

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: October 28, 2009

TO: Honorable Members of the Public Safety Committee

FROM: Gerry F. Miller *Gerry F. Miller* Assignment No.: 09-10-1689
Chief Legislative Analyst Council File No.: 09-0206

Proposed Valet Parking Program

Summary

The Motion (Garcetti-Greuel-Perry) was introduced on January 28, 2009 and directed this Office, in consultation with the Department of City Planning, the Department of Transportation, the Office of Finance, the Board of Police Commissioners and the Board of Public Works to develop an effective regulatory tool and fee schedule for the licensing and monitoring of the valet parking service industry in the City (CF #09-0206). In response, City staff examined the feasibility of a Citywide ordinance that set standards for valet services and provisions for non-compliance. This approach would address valet operations and designation of loading zones to facilitate such services. This Office participated in various meetings with LAPD, Office of Finance, Department of City Planning and the Department of Transportation to develop an effective regulatory mechanism for the licensing and monitoring of the valet parking service industry. Several regulatory options were considered, including: franchising of the valet parking industry, a universal valet system, valet overlay zones and the use of encroachment permits as a way to regulate the valet parking. The CLA is recommending that the City pursue a phased approach in the implementation of a valet parking program to be initiated by authorizing the Police Commission to issue Master Valet Permits for the operation of valet services in the City. The Police Commission would both issue and enforce the Permit. A second phase could involve the pursuit of either a franchising process or a district approach. A franchise option would require State enabling legislation because municipal governments are currently prohibited from franchising valet operations.

Background

Currently, there is no centralized entity that oversees valet operations in the City of Los Angeles. Valet operations, however, are common activities throughout the City and it is not unusual for valet companies to erect signs on sidewalks in front of loading zones and proceed to conduct business. This leads to confusion and difficulty in accountability relative to the use of scarce on- and off-street parking spaces. Restaurants and clubs often make individual arrangements with valet companies where vehicles are parked at unsupervised locations, leading to community intrusion problems. In recent years, major commercial and entertainment areas in Los Angeles have expanded. As a consequence, there is interest by all stakeholders, including many valet operators, in the regulation and coordination of valet services.

Additionally, the lack of oversight of the valet industry neither allows the City to capture the parking

occupancy tax revenue, nor are individuals and their vehicles adequately protected by unregulated valets.

Valet Operations In Other Cities

As directed by Motion (Garcetti-Greuel-Perry), the following summarizes a variety of approaches taken by local jurisdictions across the country to regulate valet parking services:

- The City of Santa Monica and the City of West Hollywood both utilize a permitting process for valet business operators. Fees in both cases are set by the respective City Councils. Existing programs for both Santa Monica and West Hollywood provide for penalties for non-payment of fees. In the City of West Hollywood, code enforcement officers patrol valet operator hot spots, primarily searching for violations in required valet route plans. In the City of Santa Monica, the Finance Department (Business Operations Unit - Parking Enforcement Specialists) enforce valet permits.
- The City of Pasadena requires a joint permit from the Sponsor (the business in need of valet services) and the Operator (the valet business owner). Both sponsor and owner are responsible for paying fees to the City, and the permit may be revoked if either sponsor or operator fail to comply with operating rules. There is a schedule of fees for both Sponsor and Operator. The valet program operations are managed in the Traffic Operations Division within the Pasadena Department of Transportation and parking violations are handled by Parking Division staff.
- The City of San Diego utilizes both permitting and Valet Parking Zones, which authorize a permitted valet operator to operate in loading zones if 80% of the on-street parking spaces are occupied. Permits may be revoked by the City Manager if it is determined that permit holders are a threat to public safety. The Police Department enforces the loading zones and cites vehicles which have not been pre-authorized.
- The City of Culver City has a curbside valet program operating in the downtown area, which utilizes existing parking on the street curb. This program is similar in structure to the Valet Parking Zones program operating in San Diego. Permit holders are required to pay a one-time fee to participate in the program. For violations, permit holders will be prohibited from using the public right-of-way for nonpayment of fees.
- The City of Beverly Hills requires valets to obtain a valet permit, which allows valets to rent meter space on the street for space to provide valet services; permit holders are required to have a parking route and pay application fees. Valet business reimburse the City for lost revenue that would have been collected. Valet operators are also required to wear a Police identification card during business hours, which reflects that the valet business has a valid business license and has undergone appropriate background checks. The City of Beverly Hills Parking Enforcement Division administers the valet program and Enforcement Officers from the Department of Transportation are responsible for enforcing the valet permitting process.

