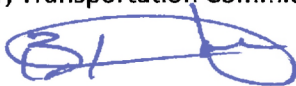


CITY OF LOS ANGELES
INTER-DEPARTMENTAL MEMORANDUM

Date: May 14, 2018

To: The Honorable City Council
c/o City Clerk, Room 395, City Hall
Attention: Honorable Mike Bonin, Chair, Transportation Committee

From: *for* Seleta J. Reynolds, General Manager 
Department of Transportation

Subject: **SPECIAL PARKING REVENUE FUND LOCAL RETURN (C.F. 15-1450-S4)**

SUMMARY

This is a report back with a proposed pilot program to return a portion of the local meter revenue to the area it was generated. The report includes proposed locations, and rules and procedures.

RECOMMENDATIONS

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

1. AUTHORIZE the Los Angeles Department of Transportation (LADOT) to implement the Special Parking Revenue Fund (SPRF) Local Return Pilot Program that would return a portion of meter revenue back to the area from which it was generated;
2. APPROVE the attached "SPRF Local Return Pilot Program Rules and Procedures";
3. AUTHORIZE LADOT to make any technical corrections or clarifications to the attached "SPRF Local Return Pilot Program Rules and Procedures" in order to effectuate the intent of the document;
4. DIRECT LADOT and the City Attorney to prepare program agreements with Lincoln Heights, Pacific Palisades, and Westwood Village Business Improvement Districts to participate in the pilot program; and
5. DIRECT LADOT to report back to the Transportation Committee in 180 days with progress updates on the pilot program.

BACKGROUND

In June 2014, Mayor Garcetti engaged a group of stakeholders to discuss opportunities to improve the parking experience throughout the City. This group, called the Los Angeles Parking Reform Working Group (LAPRWG), was subsequently formed with residents, business owners and representatives of different organizations. Over the course of seven months, the LAPRWG reviewed and analyzed a wide variety of potential parking reforms. The LAPRWG released their comprehensive report and

recommendations for consideration in 2015. Among these recommendations was making grants available to local entities to accomplish enhancements to parking, sidewalk, alley, streetscape and related services. Subsequently on December 9, 2015, CF 15-1450-S4 was introduced to create a pilot program that returns a portion of local meter revenue to the locations where it was generated for transportation improvements.

In March 2016, LADOT submitted a report to Transportation Committee that examined other cities with parking meter revenue sharing programs. Those cities have seen an increase in sales tax revenue, improved public safety, and overall aesthetic improvements in the participating areas. An ancillary benefit of the program was to incentivize the deployment of the parking meters as a tool to manage parking in high demand areas. In the report, LADOT proposed draft rules and procedures for the pilot program. However, a few key elements were yet to be determined including the pilot program recipients, revenue sharing options, and distribution options.

DISCUSSION

LADOT is proposing a SPRF Local Return Pilot Program for Fiscal Year 2019. Staff analyzed several options relating to the structure of the pilot program and selected the following criteria with guidance from the Transportation Committee:

1. *Recipient organization:* City recognized Business Improvement District (BID).

A BID is a geographically defined area within a commercial area of the City, in which services, activities, and programs are paid for through a special assessment charged to all members within the district in order to equitably distribute the benefits received and the costs incurred. BIDs strive to improve the overall quality of life within their boundaries, which is consistent with the purpose of this pilot program. BIDs are monitored by the City Clerk, controlled by stakeholders in the BID, and are held financially responsible for the funds received and expended. The BID would be responsible for identifying, prioritizing and choosing parking/transportation related projects to be funded among other program obligations.

2. *Pilot areas:* Lincoln Heights, Pacific Palisades and Westwood Village BIDs.

Staff evaluated nearly two dozen locations across the City that would have a minimum of 150 parking meters within the BID boundaries. These locations meet the minimum criteria, offer stable organizational capacity, represent diverse income levels, and yield varying meter revenue ideal for program evaluation.

3. *Revenue Sharing:* The greater amount of 15 percent of the on-street parking meter revenue generated within the BID area or \$50,000.

Comparing the different amounts of meter revenue generated by the BIDs, 15 percent offered a reasonable balance at the low and high ends of the spectrum. Table 1 summarizes the different percentages with revenue share considered for each of the pilot program areas. The minimum amount of \$50,000 per year is guaranteed for participating BIDs so that they receive sufficient funds to carry out meaningful projects or programs. This number was partially derived from 150

meters generating \$300 per year (LADOT's minimum meter revenue for all meters in an area) or \$45,000 per year, rounded up to \$50K.

