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

Date: November 17, 2003
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to: Honorable Barbara Johnson, Chair Ways and Means Committee

Subject: **Request Approval to proceed with the hiring of 2 Engineers and 3 Parking System Analysts**

Recommendation:

1. Approve hiring of one Engineer II, one Engineer I and three Parking System Analysts that were part of the 2001 Council Action

Previous Directives:

In 2001: This text below appears in the official Council proceedings of December 13, 2001. The official Council resolution that added these positions included the following condition:

"Proceed with funding parking systems staffing decision package by adding 3 parking services analysts, 1 Engineer I, 1 Engineer II, and 1 Assistant Manager of Parking Ramps and Lots) for Transportation and Parking Services, with an increase in expense of $332,054 and an increase in revenues of $454,250. Direct staff to complete business plan by March 15, 2002 and funds will not be released until the business plan is accepted and approved by the Council. Any excess revenue generated by the added personnel is to remain in the Parking Fund; if there is excess in the Parking Fund, then transfer to the General Fund."

In 2002, the Budget Footnote stated:

"The Council funded this request at $332,054 in expense with $454,250 in revenue. The Department is directed to return to the Council before March 15 with a business plan and before hiring personnel."

Approved by:

_____
Klara A. Fabry, P.E., City Engineer, Director of Public Works

Presenters: Klara A. Fabry, P.E. City Engineer, Director of Public Works

Financial Impact (Check those that apply)

_**X**_ No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

___ Action requires an appropriation increase to the Capital Budget
___ Action requires an appropriation increase to the Operating Budget
___ Action provides increased revenue for appropriation increase
___ Action requires use of contingency or reserves
_**X**_ Other financial impact (Explain):
Additional Revenue is expected to be generated.
___Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

As shown above the Mayor and Council in 2001 directed Public Works to develop a business plan for its parking operations. This business plan has been completed and is awaiting approval when the overall Public Works business plan is presented in the first quarter of 2004.

The parking business plan was done with the support and assistance of the Finance Department. Justification for additional personnel to operate the business efficiently and effectively is outlined. Five of the six positions have been included in the 2002, 2003 and the proposed 2004 parking system budgets (7500 fund).

As the parking system continues to undergo stress, it is critical that at least five of the six positions approved in 2001 are hired as soon as possible. As a result, Public Works is requesting an approval to hire two engineers and the three analysts who will work to reduce costs, generate revenue, and improve operational efficiencies.

Summary of the Two Engineer Positions

The Public Works Department has identified six initiatives that are related to these two parking engineer positions (Professional Engineer and Engineer). The initiatives are listed with their expected total net margins (positive or negative) in the table below. A detailed review of each initiative follows in Attachment A. Please note this summary assumes that all initiatives would begin implementation in 2004.

Engineer Position Initiatives – Total Net Margins

Initiative	2004	2005	2006	2007	2008
1 Centralize Security	-$133,400	$200,064	$370,667	$700,667	$700,667
2 Fiber Optic Extension	-356,000	-145,000	-322,000	83,000	88,000
3 Automate Processes	277,600	352,932	555,438	557,994	560,602
4 Way Finding Program	-205,000	-156,000	-127,000	-138,000	0
5 Parking Meter Management Plan	363,500	395,050	437,000	456,550	479,702
6 Technology & Space Improvements at Impound Lot	-$664,000	$153,000	$153,000	$153,000	$153,000
TOTAL	**-$717,300**	**$799,046**	**$1,067,105**	**$1,813,211**	**$1,981,971**

Based on the current city union contracts, these two engineering positions would result in approximately $135,000 to $185,000 total wages and benefits for 2004 to 2008, respectively. Based on the above table, it can be seen after the first year that these two engineers could generate six (6) to ten (10) times their wage and benefit costs through the expected additional parking revenue.

Therefore, the Public Works Department requests the immediate hiring of these two engineers positions based on this justification.

Summary of the Three Parking System Analyst Positions

The Parking System Analysts (PSA) will work under the direction of their respective manager to enhance, develop, and implement revenue control policies, procedures and controls and to analyze current operating data. Each PSA will be assigned specific facilities, thereby increasing familiarity with these facilities resulting in the ability for more detailed review and development of operational and financial controls that may be facility specific.

The Public Works Department has identified five initiatives that are related to these three Parking Systems Analyst positions. The initiatives are listed with their expected total net margins (positive or negative) in the table below. A detailed review of each initiative follows in Attachment B. Please note this summary assumes that all initiatives would begin implementation in 2004.