Proposed Valet Parking Permit Program

The Los Angeles Police Commission suggested that the proposed on-street valet parking program be modeled on Los Angeles Municipal Code Section 103.02.1 that regulates parking lot operators. Under this Section, all parking lot operators are required to hold an Auto Park permit from the Los Angeles Police Commission. The Commission Investigation Division (CID) is the regulatory arm of the Police Commission with respect to the processing, issuance, investigation and enforcement of Police Commission permits. To apply for the proposed Master Valet Police Commission Permit, applications are to be submitted to the Office of Finance, Tax and Permit Division. The permit application would require pertinent background information on the valet operator, such as articles of incorporation, insurance and a mechanism to ensure that individual valets are subject to background checks. Applications shall be signed by the applicant under penalty of perjury. The proposed permit application would also include a review by various City departments, as follows:

- Department of Transportation to review proposed parking routes to and from businesses, as well as ingress/egress points of the off-street parking lots used by valet companies, the establishment of any new passenger loading zones, hours of valet operation and review of the impacts of such practices on surrounding traffic patterns. The Department of Transportation will also work with the valet company, surrounding businesses and the Council Office if the removal of parking meters are required for additional passenger loading zones. Valet companies will need to determine the anticipated number of customers and locations where customer vehicles will be parked. The Police Commission will work with the Department to install loading zones at appropriate locations, if they do not currently exist.
- Department of Planning/Building and Safety to review the code parking requirements for each business that develops a relationship with the valet operator and to track the availability of parking spaces.
- Office of Finance for business tax registration and the payment of business taxes and valet parking taxes.

The Master Valet Police Commission Permit would require a contract between the valet business and a parking lot operator, as well as a letter of support by the businesses or businesses that will be serviced by the valets. To ensure that the proposed valet parking program operates in compliance with City regulations, a key component is an auditable ticketing system that will allow the tracking of the arrangement between the valet companies and the location where the vehicles are parked. This system will not only track the valet operations, but establish and monitor parking capacity. The entity that takes the money to park the vehicle would be required to pay the City's parking occupancy tax (POT). City staff will work with the Office of Finance to develop an appropriate system and accounting mechanism to track and collect the POT.

After receipt of a Master Valet Police Commission Permit, valet companies would be required to obtain a location-specific application for each valet stand. These permits would require that valets wear standard uniforms including safety vests for activities performed on-street, as well as City-authorized identification in plain sight. This will assist CID and patrons in clearly differentiating valid valet operators.

The dual permit application process would reduce the amount of paperwork required to be completed by the valet companies and the amount of staff time spent reviewing and filing paperwork. Streamlining the application would also make the process faster and easier for the companies and reduce errors and inconsistencies in the documents received. CID has agreed to consider a same day permitting process that would designate specific days of the week to allow valet operators to submit the required documents to be granted a temporary permit the same day they submit their application. To assist the valet companies with this process, staff has offered to provide assistance to applicants to identify and solve problems related to the application process. Staff would provide front-end assistance that would offer a more timely review of the application and shorten the time necessary to process the application.

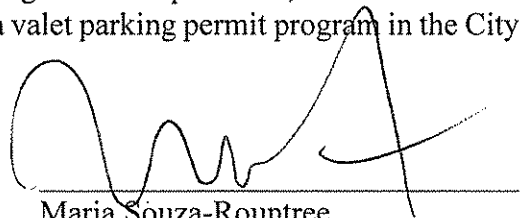
In order to ensure full cost recovery, the proposed fee structure for valet permits could mirror that of the auto park permits as set forth in Los Angeles Municipal Code Section § 103.12.

Next Steps

In order to address the immediate need to oversee valet operations in Los Angeles, the City should proceed with the development of a Master Valet Police Commission Permit for all valet companies as a means of providing an initial regulatory framework to: facilitate orderly valet operations for patrons, valet operators, and the businesses and communities in which they operate. The City will continue to work toward the possible development of a district approach that will allow parking capacity to be dynamic and based on real occupancy. This may include the establishment of valet stands that will provide centralized parking services for a commercial area. In order to move forward on the district approach, additional work is necessary, including the establishment of a comprehensive parking inventory for districts. Issues associated with valets providing services at large social gatherings in neighborhoods will also require an entirely separate process beyond the Master Valet Police Commission Permit proposed in this report.

RECOMMENDATION

That the City Council: Request the City Attorney, with the assistance and cooperation of the Board of Police Commissioners; the Departments of City Planning and Transportation; and the Office of Finance, to prepare and present an ordinance to establish a valet parking permit program in the City of Los Angeles, as set forth in this report.



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Analyst

Attachment: Motion

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