Table 1: Pilot Program Areas On-Street Meter Revenue Share

		<i>BIDs</i>		
		Lincoln Heights	Pacific Palisades	Westwood Village
% of Meter Revenue	10%	\$21K	\$42K	\$153K
	15%	\$32K	\$62K	\$229K
	20%	\$42K	\$84K	\$306K
	25%	\$53K	\$104K	\$382K
	100%	\$214K	\$419K	\$1,531K

Note: On-street parking meter revenue based on Fiscal Year 2017

4. **Revenue Distribution:** Funding is retained in LADOT account(s) and expended through City services/projects or distributed on a reimbursement basis.

This hybrid approach offers flexibility, accountability, and City control of public funds. If City services or projects are requested, LADOT staff assigned to the program will facilitate request, subject to City approval of the request. For services or projects that may be better served by the BIDs contracting out, they will have the option to do so, subject to prior City approval.

Rules and Procedures

In reviewing several other cities' policies, LADOT determined that the City of San Diego has a comprehensive policy document that could serve as a template for Los Angeles. LADOT customized San Diego's approach to add additional clarification and controls. Rules and procedures are attached in Attachment 1, and summarized below.

1. Purpose
 - Enhance the quality of life of communities through reinvestment in the area through parking/transportation improvements
2. Process and Requirements
 - Letter of interest
 - Public meeting
 - Submission of application and letter of support from Council Office
 - LADOT recommendation
 - Public hearing at City Council or its committee(s)
 - Agreement execution
3. Allocation of Parking Meter Net Revenue
 - Administration of the program
 - Revenue share

- Timely use of funds
 - Use of funds for City services/projects, reimbursement, or reserve fund
4. Use of Allocated Funds
- Funds spent for public benefit
 - Eligible expenditures
 - Accountability
5. Local Return Program Management
- Annual plan and budget
 - Opportunity to share recommendations to improve parking and transportation in the area
 - Annual performance report

City Staffing

The pilot program will be administered by a LADOT Management Analyst. Existing LADOT accounting staff should be adequate for the first year of the pilot program. Should the pilot program be deemed successful, made permanent, and expand citywide, then additional staffing will be required to assist in managing the program, conducting outreach, processing applications, educating new participant organizations, providing customer service, maintain accounting controls, manage the funding distribution, review invoices, process the payments and reconcile financial discrepancies.

Funding

As part of the SPRF adopted budget for Fiscal Year 2018, \$600,000 was set aside for the purpose of funding this pilot program. Assuming the program's success, the FY 2019 proposed budget reflects an increase in funding to the program, providing a \$1.5 million appropriation. Actual budgeted amounts for future FYs will vary depending on several factors including lessons learned, parking meter revenue, size and number of program participants, and other budgetary considerations.

COORDINATION

LADOT reached out to all three BIDs to verify their interest in participating in the program. While the final rules and procedures were not finalized at the time of the conversation, the BIDs were made aware of basic program requirements. All three BID representatives were excited and eager to participate in the pilot program.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The pilot program is funded through an appropriation in the FY 2018 adopted SPRF budget.

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Attachment

Attachment 1

CITY OF LOS ANGELES DEPARTMENT OF TRANSPORTATION

SPECIAL PARKING REVENUE FUND LOCAL RETURN PILOT PROGRAM RULES AND PROCEDURES

The following rules and procedures for the Special Parking Revenue Fund (SPRF) Local Return Pilot Program were adopted by City Council and made effective on _____, 2018.

A. PURPOSE

This pilot program is intended to enhance the quality of life of participating communities by returning a percentage of meter revenue generated by on-street parking meter spaces back into the area it was generated for parking and/or transportation improvements.

B. PROCESS AND REQUIREMENTS

1. Letter of Interest

A City of Los Angeles (City) approved Business Improvement District (BID) may submit letter of interest on their organization's letterhead to:

City of Los Angeles Department of Transportation (LADOT)
Bureau of Parking Management
100 S. Main Street, 10th Floor
Los Angeles, CA 90012

The letter, signed by an authorized representative of the BID, shall include the geographic area of interest, and the organization's contact information.

2. Public Meeting

Following submission of the letter and after discussing the local return program with LADOT's Bureau of Parking Management representative, the interested BID shall make the proposal publicly available for review, and convene at least one noticed public meeting for affected citizens, businesses, and groups within the BID boundary at least two weeks prior to submitting an application to LADOT. Applicants are required to provide a minimum of 14-day notice and demonstrate evidence of noticing methods used to reach stakeholders in the BID. LADOT may review the evidence and/or attend the meeting to determine if the noticing is sufficient.