Parking Systems Analyst Position Initiatives – Total Net Margins

Initiative	2004	2005	2006	2007	2008
I. Greater Oversight, Needs, and Analysis	($240,534)	($254,962)	($280,879)	($298,705)	($327,240)
II. Office Occupancy Program	$450,000	$598,500	$795,960	$932,000	$961,000
III. Haaf/Gateway Monthly Conversion	$191,254	$195,079	$198,980	$202,960	$207,019
Sub-Total	**$400,720**	**$538,617**	**$714,061**	**$836,255**	**$840,779**
IV. Tow and Storage Collection	$3,400,000	$3,400,000	$3,400,000	$3,400,000	$3,400,000
Sub-Total	**$3,800,720**	**$3,938,617**	**$4,114,061**	**$4,236,255**	**$4,240,779**
V. Sale of Parking Ramps	$41,827,886	($3,184,341)	($3,248,026)	($3,312,987)	($3,379,247)
TOTAL	**$45,628,606**	**$754,276**	**$866,035**	**$923,268**	**$861,532**

Based on the current city union contracts, these three parking systems analyst positions would result in approximately $240,500 to $327,250 in total wages and benefits for 2004 to 2008, respectively. Based on the above table, it can be seen that these three parking systems analysts could generate

- 1.7 to 2.8 times their wage and benefit costs for the first three initiatives, or
- 13 to 15 times their wage and benefit costs for the first four initiatives, or
- Except for the first year, 2.6 to 3.3 times their wage and benefit costs for all five initiatives.

Therefore, the Public Works Department requests the immediate hiring of these three parking systems analysts positions based on these initiatives.

Public Works Recommendation:

Based on the presented information, the Public Works Department requests and recommends the approval to hire one Engineer II, one Engineer I and three Parking System Analysts who will work to reduce costs, generate revenue, and improve operational efficiencies.

Attachment A – Initiatives for Two Parking Engineers
Attachment B – Initiatives for Three Parking System Analysts

Attachment A
Initiatives for Two Parking Engineers

Engineer (Engineer I) – Off-Street Parking

The Engineer position in the off-street parking area will assist with implementation of the following four (4) new initiatives:

I. Centralization of Security Systems

Ensuring the safety of our customers and our infrastructure is a top priority for the parking system. In the late 1980s, in response to several major crimes, a downtown-wide committee established security standards for all public and private ramps. Since that time, Public Works has continued to explore new ways of strengthening its security systems.

Over the next several years, Public Works will continue its work on centralizing the security systems in the parking ramps. Prior to implementation, parking ramp security was monitored at each individual parking ramp or was shared between two ramps. By utilizing technology and centralizing monitoring at the Hawthorne Transportation Center, Public Works can ensure a standard level of safety service for all ramps.

Centralized security monitoring is a more efficient and effective use of resources. The cost of installation (approximately $150,000 - $180,000 per ramp) can be recouped in one to two years through contractual savings. These savings occur through reductions in contractor staffing, equipment and maintenance costs.

In 2002, Public Works completed the centralization of security monitoring for the LaSalle & 10th and Hennepin and 10th ramps. Centralization for the TAD's 4, 5, and 7 and Orchestra Hall and Plaza ramps are underway. In 2003, Public Works plans on adding the Gateway and Haaf ramps. Leamington and Hilton ramps are planned for 2004. The Government Center and Centre Village ramps will be completed following the construction of the Hennepin County Safety building skyway.

City of Minneapolis
Municipal Parking Fund
Financial Plan
Centralized Security Command Center

	2003 Budget	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Revenue						
Charges for Service, Sales & Permits (Trans)	-					
Total	-	-	-	-	-	-
Expenditures	-					
Wages and Salaries Savings (City Ramps)	(165,000)	(336,600)	(515,064)	(700,667)	(700,667)	(700,667)
Operating Expenses (hardware and equipment)	250,000	470,000	315,000	330,000		
Total	85,000	133,400	(200,064)	(370,667)	(700,667)	(700,667)
Fund Margin						
TAD (State Owned) Ramps	-					
City Ramps and Lots	(85,000)	(133,400)	200,064	370,667	700,667	700,667
Total	(85,000)	(133,400)	200,064	370,667	700,667	700,667

II. Extension of the Parking System Fiber Optic Backbone

In mid to late 1990's, Public Works began building a fiber optic backbone to support its parking ramp operations. Beginning as a method for ramp data networking and security systems consolidation, this fiber optic backbone has grown to have significant benefit for the entire City and has the potential to continue to support enterprise-wide technology initiatives. The fiber optic backbone has linked the Currie, Border and Royalston facilities to CITYNET. In addition, the Convention Center was connected at the end of 2002 and connection of Fire Station 6 is in process.

