

PUBLIC PARKING FUND FIVE-YEAR FINANCIAL PLAN

The Public Parking Fund is guided by a Parking Ecosystem Sustainability Plan adopted by the City Council on February 15, 2022. The City Council approved the Plan with a July 1, 2022 implementation, and included Parking Management Strategies to facilitate parking, reduce congestion, and improve utilization. The Parking Ecosystem Sustainability Plan was approved after staff demonstrated to the City Council and the Land Use, Sustainability and Resilience Committee how parking operations have been impacted by downtown growth, challenged by technologically outdated parking equipment, and as a result struggled to achieve financial sustainability. The approved Parking Ecosystem Sustainability Plan presents an opportunity to finance critical parking infrastructure and maintenance needs, adopt strategies to improve customer service, support future development, enhance safety, and improve the financial sustainability of the Public Parking Fund.

REVENUE ASSUMPTIONS

Revenue assumptions in the five-year financial plan include FY 2021/22 projected revenues that reflect the effects of the COVID-19 Pandemic. Revenue from downtown parking operations (parking garages, parking lots, and on-street parking) declined steadily during the pandemic due to limited downtown activity. The Public Parking Fund received \$1,300,000 in American Rescue Plan Act (ARPA) Revenue Replacement funds and are also included in FY 2021/22 projected revenue projections. Parking in the downtown area is not expected to return to pre-pandemic levels until at least the second quarter of FY 2022/23, depending on the continued impact of the pandemic on local businesses.

Revenue projections for FY 2022/23 include a projected increase resulting from the adopted Parking Ecosystem Sustainability Plan. Specifically, increases are expected due to the elimination of free parking, the deterrence of long-term on street parking, increased hours of operation to capture evening parking demand, and the deployment of automated services to extend operational hours. Also, parking garage utilization is expected to increase to 60% of capacity at each facility. The forecast for FY 2022/23 through FY 2026/27 incorporates an annual projected 10% parking utilization increase, CPI increases in accordance with the appropriate agreements, and increased hours of operation in parking garages due to the deployment of automated equipment. Projected revenue for Garages 1 and 2 has been eliminated beginning FY 2024/25 due to the anticipated closures for development purposes.

EXPENDITURE ASSUMPTIONS

Expenditure assumptions in the five-year financial plan include known contractual obligations for the management of parking properties and parking citation processing and collections. Slight personnel increases are projected in the plan due to traditional merit increases and an increase in the cost of benefits. The five-year plan does not include potential impacts of ongoing labor negotiations in relation to MOUs expiring in FY 2021/22. Overall non-personnel costs are projected to rise due to standard facility maintenance, traditional economic factors, increased professional services associated with extended hours of operation in downtown parking garages, and other costs associated with the implementation of the adopted Plan. Planned capital expenditures include the purchase of Parking Access and Revenue Control Systems (PARCS) equipment and maintenance of downtown parking garages.

MAJOR CHANGES TO THE BUDGET

Significant changes to the budget are a result of parking rate increases approved through adoption of the Parking Ecosystem Sustainability Plan. Increased revenue to this fund will be used to fund the new parking access system, increased security patrols, and equipment and maintenance supplies.

CASH RESERVES

The Public Parking Fund is projected to operate at a surplus in all years of the five-year financial plan due to the Parking Ecosystem Sustainability Plan. Over the last two years, business closures and the cancellation of large gatherings have resulted in less traffic in the downtown area, severely impacting parking revenues. However, with the adoption of the Parking Ecosystem Sustainability Plan and increased business activity in the downtown area, revenues are expected to improve as soon as FY 2022/23. There are sufficient fund reserves to cover the projected deficit in FY 2021/22.

