

# DRAFT Parking Fund Financial Report

## March 29, 2010

### Table of Contents

#### 1. Introduction

#### 2. Summary of 2004 to 2009 Parking Fund Workout Plan Efforts

##### a. Overview of Workout Plan

##### b. Parking Initiatives

- i. Centralized Monitoring of security systems
- ii. Extension of parking system fiber optic backbone
- iii. Automation (upgrade revenue control systems)
- iv. Wayfinding
- v. Impound Lot technology and space improvements
- vi. Greater oversight and analysis of parking system
- vii. Enhanced parking marketing activities
- viii. Ramp Infrastructure Maintenance Plan
- ix. Parking Meter Management plan
- x. Collection of unpaid tow and storage fees for abandoned vehicles
- xi. Traffic Control Revenue & Expenses
- xii. Sale of ramps

##### c. Financial Initiatives

- i. Restructuring of Parking Fund Debt
- ii. Reduce transfer to the General Fund
- iii. Monitoring & Benchmarking via Quarterly reporting

##### d. Future Steps

- i. Convention Center Transfer
- ii. Target Center Entertainment Tax Transfer (no actions)
- iii. Further General Fund Transfer Reductions (no actions)

##### e. 2004 Overall Summary of the Parking Fund Workout Plan Success

#### 3. Future 2010 to 2015 Direction

##### a. 2010 to 2015 Action Plan

##### b. Parking Initiatives

- i. Automation
- ii. Energy efficient lighting upgrades
- iii. Security and operations center
- iv. Ramp Infrastructure Maintenance Plan
- v. Electric vehicle charging station pilot
- vi. Marketing activities
- vii. On-street Parking Management Plan
- viii. Parking Business trends
- ix. Impound Lot and Towing (further work needed)
- x. 2010 to 2015 Parking Initiatives Summary

**c. Enforcement and Adjudication Initiatives**(further work needed)

- i. Enforcement
- ii. Adjudication

**d. Financial Initiatives** (further work needed)

- i. Debt restructuring
- ii. Transfer changes
  - General fund
  - Convention Center
  - Target Center
- iii. Other

**e. Overall Summary of the Parking Fund**

## **Team Members**

1. Public Works – Tim Blazina, Bill Prince, Tim Drew, Don Pedlar, Steve Hengel, Jon Wertjes
2. Finance – Larry Poppler, Mike Rand, Roger Simonson, Mike Abeln, Jeff Metzen, Lynn Gustafson, Chuck Elliot
3. Regulatory Services – Clara Schmit-Gonzales, Lee Larson, Burt Osborne

## **Graphs, Maps, Tables and Charts**

Map 1	2009 Existing Parking Ramp System
Chart 1	2009 Parking Fund Debt Service Chart
Table 1	2004 to 2009 City Parking Fund Yearly Actuals
Graph	2004 Fund Projections with 2009 Cash Balance
Table 2	2010 to 2015 City Parking Fund Projections based on 2009 Actuals
Table 3	2010 to 2015 Parking Initiatives
Table 4	2010 to 2015 Enforcement and Adjudication Initiatives
Table 5	2010 to 2015 Financial Initiatives

## 1. Introduction

The report is presented in two sections: – History Recap of the 2004 Financial Workout Plan and a Future 2010 to 2015 Direction. This DRAFT report, as a Receive and File item, is intended to update the City Council regarding the Parking Fund status. The report will be further developed and later in 2010 City staff intends to seek City Council action on the FINAL report.

## 2. Summary of 2004 to 2009 Parking Fund Workout Plan Efforts

### a. Overview of 2004 Workout Plan

The 2004 Parking Fund Workout Plan included the following key directions:

1. Parking Initiatives
2. Restructuring Parking Debt
3. Reduce Transfer to the General Fund
4. Future Steps
  - a. Increasing Convention Center Transfer
  - b. Address Target Center Transfer
  - c. Further General Fund Transfer Reductions

Overall, Public Works, Finance and CPED accomplished major actions for Items 1, 2, 3, and 4a which resulted in significantly improving the Parking Fund's financial position. Each one of these four items is summarized below.

### b. 2004 Parking Initiatives

#### Centralized monitoring of security systems

The municipal parking security system includes over 2,000 cameras and 700 call-for assistance intercom stations. These components require monitoring on a continuous basis (24/7). The standard method of monitoring these systems involves operating a control center at individual locations, which could typically monitor 1 or 2 separate parking facilities. With the installation of a fiber-optic backbone, along with utilizing wireless transmission mediums, monitoring of multiple facilities can be accomplished at a single Security Command Center (SCC). In addition, technology was upgraded to permit digital recording of incidents, and advanced capabilities for tracking alarms. The resulting savings in personnel and maintenance costs produce a two-year payback from implementing these upgrades.

The following nine facilities were centralized prior to 2004: Hawthorne, Hennepin at 10th, LaSalle at 10th, Plaza, 11<sup>th</sup> & Marquette (Orchestra Hall), Haaf and the three ABC ramps. The following seven facilities were centralized since 2004: 11th and Harmon, Vineland Place, Mill Quarter, Riverfront, Leamington, Hilton, and Government Center.

Thus, the initiative to centralize ramp security system monitoring in the 2004 Workout Plan has largely been completed with all ramp camera video and intercoms connected to the Central Command Center at the Hawthorne ramp. Only the Federal Courthouse ramp has not been centralized.

#### Extension of parking system fiber-optic backbone

Parking Services has built over the past 15 years a fiber optic communications backbone which supports parking ramp operations. The fiber optic system enables transmission of ramp security and revenue control data back to the central command centers. The system has generated considerable savings by enabling centralization of processes and real time data analysis which has improved parking system management and timely decision making. Recent initiatives supported by this fiber optic system include

dynamic parking lane control on 1<sup>st</sup> Avenue N and the real time signage for the Marquette and 2<sup>nd</sup> Avenue Reverse Flow Bus Lanes.

Also, through partnerships with County and City departments the fiber back bone system has facilitated the city network communications to the Convention Center, Fire stations, Royalston, Border and Currie facilities as well as being leveraged by the 800 MHZ radio system and City-wide WIFI efforts.