The fiber optic backbone has generated savings through the City's ability to eliminate T1 lines, which cost approximately $400 - $500 per month per line. In addition to savings, the fiber optic backbone has allowed the City to avoid additional technology infrastructure costs. For example, by connecting the Haaf ramp to the fiber optic backbone, the City was able to replace and enhance service to Public works surveying, the police emergency response unit and the Park Board.

Location	# T1 lines	Approximate Annual Savings
Currie	3 eliminated	$14,400 - $18,000
Border	1 eliminated	$4,800 - $6,000
Royalston	2 eliminated	$9,600 - $12,000
Convention Center	1 eliminated	$4,800 - $6,000
Fire Station 6	1 eliminated	$4,800 - $6,000
800 MHz	2 avoided	$9,600 - $12,000
Total	**10**	**$48,000 - $60,000**

In the next five years, Public Works will continue to build on this fiber optic backbone. The goal is to create a continuous ring in order to ensure redundancy of service in case of a break. Public Works will partner with other departments to identify needs and funding sources (both initial and on-going operational costs). Future links will be determined based upon the following factors:

1. Availability of resources (funds have not been dedicated to this effort in the past; Public Works has constructed the backbone with budget savings and with in kind transfers).
2. When it coincides with planned street construction.
3. Enterprise-wide priorities.

City of Minneapolis
Municipal Parking Fund
Financial Plan
Extend fiber optic backbone

	2003 Budget	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Revenue						
Charges for Maintenance to Other City Dep.	10,000	20,000	25,000	30,000	35,000	40,000
Total	10,000	20,000	25,000	30,000	35,000	40,000
Expenditures	-					
T1 utility bill savings	(6,000)	(24,000)	(30,000)	(48,000)	(48,000)	(48,000)
Operating Expenses (hardware and equipment)	80,000	400,000	200,000	400,000		
Total	74,000	376,000	170,000	352,000	(48,000)	(48,000)
Fund Margin						
TAD (State Owned) Ramps	-					
City Ramps and Lots	(64,000)	(356,000)	(145,000)	(322,000)	83,000	88,000
Total	(64,000)	(356,000)	(145,000)	(322,000)	83,000	88,000

III. Automation and Centralization of Processes

Over the next five years, technology will continue to play a key role in the operations of the parking system. By further automating and centralizing certain operational processes, Public Works has the opportunity to reduce operational costs and enhance customer service. In addition, the existing equipment in many of the ramps is outdated and replacement parts are no longer available. As existing ramps are retrofitted, Public Works will be able to use the equipment coming out of the retrofitted ramps to maintain other ramps until they can also be retrofitted.

Specific technologies proposed include:

1. Smart card for meters and ramps
2. Web presence for monthly payments and
3. Other payment methods – credit, EFT, debit

In order to implement these changes, Public Works will need to work closely with ITS and Treasury to address issues of internal controls and appropriate software.

Costs associated with enhancing this technology include initial installation, ongoing operating support, and fees for credit card payments. Initial installation costs can be programmed into the planning of new ramps, but costs of retrofitting existing ramps could be significant. Potential savings include offsets in personnel costs. Other financial impacts include remaining competitive – ensuring revenue streams, as well as maintaining existing equipment.

Proposed timeline: 2004-2005 – Research, design and planning
2006-2008 -- Initial retrofitting of ramps

City of Minneapolis
Municipal Parking Fund
Financial Plan
Automation and Centralization of processes

	2003 Budget	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Revenue						
Add'l Fees Collected: Smart Cards, Credit Cards	-		125,332	127,838	130,394	133,002
Total	-	-	125,332	127,838	130,394	133,002
Expenditures	-					
Wages and salaries savings	(31,200)	(365,600)	(365,600)	(365,600)	(365,600)	(365,600)
Armored car service & postage savings	(22,000)	(62,000)	(62,000)	(62,000)	(62,000)	(62,000)
Web Dev. (03),Credit Crd (04), Smart Crd (05)	75,000	150,000	200,000	-		
Total	21,800	(277,600)	(227,600)	(427,600)	(427,600)	(427,600)
Fund Margin						
TAD (State Owned) Ramps	-					
City Ramps and Lots	(21,800)	277,600	352,932	555,438	557,994	560,602
Total	(21,800)	277,600	352,932	555,438	557,994	560,602

