and Maintenance Plan report, DOT identified its priorities for the SPRF as adhering to safe, reliable, and convenient parking policies that best serve the public and maintain a sustainable future for parking, congestion management, and the Fund. DOT's recommendations focused on maximizing the operational efficiency of the existing infrastructure, and provided a detailed breakdown of proposed initiatives to improve, supplement, and maintain the current system over a five-year period. Some highlights of the proposal include:

- Capital Improvements
 - Continue single-space credit card-capable parking meter lease-to-own program—deployment of a total 20,000 replacement meter heads
 - Purchase new single-space meters to replace the remaining 8,000 meters
 - Replace single-space meters in off-street parking lots with pay stations
 - Update and automate revenue control and exit mechanisms at operated facilities
 - Install standard wayfinding signage and explore real-time parking availability technology at parking facilities
- Expansions
 - Add 500 new metered spaces annually throughout the City, based on demand studies
 - Add 1,000 new metered spaces in loading zones
 - Expand the ExpressPark dynamic meter pricing model to other areas of the City after conclusion of the grant program
- Upgrades
 - Develop a new Central Management System based on ExpressPark Program results
 - Strengthen security at existing meters with updated housings and electronic locks
 - Upgrade technology for coin collection and counting equipment, management systems, enforcement and meter communications
 - Develop a web-based system for issuing and renewing parking permits and install automated permit kiosks at service centers throughout the City
- Maintenance
 - Issue a Request for Proposal to manage the consolidated operation, maintenance, cleaning and landscaping of parking facilities and upgrade of remaining parking facility revenue control equipment
- Staff Restructuring
 - Transfer the function, revenue and funding of the Parking Permit Division to the SPRF
 - Add a total of nine positions to the Bureau of Parking Operations and Facilities during Years 1 and 2 of the Plan

DOT provided a five-year revenue projection and expenditure plan for the SPRF to capture the yearly effects of the proposals on the Fund. The first year of the Plan is scheduled to begin in 2011-12. Decisions on the 2011-12 Adopted Budget will affect the course of the Plan. DOT will update the Plan annually based on approved budgeted actions.

While DOT does provide feasible and commendable recommendations and a comprehensive plan to bolster the SPRF and the City's parking system, not all of the 5-Year Plan proposals or implementation schedules appear to be necessary to maintain a successful parking system. A balance must be kept between maximizing revenue through technologically connected systems, and investing net revenue in new infrastructure or alternative planning solutions, such as sharing existing parking supply and supporting alternative forms of travel. Our Offices recommend several of DOT's proposals, but also recommend a hold on some proposals.

The following is a summary of the issues that require more information from DOT before possible inclusion in future years of the Plan:

Purchase of meters for low revenue areas—The Council recently approved the amendment to a lease-to-own contract to upgrade an additional 10,000 on-street parking meters with credit card capabilities. This will bring the total amount of upgraded, credit card-capable on-street meter spaces to about 30,000. DOT proposes to complete the upgrade of the remaining 8,000 Citywide on-street parking meters through a direct purchase, a cost of \$3.4 million. These 8,000 meters represent the lowest revenue-generating areas. It would prove cost prohibitive to include these areas in the lease-to-own contract, so DOT proposed to purchase them outright, over a period of two years, beginning in 2011-12. The Department has already included plans to install 500 additional on-street meters in areas that meet demand, and to pursue studies to remove certain meters from low-demand areas. It should be investigated first whether these areas should have meters removed prior to putting investment into upgrading them. It is recommended that these purchases be held from the approval of the 5-Year Plan.

ExpressPark Expansion—This Program is a parking pilot program funded by a \$15 million grant from the United States Department of Transportation and \$3.5 million match from the SPRF. The program will explore demand-based, dynamic pricing of on-street and off-street parking in the downtown area for a one-year period (2011-12). DOT proposes continuation and expansion of the program, including the development of a Central Management System after the end of the pilot, beginning in Year 2 of the Plan (2012-13). The cost of this initiative is significant, with a minimum investment of \$1.7 million per year. Dynamic pricing of parking is a new concept to the City and warrants a dedicated discussion and experience with the program before recommendations to continue or expand the program can be made.