3. Application

After a preliminary screening of the letter of interest and discussion, as needed, with the interested BID, LADOT will make available a one-time application for the BID to complete and submit back to LADOT for review, and approval or denial.

a. Requirements

The application shall contain, but not be limited to each of the following:

- i. Proof the organization applying is a City-approved BID;
- ii. Proof that the BID has been established for at least one year;
- iii. Most recent financial report and audit of the organization;
- iv. Letter of support from the Councilmember(s) of the Council District(s) in which the BID is located;
- v. Proof of noticed public meeting(s) held on the proposal;
- vi. A map or other detailed description of the BID area;
- vii. The number of City metered spaces included in the BID area;
- viii. A conceptual plan for how the BID will manage program, including but not limited to:
 - A proposed member of the BID that will serve as the administrator of the Local Return Program for the purpose of managing the program;
 - How community input will be obtained and incorporated into the administration of the program;
 - The sources and estimated amounts of BID revenues;
 - Examples of proposed parking and/or transportation improvements that would address the community's needs;
 - Anticipated financing for these improvements, provided that no existing financing obligations or commitments shall be jeopardized or restricted; and
 - A first year and five year budget.

4. Parking Meter Criteria

LADOT shall verify that the parking meters located within the BID area meet minimum requirements necessary to participate in the program by examining the following:

- a. The existing parking meter zone has been established for a period of no less than one year;
- b. No less than 150 City metered spaces is met as the minimum threshold to participate in the program;
- c. The parking meters identified in the application generate as a whole at least an average revenue of \$300 per meter per year.

5. Recommendation

Based on the findings of the application and other relevant data, LADOT shall recommend, by written report to the City Council, only qualified applicants to participate in the program. LADOT's report shall set forth the evidence generated as a result of data gathered, the findings relative to the application, and other factors and conclusions reached which justify the recommendation.

6. Public Hearing

The City shall give notice and conduct a public hearing at City Council or any of its committees for the purpose of stating the BID application under consideration, stating the reasons why such area is being proposed for designation, and receiving public comments on the findings and recommendations of LADOT. City Council approval of the LADOT report recommending BID participation in the program will allow LADOT to enter into an agreement with the BID.

7. Agreement

Prior to authorizing the use of any of the funds by the BID, the LADOT shall execute an agreement with the BID, which will include the terms and conditions of the program along with the City's standard provisions.

C. ALLOCATION OF PARKING METER REVENUE

1. The Local Return Program shall be administered by LADOT.
2. Annually, the costs of administering the program shall be subtracted from the total parking meter revenue and funded through SPRF.
3. Parking meter revenue for this program is defined as the revenue generated from City owned and operational on-street parking meters. This does not include meter revenue from off-street parking facilities, permits, citations or other fees.
4. Fifteen percent (15%) of the annual parking meter revenue generated within each BID area or \$50,000, whichever is greater, shall be allocated to that BID on an annual basis. The meter revenue shall be based on the previous fiscal year's actual meter revenue.
5. Program funding shall be retained in the City SPRF account(s) until expended.
6. Funds must be expended within two years of the first day in which they were programmed. For example, if the funds were made available July 1, 2018, then they will expire July 1, 2020. LADOT will allow a time extension for reserve funding described below.
7. Front funding and/or loans are not permitted by LADOT as part of this program.
8. Written requests for fund allocation shall be directed to LADOT for:
 - a. City services/projects, subject to, but not limited to:
 - i. Prior approval by LADOT and affected government agencies; and
 - ii. Full cost recovery of City or its contractor's staff time and materials.
 - b. Distribution on a reimbursement basis, subject to, but not limited to:
 - i. Prior approval by LADOT and affected government agencies;
 - The BID shall provide justification including, but not limited to a detailed scope of work, schedule, cost estimate, and maintenance plan, if applicable, for consideration.
 - Reimbursement requests for products delivered or services performed shall include, but not be limited to invoice(s), proof of payment, and evidence of product delivery or service completion.
 - c. Reserve funding
 - i. A BID may accumulate funding beyond the two year deadline for a project, program, or product that exceeds the annual BID meter revenue allotment, subject to approval by LADOT.
 - ii. The BID must include in the request justification with details and schedule of expenditure.
9. Allocation of revenue to a BID is contingent on completion of the following:

- a. Any City administrative, operation, maintenance and capital costs necessary to sustain the program have been remunerated;
- b. The City assesses that shared revenue is sufficient to implement and manage the proposed use(s);
- c. The amount allocated is no more than necessary to implement and manage the proposed use(s);
- d. The City determines through a fiscal impact analysis that BID's proposed use(s) is/are in the City's long-term best interest; and
- e. Adoption and approval of an Annual Plan and Budget submitted to LADOT, as provided in sections D and E below.