IV. Way-finding Program

Parking System Way-Finding program includes variable message boards, skyway signage, the trail-blazing "P" program, and the ORION travel advisory system. The purpose of the way-finding program is threefold:

1. Enhance movement within the Downtown transportation system
2. Maximize occupancy of City parking ramps
3. Enhance Customer Service

The variable message boards are intended to be able to direct traffic to open parking ramps. As one ramp fills, vehicles would be directed to the nearest available ramp thereby minimizing congestion and maximizing ramp occupancy. Currently, there are 4 of these signs near the Convention Center and 5 near the Target Center (the four at the Convention Center are in the process of being replaced and 4 new ones are being added). These signs are manually changed. As automation of the ramps occurs, the signs would be updated automatically.

The ORION travel advisory system provides freeway congestion information on closed circuit televisions for commuters. Advertising opportunities may be available as well as using the system for public service announcements.

City of Minneapolis
Municipal Parking Fund
Financial Plan
Wayfinding program

	2003 Budget	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Revenue						
Charges for Service, Sales & Permits (Trans)	-					
Addl' Fees Collected						
Total	-	-	-	-	-	-
Expenditures	-					
Maintenance Expenses		5,000	6,000	7,000	8,000	
Sign Purchase and Installation	-	200,000	150,000	120,000	130,000	
Total	-	205,000	156,000	127,000	138,000	-
Fund Margin						
TAD (State Owned) Ramps	-					
City Ramps and Lots	-	(205,000)	(156,000)	(127,000)	(138,000)	-
Total	-	(205,000)	(156,000)	(127,000)	(138,000)	-

Professional Engineer (Engineer II) – On-Street Parking

The Professional Engineer position in the on-street parking area will oversee and manage the implementation of the following two new initiatives:

V. Parking Meter Management Plan

Following the 2000-02 meter study and usage surveys, Public Works has identified the following on-street system issues that need to be addressed:

- There exists a serious lack of turnover at the downtown core parking meters.
- At any given time, the majority of occupied parking meters in the downtown core are expired, indicating non-payment or over time use.
- There is a growing lack of respect for the enforcement of the meter system as evidenced by the quantity of expired meters.
- An undetermined number of vehicles with disability designation are being operated by ineligible drivers, who are using parking meter spaces for free.
- A large percentage (50%) of downtown core meters are occupied all day, free of charge, legally by vehicles with disabled designation (license plates or certificates) greatly impacting turnover of spaces in the core.
- Free use of parking meters by others (emergency service vehicles, commercial vehicles, and city vehicles) needs to be reviewed.
- Parking meter turnover and therefore revenue is not maximized by current policies.

In order to address these issues, the Parking Meter Management Plan includes the following recommendations (some of which are currently being implemented):

1) Increase and maintain a high level of general parking meter enforcement by balancing personnel levels with enforcement required.

2) Increase enforcement targeted at abuse of disability privileges by ineligible individuals.
   a. Secure and utilize State of Minnesota Criminal Justice Information System (CJIS) data on disability permit holders;
   b. Establish a Disability Volunteers Assistance Program to help monitor areas of known disability permit abuse and provide notification to appropriate enforcement personnel;
   c. Expand the abilities of the new ticket writer equipment to improve the efficiency of enforcement techniques;
   d. Adopt a City Council resolution requesting that the Minnesota Department of Public Safety (MDPS) review and tighten the current policies/procedures for issuance and enforcement of disability parking certificates.

3) Eliminate the current legal practice of all-day free parking at meters by operators of vehicles with disability license plates or certificates;
   a. Continue to allow free use of one and two hour limit meters by eligible individuals with appropriate disability designations, subject to a maximum limit of four hours;
   b. Set up a program to allow eligible disabled persons to utilize the designated disability parking spaces in Municipal Parking lots and ramps, on a monthly basis, for a fee equal to 50% of the actual monthly contract rate. Regular rates would apply to non-contract short-term disability users. The city will encourage private sector parking operators to adopt a similar policy;

c. Establish a fee based permit process to allow a limited number of "severely disabled" individuals to obtain a special parking permit to utilize parking meters under unique circumstances for all day use;
d. Develop a public information plan to educate the public on existing regulations and new law changes regarding legal disability use of parking spaces at meters or in lots and ramps.