#### Automation (upgrade revenue control systems)

Past technology advances have allowed the parking industry to operate more efficiently, enhance customer service, and reduce operational expenses. Public Works has embraced these technologies for the City parking system. This automation initiative allows the City to continue its competitiveness by:

- offering customers multiple payment options such as credit, debit, smart card and web payment;
- reduce operational expenses by providing self serve pay-on-foot technology;
- centralize the monthly contract application and billing functions; and
- centrally monitor the revenue control equipment at a Central Operations Station at the Hawthorne ramp.

Since 2004 we have automated six city-owned ramps: Haaf, 10<sup>th</sup>&Hennepin, 10<sup>th</sup>&Lasalle, Hawthorne, Hilton and Plaza. Based on our observed track record from these six completed upgrades, the combination of reduced labor and operational costs as well as increased business with the credit card option allow these upgrades to pay back in approximately 3.7 years.

#### Wayfinding Programs

The wayfinding signing program includes the skyway signs, ramp digital pricing signs, and the blue "circled P" sign program to 1) enhance direction and movement for the transportation system, 2) maximize park occupancy, and 3) enhance customer service. Since 2004 we have implemented 14 ramp variable message signs (VMS) at all entrance points to Hawthorne, 10<sup>th</sup>&Hennepin, Haaf, Government Center, Leamington, Hilton, 11<sup>th</sup>&Marquette and Plaza ramps. Skyway signs have been upgraded near the Convention Center to reflect Ivy Hotel addition and name change to the old Orchestra Hall ramp. Street VMS signs that support our parking operations have been installed near the Convention Center and as part of the Marquette and 2<sup>nd</sup> Avenue UPA project and are being greatly expanded in the vicinity of Hennepin and 1<sup>st</sup> Ave North.

#### Impound Lot technology and space improvements

The Impound Lot for over 10 years had been using CATS (computer automated towing system), a DOS/DBASE3 software that was not easily serviceable and near the end of its useful life. Its reports were basic and needed to be supplemented by a lot of manual staff reporting. Tracking inventory and conducting auctions were challenging as it was time consuming performing many manual tasks.

A new system was pursued to improve customer service, provide better data retention, reduce processing time, and to better manage, monitor, and report results. Public Works explored and researched towing software starting in 2007/2008.

In 2009 the Impound Lot procured, installed, tested and began operations (fall 2009) of a new towing and impounding lot management solution (TOPS). This new web based system provides many opportunities to automate processes that were -- previously not tracked, conducted in a paper based manner, or done manually by spreadsheets. The new system allows other City departments such as 311 and MPD to have a direct access to information via the Internet that improves customer service. The City's website has a webpage where citizens can "look up" to see if their vehicle is at the either the City of Minneapolis' Impound Lot or any of the private tow lots within the City. Numerous other towing and impound lot information has been improved on the website which can be found at::

<http://www.ci.minneapolis.mn.us/impound-lot/>

In 2007, the Impound Lot operations reassessed and modified its staff levels to better match customer needs. Since 2004, the space improvements were placed on hold due to the Bassett Creek Valley redevelopment discussions.

#### Greater oversight and analysis of parking system

The City parking staff has been realigned to match the new changed system to reflect the ramp sale, automation, centralization and other operational changes.

#### Enhanced parking marketing activities

Public Works and our parking operator continued to explore marketing activities to increase revenues. We routinely monitor parking conditions and implement parking rate adjustments (for example “early-bird” rates). Such efforts are demonstrating continued success as ramps are well used even in a tough economy.

Also, by using various marketing techniques and communication tools we were able to effectively and successfully communicate to our parking ramp customers throughout the construction of roads, modifications to the ramps, the new ballpark and extensions of the LRT. We informed our customers on a daily basis the impact of parking changes. We minimized the number of lost customers and mitigated confusion and complaints to provide a positive customer experience.

#### Ramp Infrastructure Maintenance Plan

A \$1.7 million per year capital improvement program was started in 2004 to address infrastructure maintenance needs. The ramp infrastructure maintenance plan used debt financing for the past five years. This additional investment in ramp equipment and systems upgrades has enabled the completion of many items that could not have been completed otherwise. This infrastructure maintenance plan implemented:

- Ramp revenue control automation completed at Haaf, Lasalle, 10<sup>th</sup>&Hennepin, Plaza, Hilton, Hawthorne. Automation enables labor savings, efficient monitoring, and credit card payment.
- Ramp lighting systems were replaced with new T8 fluorescent energy efficient lighting at four ramps: Plaza, 11<sup>th</sup>&Marquette, Hilton and Hawthorne. These fixtures use less than half the energy of the previous high pressure sodium lights that were standard for parking ramps. Based on observed energy savings combined with significant Xcel rebates, the upgrades payback right is approximately 4 years.
- Upgrades and centralization of ramp fire alarm monitoring-Five ramps (Haaf, Plaza, 11<sup>th</sup>&Marquette, Leamington, 10<sup>th</sup>&Hennepin) received panel upgrades and can now be monitored remotely at the Hawthorne security command center.
- Elevator modernizations at 11<sup>th</sup>&Marquette ramp-Two original circa 1976 elevators being fully modernized
- Heating and cooling efficiency upgrades-Hot and chill water modifications at Leamington, new boiler at Government Center, 2 new air handlers Convention Center skyway
- Structural and expansion joint repair-Structurally enhanced four beams at Hilton ramp that would not meet updated design codes, replaced leaky expansion joints at Leamington and Plaza ramps.
- Painting and carpeting aesthetics-Recarpeted Convention Center skyways and Leamington skyway level and bridge to Hilton. Repaired Government Center skyway carpet.

#### Parking meter management plan:

Since 2004, the parking meter system has:

- Conducted quarterly/annual parking meter system review to adjust pricing and turnover benefits.
- Began the RFP process for new meter technologies.
- Using similar pay station technology in our surface lots, when the benefits exceed the costs.

#### Collection of unpaid tow and storage fees for abandoned vehicles:

There is a financial gap between the cost of handling abandoned vehicles and the revenues we collect on them. There are numerous factors that contribute to this including but not limited to

quantity of abandons, economic conditions, laws, auction prices, etc. Subsequently, Public Works accomplished further industry research about towing operations and auctions efforts. Public Works pursued a number of solutions to close this gap. Primarily, we revised our auctions and our methods to separately sell cars, junk and vehicle contents.