D. USE OF ALLOCATED LOCAL RETURN PROGRAM FUNDS

- 1. Allocated funds shall be spent within the BID area strictly for the benefit of the public.
- 2. Any costs involving the private benefit or promotion of businesses in the BID shall be funded by other sources.
- 3. Assets constructed or purchased shall become property of the City.
- 4. Expenditures shall be focused on parking and/or transportation improvements that serve a public purpose. Expenditures may include, but are not limited to, the following:
 - a. Increasing multi-modal parking supply (e.g., purchase, construction of additional on-street or off-street parking accessible to vehicles and/or including bikes). Eligible expenses include the acquisition of land, project design, financing, construction, and/or operation of public parking facilities, but do not include parking structures or special event parking.
 - b. Managing and optimizing existing parking supply through: reconfiguration of existing on-street parking inventory, enforcement, reducing excessive red curb, removal of abandoned driveways and replacement with matching sidewalk, curb, and gutter, and mitigation of any adverse effects resulting from the implementation of such program(s).
 - c. Providing wayfinding signage, which communicates the location, availability, cost, and/or other pertinent information of district-wide parking options.
 - d. Reducing parking demand by the promotion of active transportation and safety through the following proposed enhancements: lighting, electric vehicle charging stations, public transit, sidewalks curb ramps, bicycle and pedestrian amenities. Revenue can be used in alternative ways to encourage the use of transport modes that do not require parking.
 - e. The design, construction and/or maintenance of street improvement projects including, but not limited to: landscaping, median islands, signalization, capacity enhancements, and other street improvements that enhance public spaces and/or supporting the accessibility of safe multi-modal transportation.
- 5. Inclusion of eligible City capital improvement projects which meet one or more of the above purposes shall be encouraged. City staff shall identify such eligible projects and provide a list of those projects to the respective BID program administrator which may select none, one or more to be funded as part of the Annual Plan and Budget. Also, City staff shall work collaboratively with the BID on identifying projects where the City's share of parking meter revenue may be used and provide such recommendations for inclusion in the City's annual budget.
- 6. Program revenues shall supplement, and not supplant, existing or proposed City or public funding sources and program revenues that are earmarked for existing or proposed improvements or activities within a BID.

7. The City reserves the right to audit, examine and copy any records and supporting documentation pertaining to the performance of the funds received. The BID agrees to maintain such records for a possible audit for a minimum of seven years after the funds are received. The BID agrees to allow auditor access to such records during normal business hours and to allow interviews of any individuals who might reasonably have information related to such records.

E. LOCAL RETURN PROGRAM MANAGEMENT

1. Each BID shall develop and submit an Annual Plan and Budget that will be reviewed for consideration by LADOT. LADOT approval will be in writing.
2. The Annual Plan and Budget shall include the following:
 - a. How community input is obtained and incorporated into the Annual Plan and Budget;
 - b. Proposed improvements and activities in compliance with approved expenditures provided in Section D above;
 - c. A one year and five year budget, including BID funds and other sources of funding. The budget shall follow a standard template provided by LADOT;
 - d. A narrative which indicates:
 - i. Estimated annual costs for the next five fiscal years for each activity and improvement and whether there is an unfunded need;
 - ii. The proposed timing of the use of reserve funds, if applicable, per fiscal year for the five fiscal years;
 - iii. Whether the proposed expenditure is for an activity, non-capital improvement, or a capital improvement project;
 - iv. Whether BID members, contractors, or City staff shall be responsible for implementing the proposed activity or improvement;
 - v. How the proposed activity or improvement will address the community's parking or transportation needs and is an eligible use of Local Return funds (as identified in Section D above); and
 - vi. The source and amount of other funds proposed to be leveraged.
 - e. Metrics for tracking performance and outcomes.
3. In addition to proposed improvements, if any, the Annual Plan and Budget may include recommendations regarding the following:
 - a. Hours of meter enforcement, parking meter time limits, and additions or removals of parking meters;
 - b. Establishment or removal of time limited parking areas;
 - c. The acquisition of any private property for a public purpose necessary to implement the plan;
 - d. Activities which promote effective parking/transportation management; and
 - e. Any other relevant matters pertaining to the effective management of parking or traffic demand within the community.
4. Each BID, or its designated program administrator, shall cause to be prepared annually, a Performance Report to be provided to LADOT by June 30 each year (or at a later date as directed by LADOT). The annual Performance Report shall follow a standard template provided by LADOT

and shall include for the most recently completed fiscal year and the first six months of the current fiscal year:

- a. Sources and uses of program funds and other funds previously included in the Annual Plan and Budget for that fiscal year.
 - b. Metrics on performance and outcomes comparing projected and actual results.
5. Each BID shall comply with all City, State and Federal laws and regulations pertaining to non-profit corporations, including making its annual filing of IRS Form 990 available to the public, and shall comply with State public records and open meeting laws with regard to the use of program funds.
 6. Failure to meet the requirements as provided above in sections B through E may result in the suspension or termination of the BID from the program.