4) Increase the level of enforcement of the 30-minute limit provided for free commercial vehicle use (until noon) of the parking meters.

5) Eliminate the free use of parking meters by emergency service vehicles (unless responding to an actual incident) and city vehicles (unless by special permit).

6) Improve the use of parking meter technical capabilities:
   a. Utilize multiple rates in selected meter areas.
   b. Utilize multiple time limits in selected meter areas
   c. Expand debit card use and applications
   d. Utilize electronic monitoring capabilities
      i. Determine actual usage of individual meters
      ii. Identify usage trends/patterns by individual meter or by area
      iii. Improve revenue control monitoring
      iv. Improve ability to develop accurate revenue projections under varied scenarios

7) Conduct annual parking meter system reviews
   a. Expand parking meter system into high demand outlying areas
   b. Increase parking meters rates to encourage turnover and maintain the proper balance with off-street parking facilities
   c. Extend the hours/days of enforcement at those existing meter locations where parking demand continues into the evening or weekends.

City of Minneapolis
Municipal Parking Fund
Financial Plan
Parking Meter Management Plan

	2003 Budget	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Revenue						
Additional Meter Revenue		200,000	210,000	220,500	231,525	243,101
New Discounted Parking 4%		43,200	45,360			
Revenue loss from existing customers .4%		(52,700)	(55,335)			
Total	-	381,000	400,050	441,000	463,050	486,202
Expenditures	-					
Operating Expenses (hardware and equipment)	-	17,500	5,000	5,000	6,500	6,500
Total	-	17,500	5,000	5,000	6,500	6,500
Fund Margin						
TAD (State Owned) Ramps	-					
City Ramps and Lots	-	363,500	395,050	436,000	456,550	479,702
Total	-	363,500	395,050	436,000	456,550	479,702

VI. Technology and Space improvements at the Impound Lot

Vehicle Inventory System:

The Impound Lot's current vehicle inventory system does not allow for efficient tracking of vehicles. It is both labor and paper intensive, is questionable in terms of accuracy, and has limited capabilities for back up. In addition to enhancing efficiency of operations, updating the vehicle inventory system will allow for better customer service. Currently customers call in to determine whether or not their vehicle is at the Impound Lot. Due to the time required to enter the information into the system, the operator in not able to provide real time information. Updating the system would not only allow for the operator to answer a customer's questions over the phone, but could allow a customer to access the information via the internet.

Updating the vehicle inventory system will require connection to the fiber optic backbone or investment in wireless technology, therefore impacting the timing of possible implementation.

City of Minneapolis
Municipal Parking Fund
Financial Plan
Impound Lot Vehicle Inventory System

	2003 Budget	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Revenue						
Storage rate increase of $1 day	-	33,000	33,000	33,000	33,000	33,000
Total	-	33,000	33,000	33,000	33,000	33,000
Expenditures	-					
Ongoing Maintenance			10,000	10,000	10,000	10,000
Computer Inventory System	-	175,000	0	0		
Total	-	175,000	10,000	10,000	10,000	10,000
Fund Margin						
TAD (State Owned) Ramps	-					
City Ramps and Lots	-	(142,000)	23,000	23,000	23,000	23,000
Total	-	(142,000)	23,000	23,000	23,000	23,000

Space Improvements:

In addition to technology improvements at the impound lot, physical space improvements also are planned, including necessary upgrades to the waiting room, restrooms, storage, and HVAC system. Before commitments to these investments are made, the discussion regarding whether to move the Impound Lot must be resolved.

City of Minneapolis
Municipal Parking Fund
Financial Plan
Impound Lot Remodeling

	2003 Budget	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Revenue						
Storage rate increase of $4 day	-	130,000	130,000	130,000	130,000	130,000
Total	-	130,000	130,000	130,000	130,000	130,000
Expenditures	-					
Remodel Structure	-	650,000	-	-		
Total	-	650,000	-	-	-	-
Fund Margin						
TAD (State Owned) Ramps	-					
City Ramps and Lots	-	(520,000)	130,000	130,000	130,000	130,000
Total	-	(520,000)	130,000	130,000	130,000	130,000

Attachment B - Initiatives for Three Parking System Analysts

Parking Systems Analyst – Off-Street Parking

The Parking Systems Analyst position in the off-street parking area will assist with implementation of the following new initiatives:

I. Greater Oversight, Needs, and Analysis of Parking System

The Parking System has grown significantly over the past 20 years, from 3,504 spaces in 1980 to 25,545 spaces (including ramps and lots, but excluding metered spaces) in 2003. Managing a parking system of this size requires an appropriate number of staff with specific analytical expertise. A number of the benefits to be derived from additional personnel are detailed below:

Fiduciary

- Ability to perform more timely and thorough analysis of proposed or implemented rate changes (on-street and off-street) to determine the economic impacts on such factors as facility utilization, user migration to less expensive City owned facilities, user migration to private facilities and overcrowding effect on City owned facilities from user migration
- Ability to analyze new revenue control technology and assess the potential economic benefit of new technology resulting from such factors as increased utilization, increased customer satisfaction and decreased operating costs
- Ability to more thoroughly monitor the City's parking operator to insure the City's investment is being adequately protected
- Ability to standardize the contract and lease management program
- Ability to increase the frequency and scope of review and audits of cash handling methods (operator) thereby reducing the probability of theft and the severity of any thefts that might occur

Security

- Ability to increase the frequency and scope of review and audits of security procedures (operator) thereby reducing the probability and severity of any security incidents relating to customers, customer property, City property or City equipment
- Ability to analyze new security technology and assess the potential economic benefit of new technology resulting from such factors as increased utilization (due to increase in customer comfort level) and decreased operating costs

Maintenance

- Ability to increase the frequency and scope of facility maintenance reviews thereby reducing the frequency and duration of ramp closures (floors/sections) thereby reducing the corresponding revenue loss and high repair bills associated with these closures

The table below demonstrates that the number of staff have not kept up with the expansion of the parking system over the past 20 years. It is also important to note that primary responsibility for the Impound Lot was shifted from "Traffic Operations" to "Parking Services" in 1999 and primary responsibility for parking meter system management was shifted from "Traffic Operations" to "Parking Services" in 2000.

Year Ending	Off-Street Parking Spaces	Square Footage	# of Staff
1980	3,504	1,083,000	2
1990	13,556	4,754,000	3
2003	25,545	8,265,750	7

In recommending additional staff to provide greater management and oversight of the parking system, Public Works suggests following the model of 1 parking analyst per 5,000 spaces (including ramps, lots and on-street). Currently, there are approximately 32,000 spaces in the parking system (including 6,500 metered spaces), therefore necessitating 6 parking analysts.

The Municipal Parking System is also in the process of constructing additional new facilities, which will require staff to provide management and oversight functions. The following table outlines the new parking ramps that will be constructed over the next three to four years, adding over 3,000 new parking spaces to the system.

Future Additional Parking Facilities

Name	Projected Opening	Parking Spaces	Square Footage
Planned Ramps			
Walker Art Center	2003	700	245,000
11th and Harmon*	2003	615	215,250
Brighton / Heritage Ctr	2004-5	500	122,500
Village Green**	2004	350	122,500
Guthrie/Parcel E	2005-7	1000	350,000
TOTAL		**3,165**	**1,055,250**

*City will operate, but will not own
**Not included in total -- City will not own or operate, but Public Works is working on the land sale and redevelopment agreement

There is also the distinct possibility that more parking facilities will be constructed other than the ones listed above, since discussions occur regularly with developers interested in having City involvement with parking for a specific development opportunity (e.g. stadium).

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Position	Base Salary	Benefits	Total Salary	Positions	Total Cost
Parking Systems Analyst	42,364	14,648	57,012	3	171,036
Assumes positions starting at Step 1					**171,036**

City of Minneapolis
Municipal Parking Fund
Financial Plan
Greater Oversight, Needs and Analysis

	2003 Budget	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Revenue						
Charges for Service, Sales & Permits (Trans)	-					
Total	-	-	-	-	-	-
Expenditures	-					
(1) Wages and Salaries (parking analysts)	171,036	190,534	204,962	220,879	238,705	257,240
(2) Wages and Salaries (finance and supplies)		50,000	50,000	60,000	60,000	70,000
Total	171,036	240,534	254,962	280,879	298,705	327,240
Fund Margin						
TAD (State Owned) Ramps	-					
City Ramps and Lots	(171,036)	(240,534)	(254,962)	(280,879)	(298,705)	(327,240)
Total	(171,036)	(240,534)	(254,962)	(280,879)	(298,705)	(327,240)

(1) Already part of Public Works base budget
(2) Not part of base budget

II. Office Occupancy Program

Although the proposed 2002 Office Occupancy Program was not approved by the City Council in the summer of 2002, Public Works has included the outline of this program as part of the business plan in order to hold it as a potential future tool if economic conditions downtown deem it necessary.