In the summer of 2006 we started a pilot program establishing a new method of preparing vehicles for auction. During this pilot program we cleaned out the vehicles and removed any contents and sold them at a separate auction similar to MPD property auctions. With the vehicles in a cleaner state we continued to see higher returns than previous years and Public Works has continued with this program.

Also starting in 2006, the Impound Lot sent out a certified letter to all vehicles' registered owners and any lien holders that have not been released after 3 days. With the additional volume of letters and performing the task manually for each certified, we evaluated automated ways to make it more efficient. Fall of 2007 we contracted with a certified letter company to electronically merge our list with form letter. These letters were sent certified by the US Post Office and were tracked via the web for delivery. The certified letter verifications were also electronically maintained for reference.

The number of abandoned vehicles has continued to decline consistently from approximately 10,000 vehicles per year in 2004 to 4,000 vehicles per year in 2009, a 60% reduction. Public Works attributes this reduction to better delivery of certified letters, the statement that we utilize a collections agency on the certified letter, and that people are repairing their older vehicles versus leaving abandoned on our streets.

Overall these actions have reduced our financial gap approximately \$700,000. Even with the abandoned vehicle rate decreasing it still has a negative impact on the Impound lots financials. For the year 2009 the gap amount was just under \$500,000 in handling of these abandon vehicles. Public Works continues to explore ways to close this gap.

#### Traffic Control Revenue and Expenses

This initiative requested that Public Works, Finance, and Regulatory Services develop recommendations on the Traffic Control revenue and expenses impacting the Parking Fund. Shortly thereafter, Traffic Control was shifted to the Police Department. Actions taken were to align the revenue and expenses all in the General Fund. This was accomplished by moving the Traffic Control expenses from the Parking Fund to the General Fund. These expenses were capped at \$2.818 million with the expectation that all operational and inflationary increases would be balanced and offset by increased ticket revenue and/or expense efficiencies.

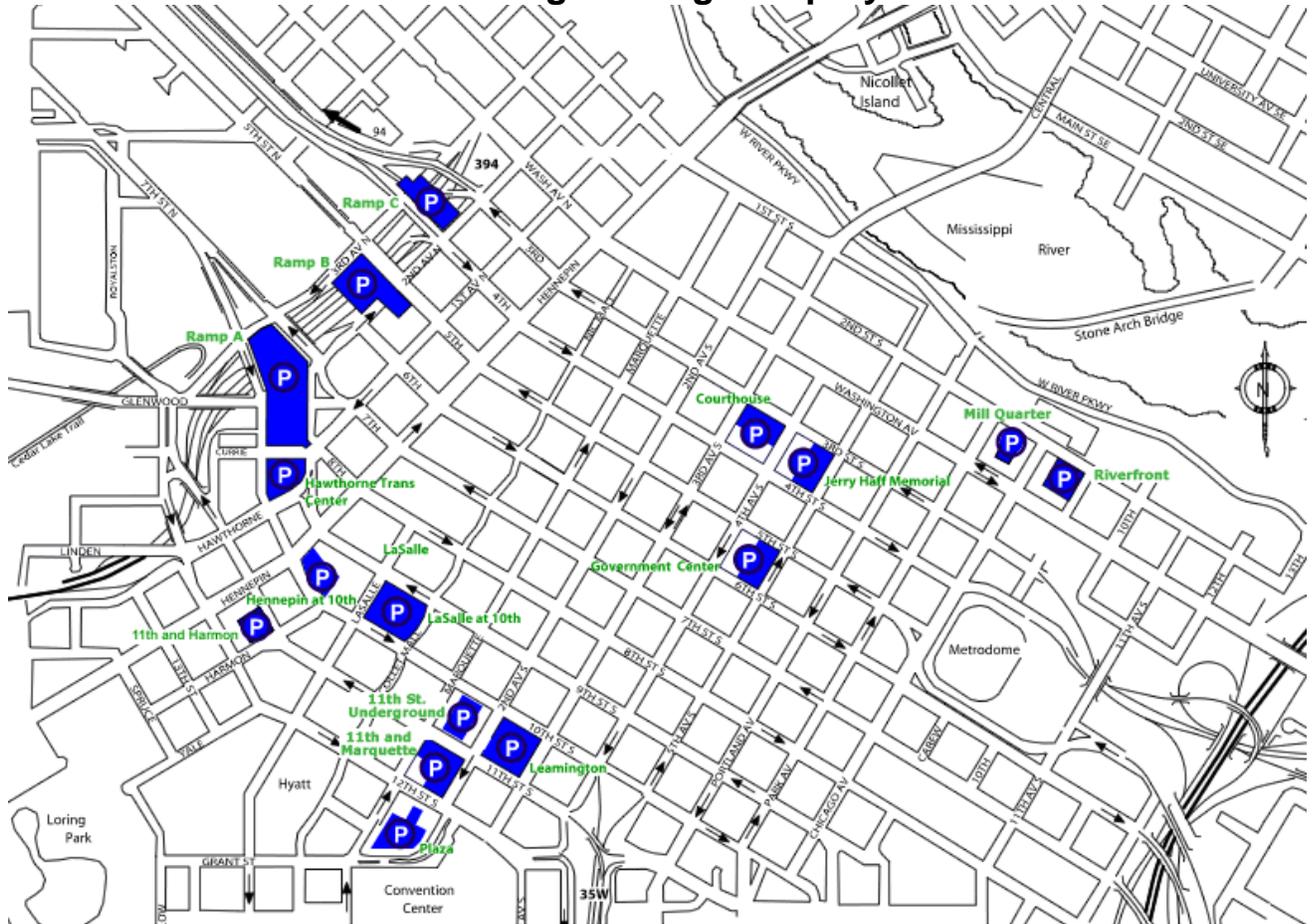
#### Sale of Parking Ramps

In July 2007, the City Council took action to sell eight parking ramps. Six parking ramps were sold (St Anthony, Centre Village, Downtown East, Gateway, Loring, and Seven Corners) and two ramps were not sold (Federal Courthouse and Riverfront). The total sale price was approximately \$67.3 million and after paying debt and other CPED costs approximately \$48.7 million was placed in the Parking Fund to be used for further debt reduction. The City attempted to sell the Riverfront ramp to the Guthrie and Alatus but with no success. In addition, after numerous conversations, negotiations and legal matters with the Federal GSA, the City was not successful in selling the Federal Courthouse ramp.