Enforcement Technology—DOT currently utilizes a contract with Streetline to assess sensor-guided meter parking in high-demand areas of the City. DOT proposes to expand that program and improve metered parking compliance and turnover with technology to aid enforcement vehicles and personnel. This includes installing sensors in parking spaces and funding wireless communications and devices on meters and in enforcement vehicles. Funding for communication and reporting services would also be required. Implementing these measures

would likely result in increased enforcement efficiency and citation revenue to the General Fund. However, the cost to install sensors and provide these services may outweigh the financial benefits, with a capital equipment cost minimum of \$600,000 per year and services costs of over \$200,000 per year. It is recommended that the City wait for preliminary results of the ExpressPark Program, which will help assess the viability of this concept, before considering continuation or expansion.

Transfer of the Permit Parking Division into the SPRF—DOT assumed the transfer of the Permit Parking Division in their 5-Year Operations and Maintenance Plan and included the projected cost and revenues associated with this program over the next five years. The Permit Parking Division is responsible for implementing and managing the City's Preferential Parking Districts, Overnight Parking Districts, Oversize Vehicle Parking Districts and the car share pilot project. The transfer of the Division would require revisions to several sections of the Los Angeles Administrative Code, including an expansion of the eligible uses of the Special Parking Revenue Fund to include the expenditures of the Permit Parking Program. The Program is staffed with administrative personnel and several Traffic Officers. Positions and related expenses are currently full-cost recoverable through the permit fees that are deposited into the General Fund. Additional details on the policy and cost implications of this action, particularly related to General Fund impacts, as well as possible implications on SPRF-associated debt, are necessary before a final determination on whether to transfer the program should be made.

Additional Staffing—DOT proposes to increase its staffing levels to support the implementation of the various proposals provided in the 5-Year Plan. The Department requests the allocation of one position in 2011-12, eight positions in 2012-13, and one additional Parking Meter Technician position per year beginning in 2013-14. These allocation requests are mainly to support the Meter Operations Division, which has experienced persistent vacancies in recent years. It is recommended that commitment be made to keep vacant SPRF positions filled prior to considering the allocation of new positions. Additionally, more information is required, possibly including determination from the Personnel Department, before recommendations can be made on staffing allocations.

Attachment B revises the summary chart of DOT's proposals provided in Attachment A to reflect the recommendations that have been made above. DOT indicated that revenue projections of each proposal were set very conservatively, including some with no associated revenue due to the lack of experience in implementing such new concepts. It is projected that approval of the recommendations above will slightly impact meter revenue, as detailed in Attachment B. It is unknown at this time the revenue impact of deferring approval of the additional DOT staffing.

The charts in both Attachments project a "net revenue" of unprogrammed funds expected to be available in each of the next five fiscal years. It is important to note that the Department's report does not provide a proposal for acquisition or construction of additional off-street parking facilities in the City. Historically, the SPRF has been used to expand the off-street parking supply in areas with high parking demand and the need for turnover being managed through on-street metered parking. The proposed 5-Year Plan refocuses the SPRF on providing a program strategy to ensure the sustainability of the City's existing off-street parking facilities

and the expansion into new technology for both on-street parking meters and off-street parking lots. The following are the capital improvement projects that have been identified by the City Council that involve either SPRF-funded facilities and/or may require SPRF monies to complete:

- *Highland Park Transit Village* (CD 1) – a joint development agreement for the mixed-use development of four City-owned parking lots is being finalized with the developer.
- *Abbot Kinney parking improvements* (CD 11) - \$2.9 million was appropriated for the construction and installation of multi-space pay stations.
- *Blossom Plaza* (CD 1) – SPRF provided \$6.28 million for land acquisition and \$5.5 million to develop the project, in conjunction with the CRA.
- *Pico/Robertson Mixed-Use Development* (CD 5) – an exclusive right to negotiation and joint development agreement for this City-owned parking lot (#689) are in development with LAHD.
- *Wilcox/Lace Building Mixed-Use Development* (CD 13) – a Request for Information has been released to develop this City-owned parking lot (#742).
- *Former Bethune Library site development* (CD 8) – A proposal has been discussed to convert this CRA/LA property to a metered parking lot.
- *Pacific Palisades Commercial Village* (CD 11) - the community has identified a parking shortfall and an official parking study is necessary.
- *Bringing Back Broadway* parking lot (CD 14) - \$35,000 was provided for a parking study in 2009.
- *Little Tokyo Recreation Center* (CD 9) – City-owned parking lot (#755) has been identified as part of the project.

The Department has also noted the prospective sale of the following four SPRF-controlled parking lots:

- Lot #692 in CD 10 (610 S. Vermont) to the CRA/LA;
- Lot #676 in CD 13 (1146-1152 Glendale Boulevard) to El Centro del Pueblo;
- Lot #654 in CD 11 (1611 Beloit Avenue), which was declared surplus in 2009; and,
- Lot #700 in CD 8 (239 W. 86th Street), which has been the subject of interest by an outside entity.

Building or acquiring new off-street parking facilities can be very expensive and requires increased City resources to construct, manage and maintain. Additionally, the Council has discussed the issue of whether the City manages the parking assets as effectively or efficiently as the private sector. It is also important to note that since FY2007-08, the Council has transferred SPRF unprogrammed funds to the Reserve Fund to help address the City's budgetary challenges. Considerations for future SPRF transfer are ongoing. The City Council may wish to consider these issues before making a final determination on moving forward on use of the unprogrammed SPRF funds identified in the Attachments.