The Office Occupancy Program is intended to encourage greater use of Municipal Parking Ramps and alleviate some of the high office vacancy rates currently found in the City. Very broadly, the Office Occupancy Program targets businesses considering relocating in Minneapolis and is modeled after the Downtown Office Occupancy Program initiated in 1993. As with the first program, this effort provides businesses new to Minneapolis and its downtown less expensive parking than is normally available in Municipal Ramps. To qualify for rate reductions the businesses must move downtown and lease property for no less than three years. Their reduced parking rates are gradually scaled up over three years after which time the business pays regular monthly rates. The Office Occupancy Program is meant to be simple and keep paperwork to a minimum. It is an understandable tool usable by leasing agents and property owners in promoting the downtown.

If the Office Occupancy Program were to be utilized in the future, Public Works would develop specific criteria tailored to the City's needs at that time. These criteria would be brought to the City Council and Mayor for review and approval.

City of Minneapolis
Municipal Parking Fund
Financial Plan
Office Occupancy Program

	2003 Budget	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Revenue						
Charges for Service, Sales & Permits (Trans)	-	450,000	598,500	795,960	960,000	990,000
Total	-	450,000	598,500	795,960	960,000	990,000
Expenditures	-					
Wages & Fringes for Counting Facility .5FTE					28,000	29,000
Total	-	-	-	-	28,000	29,000
Fund Margin						
TAD (State Owned) Ramps	-					
City Ramps and Lots	-	450,000	598,500	795,960	932,000	961,000
Total	-	450,000	598,500	795,960	932,000	961,000

III. Haaf/Gateway Monthly Parking Conversion

The object of the conversion is to limit the ramps to a single type of parking, either all transient or all monthly contract. There are several ways that this concept is financially beneficial for the City of Minneapolis.

I. The cost the City of Minneapolis pays for monthly parking at the Haaf Ramp. Since the Haaf Ramp is more expensive than the Gateway, these savings would be immediate. The overall savings per year would be approximately $63,000

II. Payroll savings (primarily ramp cashiers) could also be quite substantial. The initial estimate is that having the ramps specialize in transient only or monthly only could save almost $220,000 per year in payroll. In one case (monthly only ramp) the cashiering staff could be all but reduced to zero. The office/bookkeeping staff can be reduced in the transient only ramp.

III. The actual conversion of the parkers shows a net loss of approximately $90,000/yr. There are several factors not included in this loss. We have not added revenue in possible additional transient parkers and do not fully know the revenue potential per space at the Haaf Ramp.

It should be noted that a conversion would benefit the City of Minneapolis. Taking a middle of the road approach in predicting the overall revenue impact the City of Minneapolis would benefit by almost $200,000 per year or $1,000,000 over the next 5 years. It should also be noted that a partial implementation could also save the City money. This could be easily accomplished by moving the City of Minneapolis parking to the lower priced Gateway Ramp and reducing the number of reserved stalls (which can not be resold) in the Haaf Ramp.

City of Minneapolis
Municipal Parking Fund
Financial Plan
Haaf/Gateway Monthly Parking Conversion

	2003 Budget	2004 Forecast	2005 Forecast	2006 Forecast	2007 Forecast	2008 Forecast
Revenue						
Charges for Service, Sales & Permits (Trans)	-					
Total	-	-	-	-	-	-
Expenditures	-					
Contractual Services		(191,254)	(195,079)	(198,980)	(202,960)	(207,019)
Supplies	-					
Total	-	(191,254)	(195,079)	(198,980)	(202,960)	(207,019)
Fund Margin						
TAD (State Owned) Ramps	-					
City Ramps and Lots	-	191,254	195,079	198,980	202,960	207,019
Total	-	191.254	195.079	198.980	202.960	207.019

IV. Collection of Unpaid Tow and Storage Fees for Abandoned Vehicles

Approximately 10,000 abandoned vehicles are auctioned annually in Minneapolis for about $400,000 per year in revenue. The total revenue from sale of abandoned vehicles does not fully recover the annual cost of the tow and storage. The revenue shortfall is estimated at $3.4 million annually, assuming cars are held for the minimum required 15 days before they are auctioned.