In addition, one additional ramp (10<sup>th</sup> and Washington) was sold under a legal settlement for \$8 million. Due to bonding requirements, the \$8 million was used for the City's new financial system (Compass). Payments of \$5.5 million were received in 2007 and the remaining \$2.5 million was paid early on July 18, 2008.

In summary, there are 17 remaining parking ramps of which 13 are City's owned and 4 are being operated through agreements. The map below shows sixteen facilities and the seventeenth ramp, Vineland Ramp, is just off the map.

## 2009 Existing Parking Ramp System\*



\*Vineland Ramp at the Walker Art Center is just off the map in the lower left.

### c. 2004 Financial Initiatives

#### Restructuring of Parking Fund Debt

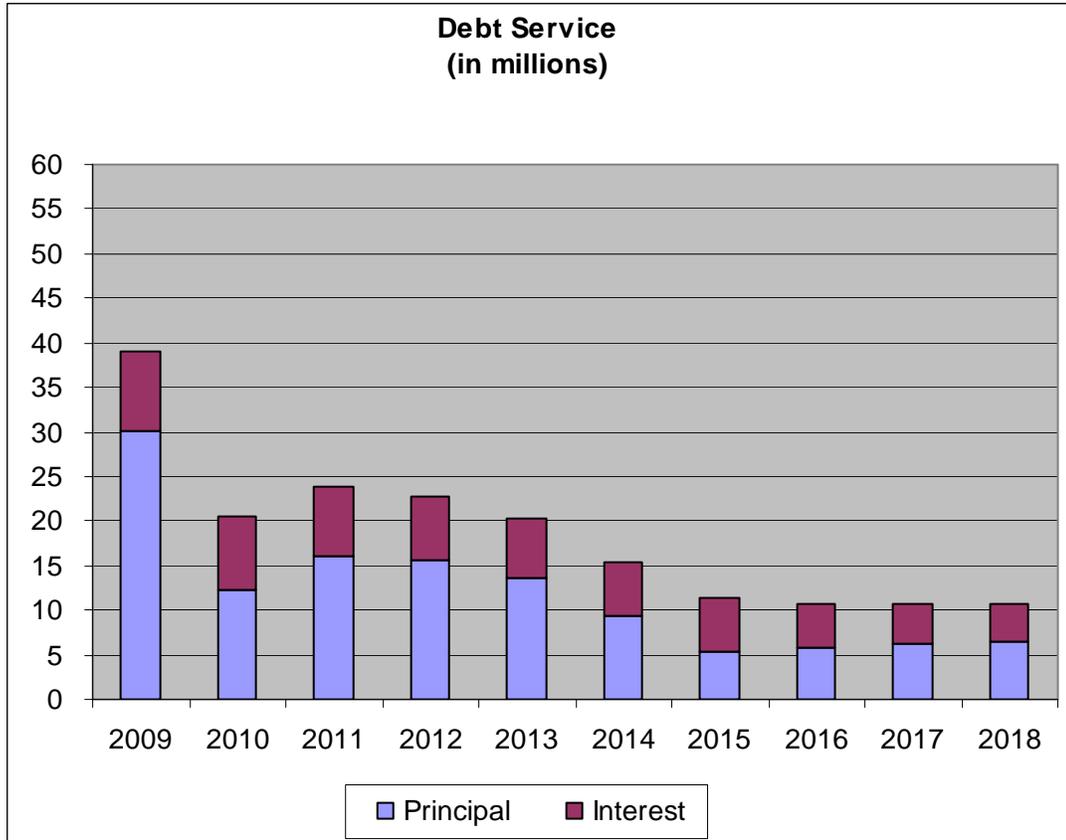
Since 2004, the City took actions to refund debt related to the Convention Center parking ramps, converted existing fixed rate debt to variable rate at 20% of the Parking Fund's total debt, and refunded fixed rate debt service at lower interest rates. These actions took advantage of the current market conditions (lower interest rates) and allowed long-term debt structure to fit within the estimated cash flows. In addition, the parking ramp sale allowed the City to pay off a significant amount of high rate debt thus reducing our overall future principal and interest costs.

The savings realized within the Parking Fund have resulted in lower debt service payments. A summary of the debt action is summarized below.

- At the end of 2005 there was \$281 million in overall outstanding parking bonds which has now decreased to \$175 million for end of year 2009. (Annual decrease in bonds went from 281 to 268 to 238 to 202 to 175 million based on EOY reports).
- The historical Parking Fund 2006 Debt Service chart projected the 2010 to 2013 debt payments at about \$25 to \$30 million a year and then dropping to \$15 to \$20 million per year in 2014 and 2015 for an approximate six year total debt cost of \$144 million.
- Our current 2009 Parking Fund Debt Service chart below looks considerably better than in 2006. Looking at the next six years 2010 through 2015, the 2009 Debt Service chart shows the 2010 to 2013 debt service near \$20 million a year and then dropping to approximately

\$15 and \$10 million per year in 2014 and 2105, respectively. Comparing the 2006 and 2009 information for these next six years the planned debt service payments have been reduced from approximately \$144 to \$113 million due to these past actions. In addition after 2015, the debt service will hold steady at \$10 to \$11 million per year.

### 2009 Parking Fund Debt Service Chart



#### Reduce Transfer to the General Fund

The City expects that the Parking System will be profitable and provide a dividend to other City operations. Because of this expectation, the Parking Fund transfers or provides an annual dividend. The transfers are somewhat arbitrary and largely based on the General Fund needs. These transfers are not linked to how the Parking System is performing. Thus with parking revenues declining plus increasing debt service and operating costs, the Parking Fund has been unable to support the planned level of transfers that result in a negative cash position.

In order to restore the Parking Fund to a positive cash position, the City took actions to reduce the transfers from the Parking Fund to the General Fund. Excess balances in the General Fund along with the city's adopted 5-year financial direction (2005 to 2009) were implemented. Between 2004 and 2009 the General Fund transfer was reduced by a total \$20.8 million and is now at \$5 million per year level. This \$5 million plus the \$2.818 million for Traffic Control expense transfer results in an overall General Fund transfer of \$7.818 million per year.