5-Year SPRF Plan - DOT Proposal

	<u>FY11-12</u>	<u>FY12-13</u>	<u>FY13-14</u>	<u>FY14-15</u>	<u>FY15-16</u>	
Operating Revenue						
Parking Meters	\$41,820,000	\$43,336,000	\$44,209,000	\$44,796,000	\$45,383,000	
Parking Facilities	\$5,784,000	\$7,547,000	\$7,686,000	\$7,828,000	\$7,973,000	
Hollywood/Highland	\$9,891,000	\$10,343,000	\$10,500,000	\$10,700,000	\$10,900,000	
Interest	\$880,000	\$880,000	\$880,000	\$880,000	\$880,000	
Permits	\$3,009,000	\$3,293,000	\$3,243,000	\$3,243,000	\$3,243,000	
Leasing/Rent-Off Street	\$603,000	\$610,000	\$610,000	\$610,000	\$620,000	
TOTAL OPERATING REVENUE	\$61,987,000	\$66,009,000	\$67,128,000	\$68,057,000	\$68,999,000	
O&M Expenditures						
Collection Services (contract)	\$2,100,000	\$2,120,000	\$2,140,000	\$2,160,000	\$2,180,000	
Contractual Services	\$16,089,000	\$18,208,000	\$18,580,000	\$19,460,000	\$20,085,000	
Replacement, Parts, Tools & Equipment	\$918,000	\$864,000	\$864,000	\$864,000	\$864,000	
Parking Facilities Lease Payments	\$410,000	\$690,000	\$700,000	\$410,000	\$410,000	
Maint, Repair & Utility Svcs (Off-Street)	\$1,622,000	\$1,830,000	\$1,870,000	\$1,870,000	\$1,950,000	
Training/Travel	\$25,000	\$30,000	\$30,000	\$30,000	\$30,000	
Misc Equipment & Office Supplies	\$64,000	\$35,000	\$35,000	\$35,000	\$35,000	
Library Trust Fund	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	
Pkg Mtr, Off-Street & Permit Admin Salaries	\$6,835,000	\$7,656,000	\$7,733,000	\$7,809,000	\$7,886,000	
Pkg Mtr, Off-Street & Permit Admin Related Costs	\$6,222,000	\$7,110,000	\$7,160,000	\$7,220,000	\$7,280,000	
TOTAL O&M EXPENDITURES	\$34,435,000	\$38,693,000	\$39,262,000	\$40,008,000	\$40,870,000	
Debt Service	TOTAL DEBT SERVICE	\$9,259,000	\$9,266,000	\$9,030,000	\$9,020,000	
Capital Expenditures						
<u>Off-Street Parking</u>	Revenue Control Equipment	\$925,000	\$15,000	\$15,000	\$10,000	\$10,000
<u>Meter Operations</u>	New Card & Coin Meters	\$1,734,000	\$1,734,000			
	New Card & Coin Meter Expansion	\$434,000	\$434,000	\$434,000	\$434,000	\$434,000
	Pay Station Lots (includes off-street lots)	\$273,000				
	Replacement Meter RFP				\$6,000,000	\$6,000,000
	Meter Housing Upgrade		\$1,540,000	\$1,500,000		
	Meter Housing & Locks for Loading Zones	\$366,000				
	New Meter Electronic Locks	\$853,000	\$359,000			
	Meter and Collection Canister Upgrade		\$1,500,000			
	ExpressPark New Areas (sensors/signs)				\$631,000	\$631,000
	Enforcement Technology - Sensors	\$427,000	\$459,000	\$459,000	\$459,000	\$459,000
	Enforcement Technology - TO vehicles	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
	Maint. Workflow Mgmt - Vehicle laptops	\$100,000				
	IPS Meter Card & Coin Leases	\$4,100,000	\$4,100,000	\$1,940,000		
	TOTAL METER OPERATIONS	\$8,387,000	\$10,226,000	\$4,433,000	\$7,624,000	\$7,624,000
<u>Collection & Investigation</u>	Coin Room Equipment, Fleet Vehicles	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
<u>Office & Administration</u>	Desktop Computer Replacement		\$150,000	\$100,000		\$150,000
<u>Permit Parking</u>	Automated Kiosks		\$350,000	\$300,000	\$300,000	\$300,000
	TOTAL CAPITAL EXPENDITURES	\$9,347,000	\$10,776,000	\$4,883,000	\$7,969,000	\$8,119,000
Miscellaneous Expenditures	5% Contingency		\$1,935,000			
	TOTAL OTHERS	\$0	\$1,935,000	\$0	\$0	\$0
ESTIMATED TOTAL UNPROGRAMMED		\$8,946,000	\$5,339,000	\$13,953,000	\$11,060,000	\$10,990,000

