

Ann Arbor DDA Parking Rate Study

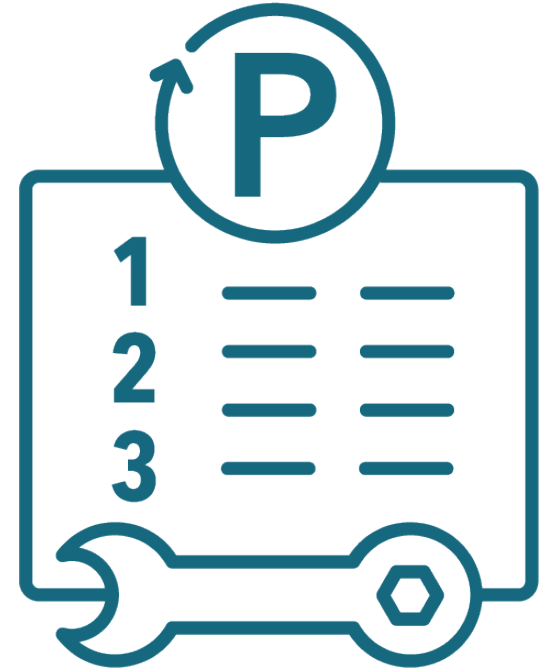
Findings Summary

November 2023



Parking Rate Study Process

- **Identify priorities**
 - Financial
 - Capital maintenance
 - Customer service
- **Review current conditions**
 - Post COVID usage patterns
 - Revenue and expenses
 - Rates, hours of operations, permits, hourly
 - Comparable cities review



Parking Rate Study Process

- **Development of assumptions**
 - Expenses
 - Occupancy
 - Financial requirements
- **Rate Modeling with Muniworth modeling platform**
 - Historical transactional data
 - Operating expenses
 - Debt service and capital investments
 - City fee (20%)
 - Grant funding

Priorities



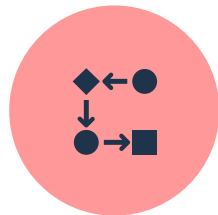
A FINANCIALLY SOUND
PARKING SYSTEM



MAINTAIN THE
PARKING STRUCTURES



PROVIDE QUALITY
CUSTOMER SERVICE



BUILD FLEXIBILITY TO
ADJUST TO CHANGING
CONDITIONS



SUPPORT
DOWNTOWN VITALITY



ENCOURAGE RANGE
OF TRANSPORTATION
OPTIONS

Priority - Financially Sound Parking System



- Operational expenses
- Facility maintenance and restoration
- Anticipated capital investments
- City fee (20%)
- Parking debt service
- Adequate fund balances
- Grants for go!pass

Priority - Maintain the Parking Structures



- **Housekeeping**

- Daily cleaning
- Paint
- Signs
- Striping

- **Mechanical Systems**

- PARCS
- Elevators
- Lighting
- Plumbing

- **Structural maintenance**

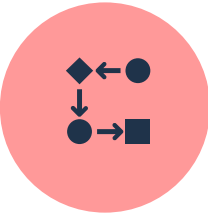
- Concrete repair
- Waterproofing





Priority - Quality Customer Experience

- Parking is often the first and last impression for visitors to Ann Arbor
- Drivers can easily locate a parking space
- Facilities are well maintained, clean, and appealing
- Easy to access and pay for parking
- Professional management
- Straightforward rate schedule without numerous exceptions
- Get help when needed



Priority - Flexibility to Adjust

- COVID taught that the status quo can change quickly
- Tool to guide rate setting and budgeting
 - Revenues
 - Expenses
 - Overhead
 - Debt
 - Capital Expenses
- Adequate fund balances reduce risk and provide time to adapt



Priority - Support Downtown Vitality



- Variety of user groups to consider
 - Visitors
 - Employees
 - Residents
- Evening economy
- Downtown environment always evolving



Photo: Main Street Ann Arbor

Priority - Encourage Range of Transportation Options



- Continue go!pass funding
- Electric vehicle infrastructure
- Bicycle parking
- Pedestrian infrastructure
- Harmonizing with community
- Parking is an important component of a complete transportation system