#### Monitoring and Benchmarking

Public Works and Finance have continued to monitor, analyze and provide quarterly reports on the Parking Fund status.

#### d. 2004 Future Steps

The 2004 Parking Fund Workout Plan also identified three potential future steps, listed in priority:

##### Convention Center Sale Tax Transfer

The 2004 plan stated – “Increase the transfer from the Convention Center Fund to the Parking Fund, subject to the financial condition of the Convention Center fund. The Convention Center fund may reimburse the Parking fund the cost (operating, maintenance, and debt service) of the Convention center parking ramps”. Since 2004 the Convention Center sales tax proceeds were used to pay the operating, maintenance and capital debt service related to the four Convention Center ramps (Plaza, Hilton, Leamington, and the 11<sup>th</sup>&Marquette).

##### Target Center Entertainment Tax Transfers

No changes were made related to the Target Center transfers.

##### Further General Fund Transfer Reductions

No additional transfers were made above the amounts as previously noted.

#### e. 2004 Overall Summary of the Parking Fund Workout Plan Success

Since 2004 as noted above, numerous actions have been accomplished towards the Parking Fund Financial Workout Plan. The following summarize the past and current conditions.

- Table 1 on page 11 is the 2004 to 2009 annual financial conditions. Overall, the Parking System continues to perform well, however, the Fund Transfers (or dividends) out create a negative cash position within the fund. The four basic Parking Fund components are:
  1. The parking system's Operating Revenues and Expenses that include the off-street, on-street and impound/towing parking operations and services. These past years resulted in a positive net parking system operating margin ranging from \$14 to \$20 million per year.
  2. The parking system's Non Operating Revenues (Expenses) that include the debt service, Tax Increment Financing (TIF), and the Convention Center sales tax contributions to the parking operating and capital needs. These past years resulted in total non-operating expense (negative cost) ranging from \$4 to 12 million per year. Applying this expense to the Item #1 Operating Revenues resulted in an overall positive net parking system operating margin which varied widely from \$3 to \$13 million per year.
  3. The Fund Transfers or dividends out from the Parking Fund totaled approximately \$11 to 12 million per year. There are 5 transfer elements of which the three main transfers are:
    - a. General Fund transfer out to support the City's general operation is now at \$5 million per year in 2009.
    - b. Traffic Control transfer out to offset the expenses related to the Traffic Control efforts at \$2.818 million per year in 2009.
    - c. Target Center transfer out to pays for the debt which was at \$2.2 million in 2009.
  4. The four component is the Fund Cash Position which is a sum of the above three components. The Annual City Net Cash Impact with Transfers varied from a negative \$1 million to a positive \$7 million. The next row in Table 2 is the Total Cash Adjustments that primarily reflects the Ramp Sale revenue and debt payments. The last row in Table 2 is the Parking Fund Running Cash Balance that shows the changes related to the all the above market forces, initiatives, and transfers for the fund.

- At the end of year 2009, the Parking Fund has \$13.2 million in cash balance reserved for future debt payments (see Table 2's lower right hand number). The graph on page 12 is the 2004 Parking Fund Workout Plan projections with the 2009 cash position noted in red.

The following two pages are presented to illustrate and summarize the 2004 to 2009 past conditions and current status of the Fund.

### 3. Future 2010 to 2015 Direction

Even though the City has made considerable Parking Fund progress, there are financial actions needed to make the fund sustainable into the future. Looking in to the future, City staff has developed projections to understand the Fund's future direction. Table 2 illustrates a summary of the Parking Fund financials. There are five key elements presented in this table.

1. The parking system Operating Revenues and Expenses are based on existing system moving forward with no new parking initiatives. This indicates a positive \$13.9 million annual average parking system operating margin for the next 6 years to 2015.
2. Likewise, the parking system Non Operating Revenues (Expenses) show the expected debt service, TIF, and Convention Center transfers. The annual average Non Operating Expenses are projected at \$10 million per year. Applying these Non Operating Expenses to Item#1 indicates a positive annual average \$3.3 million parking system operating margin for the next 6 years to 2015.
3. The Transfers (or dividends) out of the Fund are presented as anticipated. The Total Net Transfers over the next six years to 2015 average a negative (transfer out) of \$10.9 million.
4. Thus the Annual City Net Cash Impact with Transfers yields an average negative \$6.8 million over the next six years to 2015. This results in a negative cash balance in 2015 of \$26 million if no further actions are taken. Thus, initiatives are needed to address this problem.
5. The Initiatives developed to date are primarily parking and limited enforcement changes. These initiatives described on the pages to follow. Additional work is needed to develop a more comprehensive list of other initiatives.