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| | Projected FY 2021/22 | Adopted FY 2022/23 | Adopted FY 2023/24 | Projected FY 2024/25 | Projected FY 2025/26 | Projected FY 2026/27 |
|---|-------------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| REVENUE / TRANSFERS IN | | | | | | |
| User Fees | \$ 5,475,932 | \$ 9,033,534 | \$ 9,563,164 | \$ 8,997,969 | \$ 9,414,005 | \$ 9,917,145 |
| Miscellaneous Revenues | 8,639 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| American Rescue Plan Act Revenue Replacement | 1,300,000 | - | - | - | - | - |
| Total Revenues /Transfers In | \$ 6,784,571 | \$ 9,036,534 | \$ 9,566,164 | \$ 9,000,969 | \$ 9,417,005 | \$ 9,920,145 |
| EXPENDITURES / TRANSFERS OUT | | | | | | |
| Personnel Costs | \$ 973,456 | \$ 1,418,794 | \$ 1,447,508 | \$ 1,484,165 | \$ 1,523,026 | \$ 1,537,831 |
| Non-Personnel Costs | 3,640,514 | 4,696,774 | 5,035,451 | 4,593,081 | 4,814,664 | 5,056,424 |
| Debt Service | 1,697,100 | 1,770,580 | 1,782,910 | 1,755,530 | 1,755,060 | 1,748,100 |
| Capital Outlay | 880,672 | 1,250,000 | 190,000 | - | - | - |
| Allocated Costs, Utilization Charges and Operating Transfers | (240,634) | (330,687) | (327,267) | (341,182) | (354,925) | (357,953) |
| Total Expenditures/Transfers Out | \$ 6,951,108 | \$ 8,805,461 | \$ 8,128,602 | \$ 7,491,594 | \$ 7,737,825 | \$ 7,984,402 |
| Five-Year Financial Plan Surplus/(Deficit) | \$ (166,537) | \$ 231,073 | \$ 1,437,562 | \$ 1,509,375 | \$ 1,679,180 | \$ 1,935,743 |
| WORKING CAPITAL | | | | | | |
| Beginning Public Parking Fund Working Capital | \$ 1,573,672 | \$ 1,407,135 | \$ 1,638,208 | \$ 3,075,770 | \$ 4,585,145 | \$ 6,264,325 |
| Increase / (Use of) Cash Reserves | (166,537) | 231,073 | 1,437,562 | 1,509,375 | 1,679,180 | 1,935,743 |
| Ending Public Parking Fund Working Capital | \$ 1,407,135 | \$ 1,638,208 | \$ 3,075,770 | \$ 4,585,145 | \$ 6,264,325 | \$ 8,200,068 |

SUBSEQUENT EVENT

On July 19, 2022, the City Council engaged staff in a discussion of the impacts of the Parking Ecosystem Sustainability Plan on the Public Parking program and ultimately directed staff through a motion to: (1) reinstate the parking program prior to July 1, 2022 and return to City Council within three to seven months with an alternative parking program; (2) conduct two community engagement meetings; and, (3) allocate ARPA funds to offset parking garage costs until the City obtains proceeds from the sale of Parking Garages 1 and 2. Since that time, staff has engaged in an update of the Public Parking Fund Five-Year Financial Plan to revise projections for FY 2021/22, remove the impacts on revenues of the Parking Ecosystem Sustainability Plan, and revise expenditures accordingly.

Staff is developing a community engagement plan to utilize in the future development of an alternative parking rates and hours schedule. Community engagement will be achieved through a combination of purchasing software used to facilitate community input, the deployment of a parking rates & hours engagement webpage, and multiple focused stakeholder meetings. Staff will use these

tools to ultimately develop a more informed parking rates and hours schedule to present to the City Council for consideration of adoption.

The Five-Year Financial Plan presented in this publication does not include the impact of this subsequent event. It is critical that staff work swiftly to adopt a new parking rates and hours schedule to maintain the solvency of the Public Parking Fund. Based on analysis prior to the adoption of parking rates included in the presented Five-year Financial Plan, fund reserves will be fully depleted in FY 2022/23 without action to adopt rate increases and/or reduce expenditures.