Review of Current Ann Arbor System

- Hourly rates
- Permit fees
- Hours of operation
- Policies
- Special rates
- On-street rates
- Fines
- Meter bagging
- Budgets and historical financials
- Millions of annual transactions
 - Permits
 - Hourly
- Overnight and multi-day transactions
- Validate model with real data and modeled scenarios

Current Conditions – Parking System Comparison

- Ann Arbor, Bloomington (IN), East Lansing, Grand Rapids, Lansing, Madison (WI)
- Unique characteristics
- Perspective on rates and operations
- Biggest takeaways are policy actions
 - Rate tiers
 - On-street and off-street rate relationship
 - Permits
 - Special discounts
 - Evening and weekend hours
 - Residential options



Assumptions

- Assumptions developed to ensure consistency in approach and policy
 - Expense categories
 - Fixed
 - Debt, fees, insurance
 - Variable
 - Payroll and related expenses
 - Anticipated rates of adjustment
 - Labor costs
 - Operational costs
 - Fund balances
- Review of approved 2024 and 2025 budgets

Rate Scenario Modeling

- **Various scenarios modeled for comparison with projected expenses**
 - Operations
 - Maintenance and capital investments
 - Fund balances
- **Plan for the future**
 - Reduced number of on-street spaces and parking lots
 - Understand the financial impact of policy decisions
 - Changes to parking patron usage patterns
 - Expenses
 - Operational
 - Long-term
 - Loss of on-street meter spaces to other curb uses

COVID and Market Impacts

- COVID caused \$31 million in lost parking revenue
- Facility occupancy levels have not returned to pre-COVID levels
- Expenses reduced due to decreased revenue
- Facility structural and capital maintenance reduced / delayed
- Downtown activity shifting away from daytime to busier evening hours
 - Future parking use characteristics unknown

Parking Market

- **Began to shift prior to Covid, but then accelerated**
 - Evenings are now often busier than mornings
 - Reduced occupancy with unpredictable growth / reduction
 - Increase in individual / residential permit holders
- **Leadership closely monitors activity and makes adjustments to best serve the community**
 - Facility mix of permit and hourly
 - Managing expenses
 - Reviewing programs to meet community needs



Parking System

- The Ann Arbor Parking System plays an integral role in the overall regional transportation and mobility systems
- Parking occupancies continue below pre-Covid levels
- Failing to maintain the parking facilities will shorten their life span and increase repair costs
 - Reduced patron satisfaction
 - Potentially necessitate demolition if maintenance deferred excessively
- The parking system supports City and DDA goals including downtown vitality
 - Some policy decisions made to support downtown are not necessarily the most beneficial “business” decision

Situation Facing the DDA

- On-street and surface parking lots provide the highest percentage return of Net Revenue due to lower expenses and capital maintenance, no debt
 - These parking products are slowly disappearing over time
- **Garages will have to carry the parking demand**
 - Annual cost per space to operate is significantly higher
 - Maintenance of these aging facilities will continue to increase
- **There are no new public parking projects planned**
- **The market has shifted to busier evenings**
 - On-street and metered lots are not charged / enforced
 - Additional DDA / City coordination necessary

Rate Modeling



Muniworth Platform

- Based on data and approved budgets
 - Operational expenses with assumed changes
 - Capital maintenance
 - Debt service
 - City 20%
- Revenue estimates
 - Millions of facility transactions from past year that show true usage patterns
 - Analyzes each type of transaction to model changes
 - Limited overnight, standard permit, hourly, fixed rate all treated separately
 - Modeling based on current customer mix and allowing for adjustments