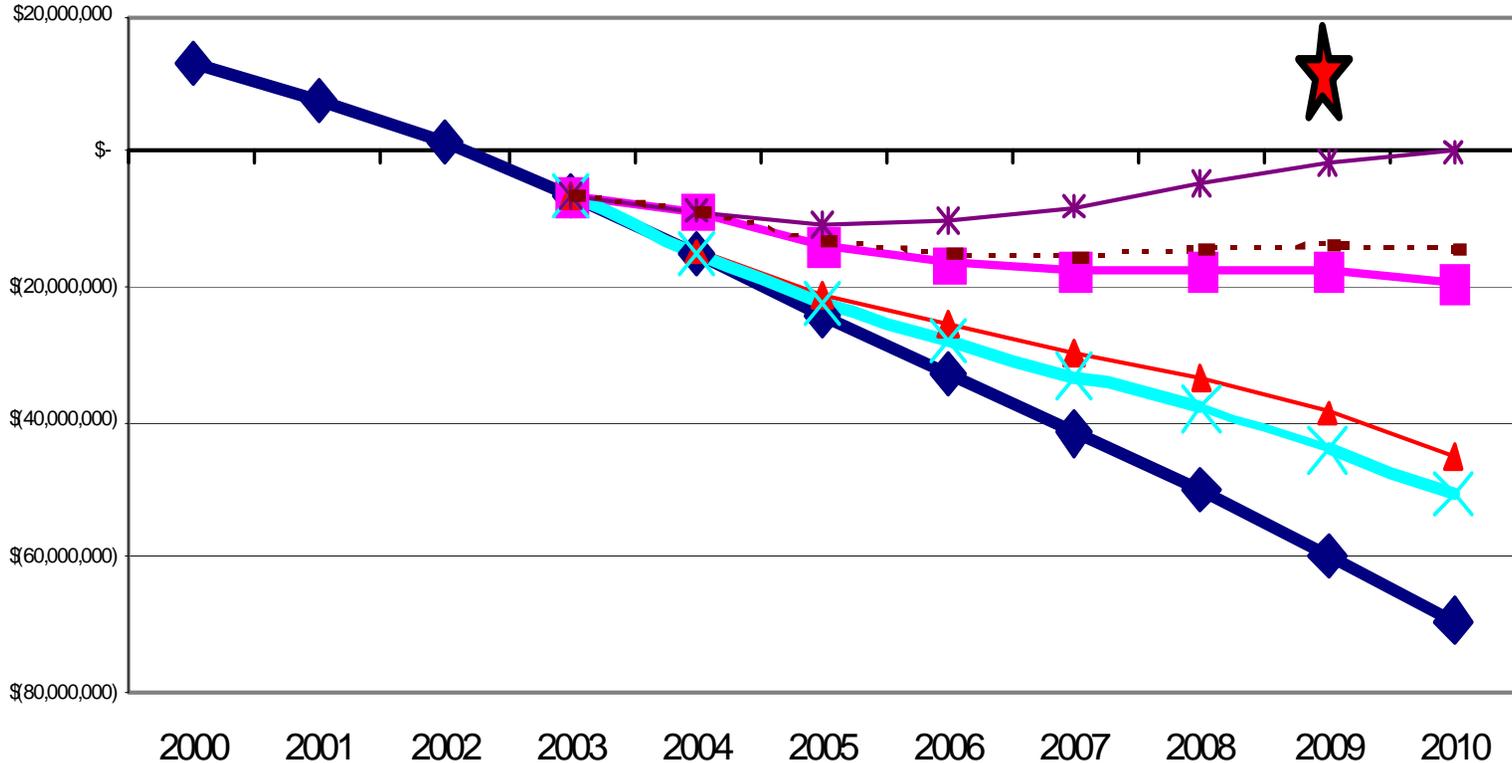
**Table 1**  
**2004 to 2009 City Parking Fund Yearly Actuals**

	2004 Actuals	2005 Actuals	2006 Actuals	2007 Actuals	2008 Actual	2009 Actual
<b>System Operating Revenues &amp; Expenses</b>						
Total Parking System Operating Revenue	46,055,902	47,150,323	51,621,844	51,522,239	42,591,203	40,666,634
Total Parking System Operating Expenses	31,885,039	31,441,135	31,354,282	30,391,850	23,544,726	25,310,366
Parking System Operating Margin	14,170,863	15,709,188	20,267,562	21,130,389	19,046,477	15,356,268
<b>Non-Operating Revenues (Expenses)</b>						
Total Net Debt Service	-8,948,242	-12,289,200	-6,340,594	-10,317,556	-10,814,646	-4,516,533
Bonds Sold for Ramps Improvements		1,700,000	1,700,000	1,700,000		3,400,000
Capital Improvements for Ramps		-1,700,000	-1,700,000	-1,302,988		-3,400,000
Total Non Operating Revenues (Expenses)	-8,948,242	-12,289,200	-6,340,594	-9,920,544	-10,814,646	-4,516,533
Operating Margin Less Non Operating	5,222,621	3,419,988	13,926,968	11,209,845	8,231,831	10,839,735
<b>Fund Transfers</b>						
Total Net Transfers	-5,596,424	-11,104,704	-12,723,500	-11,963,104	-11,109,000	-11,881,257
<b>Fund Cash Position</b>						
Annual Net Cash Impact with Transfers	-373,803	-7,684,716	1,203,468	-753,259	-2,877,169	-1,041,522
Total Cash Adjustments (ramp sale, etc)	-8,028,105	2,576,867	0	55,324,429	-15,334,889	-9,800,000
Running Cash Balance	-8,401,908	-13,509,757	-12,306,289	42,264,881	24,052,823	13,211,301

# 2004 Fund Projections with 2009 Cash Balance

## Parking Fund Cash Balance - Attachment C

**\$13.2 Million**



- ◆ Parking Fund Cash Balance
- ▲ Year End Cash Balance with Bond Restructuring
- ✱ Year End Cash Balance with Future Steps
- Year End Cash Balance with Reduction of General Fund Transfer
- ✕ Year End Cash Balance with Public Works Initiatives
- Year End Cash Balance with Sale of Ramps (Fed Courts & St. Anthony)

**Table 2**  
**2010 to 2015 City Parking Fund Projections based on 2009 Actuals**

	2010 Budget	2011 Estimate	2012 Estimate	2013 Estimate	2014 Estimate	2015 Estimate
<b>System Operating Revenues &amp; Expenses</b>						
Total Parking System Operating Revenue	42,433,700	43,519,952	44,682,497	45,876,501	47,102,825	48,362,354
Total Parking System Operating Expenses	28,669,054	30,125,792	30,915,002	31,726,350	32,560,468	33,418,008
Parking System Operating Margin	13,764,646	13,394,161	13,767,494	14,150,151	14,542,357	14,944,345
<b>Non-Operating Revenues (Expenses)</b>						
Total Net Debt Service	-4,222,649	-8,271,834	-8,312,336	-9,128,444	-9,584,209	-9,668,351
Capital Improvements for Ramps	-2,000,000	-1,850,000	-1,700,000	-1,700,000	-1,700,000	-1,700,000
Total Non Operating Revenues (Expenses)	-6,222,649	-10,121,834	-10,012,336	-10,828,444	-11,284,209	-11,368,351
Operating Margin Less Non Operating	7,541,997	3,272,327	3,755,158	3,321,707	3,258,148	3,575,994
<b>Fund Transfers</b>						
Total Net Transfers	-10,316,000	-10,667,738	-10,845,160	-11,027,905	-11,198,132	-11,377,006
<b>Fund Cash Position</b>						
Annual Net Cash Impact with Transfers	<b>-2,774,003</b>	<b>-7,395,412</b>	<b>-7,090,002</b>	<b>-7,706,198</b>	<b>-7,939,985</b>	<b>-7,801,012</b>
Running Cash Balance	11,858,269	4,462,858	-2,627,144	-10,333,343	-18,273,327	-26,074,339
<b>Initiatives (Currently Developed):</b>						
Total Net Initiatives	-1,440,592	-543,840	-363,076	2,168,252	1,839,481	1,731,203

