



Request for City Council Committee Action From the Department of Public Works

Date: November 21, 2006

To: Honorable Sandra Colvin Roy, Chair, Transportation and Public Works Committee

Subject: Minneapolis Off-Street Parking System - Marketing Plan Update

Recommendation: Receive and file report, following presentation

Previous Directives:

On December 2, 2005 Council approved the selection of Ampco System Parking as the operator for the Municipal Parking System, and authorized the negotiation of the final terms of the Management Agreement. The negotiated terms include provisions that provide sufficient goals and programs for branding and marketing.

On September 3, 2004, Council approved the issuance of a request for proposals for the operation of the Municipal Parking System in order to meet the April 1, 2006 contract expiration date.

Prepared by: Michael W. Sachi, Parking and Skyway Systems Engineer, 673-2159

Approved by: _____
Steven A. Kotke, P. E., City Engineer, Director of Public Works

Presenters: Michael W. Sachi, Traffic and Parking Services

Permanent Review Committee (PRC) Approval _____ Not applicable X
Policy Review Group Approval _____ Not applicable X

<p>Financial Impact (Check those that apply)</p> <p><input checked="" type="checkbox"/> No financial impact - or - Action is within current department budget. (If checked, go directly to Background/Supporting Information)</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Capital Budget</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Operating Budget</p> <p><input type="checkbox"/> Action provides increased revenue for appropriation increase</p> <p><input type="checkbox"/> Action requires use of contingency or reserves</p> <p><input type="checkbox"/> Other financial impact: Implementation of program elements is intended to generate additional revenue to parking system.</p> <p><input type="checkbox"/> Request provided to the Budget Office when provided to the Committee Coordinator</p>

Community Impact

Neighborhood Notification:

City Goals: Premier Destination; Connected Communities

Comprehensive Plan: Consistent

Zoning Code: Not Applicable

Background/Supporting Information

Public Works has selected Ampco System Parking as its primary parking operator for the Municipal Parking System, effective April 1, 2006. Part of the evaluation criteria and management agreement terms for this activity involved the development of a comprehensive marketing plan, designed to increase revenues flowing into the Parking Fund. The primary elements of the plan and Public Works recommendations are outlined below. The elements are presented in order of magnitude of financial benefit to the City. Some of the programs proposed can provide immediate financial benefit at relatively low cost. Other proposals will take longer to develop and provide financial benefit that will be realized more gradually. Still others are customer service items which are designed to retain customers that we already have or those attracted by other aspects of the marketing plan.

A. Early Bird Parking Program

The Early Bird Parking Program is intended to target six facilities, each of which has a considerable number of parking stalls that are vacant during weekdays. The facilities targeted are the Orchestra Hall, Government Center, Centre Village, Gateway, Jerry Haaf, and the Leamington Ramps. The program will consist of a \$2.00 decrease from the daily rate to the early bird rate at all facilities except the Orchestra Hall rate, where the daily rate will be reduced by \$1.00 for the early bird rate.

Ampco has developed a clever slogan and imagery for the program, which includes large banners installed on the ramp exteriors that portray a small bird offering early-morning parkers the chance to park for 'cheap, cheap, cheap'. This program is currently in its third full week of implementation, with results increasing each week. The program will be evaluated after the first 30 days and additional rate adjustments (both increases and/or decreases) are probable at some facilities, based upon the program's performance.

Timeline of Implementation: Started October 2, Currently in progress
Potential Annual Revenue: \$2,109,000
Implementation Costs: \$33,000

Public Works Review and Recommendation:

This type of program has been used in Minneapolis for over 20 years and is well accepted by the public. It promotes the marketing of unused space and accommodates incremental rate increases as well as offers flexibility with effective start times. Based on Ampco's analysis this appears to be the most lucrative, cost effective and spontaneous of the programs submitted. We feel, however, that the projected revenues are somewhat optimistic and that the private parking sector will respond with rate reductions to match, which could impact the business assumptions and revenue projections.