The proposed initiative is to recover the tow and storage costs from vehicle owners by invoicing the vehicle owner. In the event that an owner does not respond, the bill would be sent to a collection agency. The current proposal would be to limit the storage charge to a maximum of 25 days. It is expected that this program could annually generate up to $4.9 million in recovered costs depending on the percentage of accounts that can be collected on.

Florida and Illinois have passed state legislation for cost recovery of abandoned vehicles through a state process mostly to the benefit of private towing companies. Maryland, New Hampshire, New York and Vermont are discussing similar legislation. In our case, the city already has the right to collect for towing and storage, and it simply needs to establish a collection program. If it is found that a system of invoicing and hiring a collection agency results in a higher percentage of non-collectable accounts, then legislation changes for other means of collection should be pursued.

In addition, to the benefit of cost recovery, enacting this new billing process may result in a reduction of vehicles abandoned on city streets, which translates into less need for towing, less processing at the impound lot, fewer auctioned vehicles and less space used in the impound lot.

V. Explore Possible Ramp Sales

In 1999 Minneapolis Public Works in conjunction with the Minneapolis Finance Department explored the viability of selling the Municipal Parking System under a number of sale/leaseback options. Although the end results produced a much smaller than expected dollar figure and was determined not to be in the best interest of the City, it did open the question as to the possibility of the sale of one or more of the Municipal ramps. In 2000, Public Works began to make inquiries as to any interest in the purchase of a municipal ramp.

The process started with determining which of the Municipal ramps were potential candidates. To this end, Public Works developed the following criteria.

1. That there are no restrictions or laws prohibiting the sale of a municipal ramp.
2. That all construction/developmental agreements are maintained by the potential buyer.
3. The ramp should be debt free
4. The public purpose of the ramp should have been met.
5. The sale of the ramp would not have a negative impact on the Municipal Parking System

Based on these issues, the first ramp considered was Seven Corners. This ramp while meeting the above criteria also had potential buyers in immediate area: the University of Minnesota and the Holiday Inn. Public Works made inquiries of the U of M and they expressed interest. The hotel also called asking to be included in any discussion regarding the sale of the ramp.

Through word of mouth, Public Works also received calls from a number of private parking companies/operators that expressed interest in this ramp. Based on their suggestion that more ramps may be of interest, the list was expanded to include St. Anthony, Centre Village and the

Loring ramps. Over the last year, three companies have done a preliminary review of these four (4) ramps and have sent letters of interest to purchase. In combinations of one or more, these four ramps. Because of the large interest in these ramps and in an effort to maximize the potential revenue we are considering a sealed bid option with a minimum asking price.

Challenges to implementation include possible legal restrictions:

- The ability of the City to sell a parking ramp financed with municipal revenue bonds unless the bonds are callable and can be redeemed using the proceeds of the sale if any debt is still outstanding.
- Many of the City's parking facilities and property are encumbered by restrictions, easements, and covenants as to use. The relevant real estate documents must be reviewed with respect to these properties to determine whether the City is free to sell such properties without restriction.
- Minneapolis Code ⇓ 22.160 provides that the proceeds of a sale must be placed in the permanent improvement fund of the City. This same provision is also found in ⇓ 14.120 of the Code quoted above. Thus, the proceeds can only be used for capital improvements and not for current expenses.

PARKING SYSTEMS ANALYSTS - Basic Job Responsibilities

Operational Responsibilities

- Evaluate and review parking rates using supply and demand factors, market conditions, area micro-economics
- Recommend rate changes that will optimize revenues
- Evaluate parking operator revenue and expenses
- Benchmark revenues and expenses for each facility within their group to all facilities within the system
- Analyze, modify develop and implement manual and computerized revenue controls
- Analyze, revise, interpret and report on operational and financial data provided by the parking operators
- Analyze, revise, interpret and report on financial data provide by the revenue control systems
- Coordinate monthly computerized reports comparing the City's and parking operators monthly statements
- Develop and implement statistical procedures and reporting pertaining to parking utilization, financial auditing and equipment performance
- Perform spot audits of the financial policies, procedures and controls utilized by parking operators
- Liaison with parking operators to enhance, improve or develop policy or procedural changes
- Assist with the preparation of agreements between the City and private contractors or governmental/municipal agencies

Development Responsibilities

- Assist managers with evaluation of new revenue control technologies
- Develop policies, procedures and controls for new revenue control technologies (new facilities, retrofits) that will safeguard the City's revenues