## a. 2010 to 2015 Action Plan

To understand our future financial direction and given a number of variables, a ten year outlook was used to develop actions for the next five years. Like the 2004 Workout Plan staff has based their recommendations on actions that are expected to produce results that improve both the Parking System and the Parking Fund. The key difference between 2004 and 2010 is the starting position of the system and fund. The Parking System is leaner and focused on less parking assets primarily due to the ramp sale. The Parking Fund is starting with a positive fund balance versus a negative one.

A team of Public Works, Finance, and Regulatory Services staff are working to develop this Action Plan. This Action plan is presented for three key directions:

- Parking
- Enforcement and Adjudication
- Financial

Each one is discussed next.

## b. Parking Initiatives

### Complete automation (revenue control systems) at the remaining ramps.

As a result of the successful automation, more revenue control upgrades are scheduled for two ramps in 2010 and the last in 2011. Public Works recently obtained Council approvals to convert two ramps -- Leamington and the 11<sup>th</sup>&Marquette (Orchestra Hall) facilities. Likewise later in 2010, Public Works will seek automation approvals for the Government Center and Federal Courthouse ramps. Funding has been programmed for these automation upgrades.

Some funds are proposed to be set aside for surface lot automation upgrades. These dollars would be contingent on the surface lots business performance for year one of the new Twins' ballpark. If justified by demand, pay equipment allowing automated pay collection including credit card would be installed.

Like our earlier efforts, these automation upgrades are expected to reduced labor and operational costs as well as increased credit card business that creates a pay back in approximately three to four years.

### Complete energy efficient lighting upgrades at the remaining facilities.

As a result of these successful lighting and energy saving conversions, this plan includes converting the remaining eight ramps on a three to four year implementation schedule. These upgrades have a payback of approximately four years.

### Security & Operations Center

The ramp security systems centralization and monitoring has largely been completed with all ramp camera video and intercoms connected to the Central Command Center at the Hawthorne ramp. The Federal Courthouse ramp will be centralized to reduce security staff costs. The payback for this effort is 1.5 years.

The Central Command Center is now ten years old and is due for software and monitoring upgrades. An opportunity exists to combine the Parking Security Command Center location with the Parking Central Operations Station to allow potential operator staff combinations during non-peak hours and events and to provide a combined focus on customer service. Therefore, the next five years the efforts will include:

- Work with partners on developing a plan to identify issues and address needs
- Invest in the upgrades and enhancements (Pay back is around five years for the forecasted investment and a placeholder funding has been built into the financial plan.)
- Implement the plan and project

### Continue the Ramp Infrastructure Maintenance Plan (RMP01)

Several of the ramps are approaching or have exceeded the twenty year mark, when many critical building systems need upgrading. It is anticipated several more elevator and escalator modernizations will be required as well as field security equipment such as cameras and intercoms. The fiber optic system back bone requires yearly maintenance and up grades to both hardware and software to meet operational requirements. This financial plan includes efforts to maintain this system. Future capital funding is programmed to continue at \$1.7 million per year.

### Pursue electric vehicle charging station pilots

It is anticipated that electric only vehicles will be introduced to the market in 2011 and beyond. As part of this plan some funding is proposed over a three year period for conducting test installations of recharging stations to determine their efficacy and scalability. If the market for electric only vehicles is strong, some of the ramp infrastructure maintenance money may be used to facilitate larger scale installations of charging stations that tested successfully. Public Works is partnering with other City departments and other public agencies on these pilots.

### Enhance marketing activities

The parking ramp automation permits new value added programs and customer service amenities such as online monthly registration and cancellation, on line bill paying, paying by credit card, advanced reservations and electronic informational updates to our customers. These services need to be marketed to existing customers as well as enticing new customers to our system. This includes advertising, brochures, professional marketing services, electronic communication and general promotion of our system.

### Develop and Implement an On-Street Parking Management Plan

On-street parking consists of parking meters, signed hourly parking, Critical Parking Areas, disability zones, loading and other zones.

The On-Street Parking system is a “three-legged stool” – parking, enforcement, and adjudication. Thus Public Works will continue to work with Regulatory Services, Finance and Attorney staffs to improve this system. An overall on-street parking management plan will be further developed, refined and implemented over the next five years.

The on-street parking management plan’s “preliminary working” objectives are:

- Improve customer service
- Regulate proper parking turnover
- Support adjacent property owner and tenant needs
- Maximize revenue generation
- Properly operate and maintain equipment and infrastructure

To meet these objectives, City staff has taken the following four steps:

1. Realign and deploy traffic control agents (TCAs) to maximize their expertise for enforcement and traffic control:
  - Improve traffic control efforts related to Downtown Traffic Management efforts
  - Improve and increase enforcement efforts to address revenue needs while still maintaining proper community and customer focus
  - Starting in March 2010 Public Works and Regulatory Services shifted meter collection activities from TCAs to Ampco (City's parking operator) allowing TCAs to focus their time and expertise on traffic control and enforcement needs
2. Implement the new meter technology through an RFP process which provides enhanced customer service by accepting multiple forms of payment including coins, credit cards and smart cards:

- The new meters are able to leverage technology by using a web-based system to interface with advancements in the industry.
  - New meter technology will permit integration with ticketing devices for improved enforcement and more cost effective operation.
  - Back end software will allow on-line real time review of the meter system to better facilitate utilization and compare pricing strategies with off-street facilities.
  - Non-cash payment options will allow the ability to charge event rates or higher hourly rates.
  - Wireless and solar features will be used.
3. Develop and implement parking enforcement plan to address violators and manage curbside needs and uses.
  4. Develop and implement a pilot to do parking ticket adjudication via a city administrative process.