Public Works has directed Ampco to proceed with implementing this program. The program was initiated October 2, 2006. Current results indicate an increase of 914 additional cars per day, resulting in additional annual revenues of \$900,000. Early Bird traffic is increasing at a rate of 10% per week while program revenue is increasing 20% per week. One ramp (Government Center) has reached capacity while the remaining five continue improving. Gateway is second in performance at nearly 50% of our traffic goal. The high demand at the Government Center has already caused us to consider a rate adjustment in the near future.

B. Special Events Parking – Target Center, Metrodome, Convention Center, etc

Event parking represents 15% of operating revenues, or \$5.6 million per year. Ampco indicates that they will increase event parking profits by 10%. This will be done through scheduling adequate staffing to handle event parkers more expeditiously, developing stronger communications with event venues, improving signage, and raising all \$9.00 event rates to \$10.00.

This plan will also including the hiring of a full-time event manager who will oversee event parking activity for all facilities. In addition, Public Works has developed and Ampco is administering an advance on-line parking reservation system that will allow patrons to reserve and pay for a parking stall in City facilities through the internet. This system will ultimately reduce the number of staff required to collect fees during events. Ampco is also experimenting with operating facilities during events on a fully automated basis. This allows the patrons to use the automated machinery to self-pay instead of pre-paying a cashier at entry.

Timeline of Implementation: July 2006, Currently in progress

Potential Revenue: \$563,000

Costs: \$102,750 initially, with \$62,500 annual ongoing costs

Public Works Review and Recommendation

We concur with Ampco's analysis of the event climate in Minneapolis and support many of the recommended increases to the usage and rates where appropriate. We feel that the expenses are understated, based on our experience and the need to create another management position is questionable and should be reviewed. We also need the basic understanding of their current staffing levels and reporting structure to determine how this would better impact operations. We do believe that more effective use of personnel, use of automation and working directly with venues will have a positive result.

Public Works has directed Ampco to proceed with adjusting event rates from \$9.00 to \$10.00 at the facilities serving the Convention Center and Metrodome areas. Ampco has increased visibility for patrons arriving at events by adding more flaggers, improved signage, and worked with event venues to add parking information to websites and ticket offices for event patrons which has generated the following results:

Twins Baseball - Cars parked increased 27% (12,500 cars) while revenue increased 78% (\$154,297).

Vikings Football – Number of cars parked has increased 32% per game (738 cars) while revenue has increased 68% per game(\$16,947). The season pass program was successful with increased participation from 3 and \$600 in 2005 to 20 and \$2,685 in 2006.

Gophers Football – Number of cars parked has increased 75% per game (768 cars) while revenue has increased 69% per game (\$5,574).

Future plans include further consideration of appointing the Event Manager, promotion of the Reservation System, rate structure and policy modifications, and other promotional strategies.

C. Universal Parking Program

This value-added feature to our current monthly contract program will provide monthly parkers with multiple levels of access to City parking facilities. Pricing would then be based on how much access each parker desires. The access levels could range from parking at one facility during only certain hours of each day (Bronze level) all the way up to unlimited access to any City parking facility at any time (Platinum level).

Timeline of Implementation: Varies depending on the complexity of the program.
Potential Revenue: \$500,000
Costs: Unknown

Public Works Review and Recommendation

We believe that this could be a unique program unlike any in this country. What makes this concept possible is the interconnectivity of all the parking ramps. Unfortunately, our current card access system is outdated and will require many years to replace. We suggest that future development and upgrades to our monthly card access control system should include this potential concept.

Public Works feels that this program is not currently cost effective or technologically possible at this time. Public Works will continue to explore this concept as we upgrade our parking technology and access control systems in the future.

D. Office Occupancy Parking Program

This program focuses on targeting new business to Minneapolis, and particularly the Downtown area. The program will contact local real estate organizations so that they can use discounted parking as a tool to increase the downtown office occupancy, since the cost of downtown parking is one of the biggest reasons cited by employers who reject locating their businesses in the Central Business District. Offering discounts on monthly parking for limited timeframes (three – five years) should reduce the barrier that employers perceive. To qualify for the program, businesses must be new to Minneapolis and lease property for no less than three years, and guarantee a minimum number of parking spaces for the term of the program. The initial reduced rates (30%) are gradually scaled up over a maximum of five years to market rates. Discounts will be offered based upon the availability of space in the City's ramps.