5-Year SPRF Plan - CAO-CLA Recommendation

Attachment B

	<u>FY11-12</u>	<u>FY12-13</u>	<u>FY13-14</u>	<u>FY14-15</u>	<u>FY15-16</u>		
Operating Revenue							
<i>Parking Meters</i>	\$41,520,000	\$42,436,000	\$43,009,000	\$43,596,000	\$44,183,000	X	
<i>Parking Facilities</i>	\$5,784,000	\$7,547,000	\$7,686,000	\$7,828,000	\$7,973,000		
<i>Hollywood/Highland</i>	\$9,891,000	\$10,343,000	\$10,500,000	\$10,700,000	\$10,900,000		
<i>Interest</i>	\$880,000	\$880,000	\$880,000	\$880,000	\$880,000		
<i>Permit</i>	\$0	\$0	\$0	\$0	\$0	X	
<i>Leasing/Rent-Off Street</i>	\$603,000	\$610,000	\$610,000	\$610,000	\$620,000		
TOTAL OPERATING REVENUE	\$58,678,000	\$61,816,000	\$62,685,000	\$63,614,000	\$64,556,000		
O&M Expenditures							
<i>Collection Services (contract)</i>	\$2,100,000	\$2,120,000	\$2,140,000	\$2,160,000	\$2,180,000		
<i>Contractual Services</i>	\$15,686,000	\$16,338,000	\$15,855,000	\$16,280,000	\$16,550,000	X	
<i>Replacement, Parts, Tools & Equipment</i>	\$918,000	\$864,000	\$864,000	\$864,000	\$864,000		
<i>Parking Facilities Lease Payments</i>	\$410,000	\$690,000	\$700,000	\$410,000	\$410,000		
<i>Maint, Repair & Utility Svcs (Off-Street)</i>	\$1,622,000	\$1,830,000	\$1,870,000	\$1,870,000	\$1,950,000		
<i>Training/Travel</i>	\$25,000	\$30,000	\$30,000	\$30,000	\$30,000		
<i>Misc Equipment & Office Supplies</i>	\$64,000	\$35,000	\$35,000	\$35,000	\$35,000		
<i>Library Trust Fund</i>	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000		
<i>Pkg Mtr & Off-Street Admin Salaries</i>	\$5,500,502	\$5,511,502	\$5,531,502	\$5,551,502	\$5,571,502	X	
<i>Pkg Mtr & Off-Street Admin Related Costs</i>	\$4,841,141	\$4,841,141	\$4,841,141	\$4,841,141	\$4,841,141	X	
TOTAL O&M EXPENDITURES	\$31,316,643	\$32,409,643	\$32,016,643	\$32,191,643	\$32,581,643		
Debt Service	TOTAL DEBT SERVICE	\$9,259,000	\$9,266,000	\$9,030,000	\$9,020,000	\$9,020,000	
Capital Expenditures							
<u>Off-Street Parking</u>	Revenue Control Equipment	\$925,000	\$15,000	\$15,000	\$10,000	\$10,000	
<u>Meter Operations</u>	<i>New Card & Coin Meters</i>	\$0	\$0				X
	<i>New Card & Coin Meter Expansion</i>	\$434,000	\$434,000	\$434,000	\$434,000	\$434,000	
	<i>Pay Station Lots (includes off-street lots)</i>	\$273,000					
	<i>Replacement Meter RFP</i>				\$6,000,000	\$6,000,000	
	<i>Meter Housing Upgrade</i>		\$1,540,000	\$1,500,000			
	<i>Meter Housing & Locks for Loading Zones</i>	\$366,000					
	<i>New Meter Electronic Locks</i>	\$853,000	\$359,000				
	<i>Meter and Collection Canister Upgrade</i>		\$1,500,000				
	<i>ExpressPark New Areas (sensors/signs)</i>				\$0	\$0	X
	<i>Enforcement Technology - Sensors</i>	\$0	\$0	\$0	\$0	\$0	X
	<i>Enforcement Technology - TO vehicles</i>	\$0	\$0	\$0	\$0	\$0	X
	<i>Maint. Workflow Mgmt - Vehicle laptops</i>	\$100,000					
	<i>IPS Meter Card & Coin Leases</i>	\$4,100,000	\$4,100,000	\$1,940,000			
	TOTAL METER OPERATIONS	\$6,126,000	\$7,933,000	\$3,874,000	\$6,434,000	\$6,434,000	
<u>Collection & Investigation</u>	<i>Coin Room Equipment, Fleet Vehicles</i>	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	
<u>Office & Administration</u>	<i>Desktop Computer Replacement</i>		\$150,000	\$100,000		\$150,000	
	TOTAL CAPITAL EXPENDITURES	\$7,086,000	\$8,133,000	\$4,024,000	\$6,479,000	\$6,629,000	
Miscellaneous Expenditures	<i>5% Contingency</i>		\$1,935,000				
	TOTAL OTHERS	\$0	\$1,935,000	\$0	\$0	\$0	
ESTIMATED TOTAL UNPROGRAMMED		\$11,016,357	\$10,072,357	\$17,614,357	\$15,923,357	\$16,325,357	

X - Areas where revenues or expenditures decrease due to removal of the program from the 5-Year Plan