Based on the above efforts, the City staff will return to the City Council for future actions as necessary. In addition to the above four items, future planning, refinement and improvement actions will be developed for other on-street parking efforts including but not limited to signed hourly parking and other zones.

Continually monitor and adjust for Parking Business trends

Economic, land use, transportation and other business trends will effect the City's parking business. The projected positive revenue trends include:

- Due to the new Twins' ballpark in 2010 we are expecting a discernible revenue increase from event business at the ramps and lots located near the new ballpark. Facilities where increased revenue would be expected include Hawthorne, 10<sup>th</sup>&Hennepin, 10<sup>th</sup>&Lasalle, North Terminal Lot, Farmers Market Lot and the 4<sup>th</sup> Street North lot. We would expect revenue loss at ramps near the Metrodome including Haaf, Riverfront, Mill Quarter and Government Center. Since attendance at the ballpark would be expected to be at or near capacity the first few years and would be 40-50% higher than typical attendance at the Metrodome, we expect the business increase at the ramps near the new ballpark would offset the losses at the ramps near the Metrodome for the first few years and taper off towards previous levels over time.

The negative revenue trends include:

- Based on the current economic conditions we anticipate that we are currently in a trough with cyclic economic impact being close to a negative peak in 2010. Economic business fluctuation is estimated around 2-3% of total business with a gradual increase toward an economic peak in 2014 or 2015 and then a subsequent cyclic decline.
- It is expected there will be a small revenue decline in 2010 and beyond resulting from the completion of some major transit initiatives in 2009 such as Northstar rail that would cause a decline in personal vehicle commuting.

Thus, based on cyclical parking business and economic trends, Public Works has projected that the yearly revenues may be in the range of 1.5% to 3.0% and the yearly expenses may range from 1.7% to 3.2%. These projections result in three possible conditions:

- a. High revenue, low expenses
- b. Balanced
- c. Low revenue, high expenses

Applying these conditions to the 2009 actual year end revenues and expenses yields:

- a. 3.0% of revenues minus 1.7% of expenses = \$1.22M – \$0.45M = \$0.77M positive gain
- b. Revenue growth equal expense growth = balanced
- c. 1.5% of revenues minus 3.2% of expenses = \$0.61M - \$0.84M = \$0.23M negative loss

Comparing a \$770,000 gain or a \$230,000 loss to the overall parking system operating margin of \$14M yields a range 5.4% gain to 1.6% loss to the bottom line operating margin or a total 7% variance. Comparing this variance to the total 2009 revenues and expenses of \$71.9 million indicates a smaller 1.4% variance. Overall, the other listed parking initiatives have greater influence and impact on the parking system revenues and expenses than these business trends. Or another way to state this is -- we need to take actions to get results.

The only significant change would be a very strong economic recovery that results in higher downtown business job replacement and thus higher use in the parking system. However, this is highly speculative and is not in the projections presented.

Continue Impound Lot and Towing efforts:

With the recent 2009 new software implementation, a pending decision on Bassett Creek Valley and along with the vacancy of the Parking Systems Manager, an action plan has not been further developed for the Impound Lot and Towing. Public Works intends to begin this effort in later 2010.

2010 to 2015 Parking Initiatives Summary

Overall the Parking Initiatives described above are expected to result in the following financial performance:

**Table 3 -- 2010 to 2015 Parking Initiatives**

Year	2010	2011	2012	2013	2014	2015
On Street	(\$1,255,000)	(\$1,388,000)	(\$1,868,000)	\$293,000	\$414,000	\$791,000
Off Street	\$315,000	\$845,000	\$1,505,000	\$1,875,000	\$1,425,000	\$940,000
Impound	No change to be determined in 2011					
Totals	(\$940,000)	(\$543,000)	(\$363,000)	\$2,168,000	\$1,839,000	\$1,731,000

**c. Enforcement and Adjudication Initiatives**

Traffic Control, now under the direction of Regulatory Services, currently writes in excess of 200,000 parking violations per year. In line with the new parking meter initiative plan, Traffic Control is in the process of drafting a Request for Proposals seeking technology that will enable Traffic Control Agents to enforce the parking regulations with existing meters, and with the planned replacement meters. The devices being sought will need to be hand-held and web-enabled to more effectively work with the replacement meters, and the technology will have to include capacity for future initiatives such as processing and adjudication of parking violations via administrative enforcement, rather than criminal enforcement. An administrative enforcement pilot project will be conducted in 2010.

Public Works and Regulatory Services are working closely to ensure that the enforcement technology is operational in conjunction with the installation of the planned replacement meters. Although the new Target Field will include some new learning and planning with regard to the deployment of parking enforcement resources to control intersections (which means they aren't enforcing parking regulations during those times), Regulatory Services feels that the new technology will enable it to keep enforcement at its current levels or above, work effectively and cleanly with the new meter technology that will be installed, and continue to keep traffic flow managed in line with the goals of safety and health of the City's citizens and visitors.

Regulatory Services and Public Works staffs have met several times and will continue to develop these and other initiatives that would be meet the City goals and Parking Fund needs. This section is a place holder for those future initiatives.

To date in the table below, the Enforcement and Adjudication Initiatives are expected to result in the following financial performance which only represents the approximate cost of the ticket writing devices.

**Table 4 -- 2010 to 2015 Enforcement and Adjudication Initiatives**

Year	2010	2011	2012	2013	2014	2015
Enforcement	(\$500,000)					
Adjudication	Rest of this Table to be determined in 2010					
Totals						

**d. Financial Initiatives**

Finance and Public Works are continuing efforts related to financial initiatives that would be meet the City goals and Parking Fund needs. This section is a place holder for those future initiatives.

- i. Debt restructuring
- ii. Transfer changes
  - General fund
  - Convention Center
  - Target Center
- iii. Other

Overall the Financial Initiatives are expected to result in the following financial performance:

**Table 5 -- 2010 to 2015 Financial Initiatives**

Year	2010	2011	2012	2013	2014	2015
Gen Fund						
Conv Ctr						
Target Ctr						
Other						
Totals						

**e. Overall Summary of the Parking Fund**

This summary will be completed with the FINAL report anticipated later in 2010.

Overall, further work is needed on the initiatives and subsequent discussions will be held with City Council later in 2010.