Timeline of Implementation: Immediately
Potential Revenue: \$456,192
Costs: \$1,000

Public Works Review and Recommendation

This program was successful when first implemented in the early to mid-1990s but was very cumbersome to administer. We feel with the streamlined package presented by Ampco and with support by building owners/operators, leasing agents and the Downtown Council, this program will be the easiest and most cost effect program to be offered. Not only will this have a positive impact on the utilization of the identified ramps, it will have a positive business on the downtown in general.

Public works has directed Ampco to proceed with offering this program and has already successfully attracted one new account and four prospects to park at the Centre Village, ABC, Leamington, Hilton and Orchestra Hall Ramps. This program is already generating revenues projected to exceed \$75,000 annually.

E. Validation Parking Program

This program would enhance the current validation system by providing universal validation stamps and token note/coupons that could be used at any one of our parking facilities. Current validation volume from downtown businesses reaches \$1.7 million annually. Each month the universal validations would be calculated at each facility to ensure that the accounting for each facility stays current. This program would be promoted through BOMA, Downtown Council, Downtown Journal, and could offer incentives to business that validate.

Timeline of Implementation: Unknown
Potential Revenue: \$100,000
Costs: \$2,500 - \$5,000

Public Works Review and Recommendation

Most of the municipal ramps have individual validation accounts within each community that they serve. This program would generalize all of our accounts thus streamlining the administration and produce “up-front” money rather than a receivable environment. We believe the concept is good but more details are required. Automated ramps require a different format than attended ramps. We would like to understand how this would be achieved.

Public Works is requesting that Ampco resubmit this program within 45 days and provide more details and specific information on how it would function. Public Works will review the updated information and make a determination on implementation 30 days after resubmission.

F. Image Building and Branding Campaign

This campaign will assist in developing a general, professional image that can be seen throughout the parking system. The intention of the program will be to show the public that municipal ramps maintain a higher level of professionalism, customer service, and quality. This program also includes employee incentive programs, customer surveys, appreciation signage, and service enhancements (battery jump, lock-outs, welcome packets). Also included is appointing a Customer Service Director who would be responsible for developing visual standards for all collateral material, web presence, and physical space enhancements. Public Works is currently moving forward with a new brand identification program that is gradually being implemented throughout the parking system.

Timeline of Implementation: Vary depending upon the size of the campaign
Project Revenue: Unknown
Costs: \$102,000 +

Public Works Review and Recommendation

We agree as to the importance of both of these issues. Based on our experience, the costs to achieve these goals are expensive and understated in this submittal. We believe that there are needed improvements in signage and appearance, but this needs to be addressed in phases and in budgets. We support and would like to explore the employee incentive and recognition programs but would again question the need for a new director position, when current positions are yet to be defined.

Public Works recommends that these programs be modified and resubmitted by Ampco. Public Works will review the information and make a determination by early 2007 on the program components and implementation schedule.

G. Group Discount Parking Program

This program will offer group discounts to new groups of parkers. The discount will range depending on the size of the group. The size of the groups will fall into three different categories, 5 to 25 parkers, 26 to 50 parkers, and 51 to 100 parkers. The discount percentage for each group is still being determined

Timeline of Implementation: Immediately
Projected Revenue: Unknown
Costs: Less than \$2,000

Public Works Review and Recommendation

We have in the past been restricted from offering this type of parking rate due to tax-exempt bond requirements. If we are permitted by the City's Bond Council to offer this type of program with or without limitations, on a ramp by ramp basis, we should consider this possibility.

Public Works has directed Ampco to proceed with this program at selected debt-free facilities.

The marketing plan was developed over the course of many months of work and is intended to be a "living" document that will be reviewed and enhanced as situations change. We will be constantly adding items to the Plan and will be reviewing it with our operator on an annual basis.