The screenshot displays two panels from the Muniworth Platform. The top panel, titled "Select Rate Component", features a dropdown menu and a "+ Rate Component" button. Below this is a table with two columns: "Rate Component" and "Type". The table lists two components: "Monthly permit charges" with a type of "Base Charge Monthly" and "Transient rates and charges" with a type of "Tiered Hourly". Each row has a red trash icon to its right. The bottom panel, titled "Edit Rate Component", shows a "Component Name" field containing "Monthly permit charges" and a "Scale by Parking Spaces" toggle switch. Below this is a table with columns for "Charge [\$]" and "Permit". The "Permit" column has sub-columns for "Limited", "No Charge", "Premium", "Standard", and "Transient". The "Charge [\$]" column has a sub-column for "Facility". The table shows data for the "Maynard" facility: Limited (\$30), No Charge (\$0), Premium (\$280), Standard (\$200), and Transient (empty). Below the table is an "Active Months" section with a grid of months (Jan-Dec) and days (1-12). Each cell contains a yellow checkmark icon, indicating that all months and days are active. A red 'x' icon is located at the bottom right of the grid.

Rate Component	Type
Monthly permit charges	Base Charge Monthly
Transient rates and charges	Tiered Hourly

Charge [\$]	Permit				
Facility	Limited	No Charge	Premium	Standard	Transient
Maynard	\$30	\$0	\$280	\$200	

Active Months											
Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
1	2	3	4	5	6	7	8	9	10	11	12
✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Rate Modeling

- Thirteen facilities
 - Garages
 - On-Street Meters
 - Off-Street Metered Lots
 - Off-Street Lots
- Each modeled independently
- Roll up of entire system
- Impact of adjustments at facility and system level
 - Occupancy levels and usage patterns
 - \$5 evening and weekend rates

Select Rate Component + Rate Component

Rate Component	Type	
Monthly permit charges	Base Charge Monthly	
Transient rates and charges	Tiered Hourly	

Edit Rate Component

Component Name
Transient rates and charges

Start Time: 06:00 Time Precision: Hour Ceiling Scale by Parking Spaces:

Time		Cost		Maximum	
Start	End	Charge [\$]	Rate [\$ /hr]	Cost	Hours
06:00	15:00		\$1.200		
15:00	06:00		\$1.200	\$5.00	

+ Create Tier

Facility	Permit				
	Limited	No Charge	Premium	Standard	Transient
Maynard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Active Days

Mon	Tue	Wed	Thu	Fri	Sat	Sun
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Active Months

Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
1	2	3	4	5	6	7	8	9	10	11	12
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Revenue Requirements from Rates

- Professional Management
- Debt Service
- City 20%
 - Increases proportionately with revenue
- Maintenance and Capital Expenses
- Administration
- Grants – go!pass funding

Fund Balance

- **Protection as markets / communities / economy changes**
 - Reduces potential need to make devastating decisions
 - Provides rate stability
 - Utilized by top parking administrations
- **Includes**
 - 25% of annual operations expenses
 - One year of debt service
 - Contingency / Legal Claims / Emergency Maintenance
 - One year of CIP spending on a 5-year rolling average

Parking Rate Strategy - Permits

- Provides baseline revenue
- Allow some amount of parking to be re-sold when not in use
- Allows 24 / 7 parking for residents
- Limited Overnight is currently an 85% discount
- Maintains parker mix
- Permit rates have not been adjusted since July 2022

Parking Rate Strategy – Hourly Parking

- Hourly rate unchanged since 2012
 - \$1.20 – garages
- 40-hour week = \$201.60 – same price as permits
- Same rate 24 hours per day, regardless of demand cycles
- Free on Sunday
- \$5 cap in Liberty Square and Ann Ashley
 - Cap is a value to those staying longer than 4 hours (workers mostly)

Parking Rate Strategy - Meters

- Most accessible / desired parking options
- Rates should be higher than garages
- Options ranked in order of lowest supply and highest preference:
 - On-street
 - Metered lots
 - Garages
- Generally higher net revenue due to lower expenses than garages
- Number of spaces shrinking
 - On-street converted to other curb uses
 - Off-street lots being developed / sold
- Other aspects of the system will need to offset the loss of spaces

Capital Maintenance

- Twenty-year maintenance plan updated
- Focus on identified projects in the next five years
 - Concrete repairs
 - Sealants and waterproofing
 - Systems upgrades – electrical, lighting, ventilation
 - Elevator and stair maintenance
- \$6.7 million in 2024
- Approximately \$4.3 million per year 2025-2029

Goals

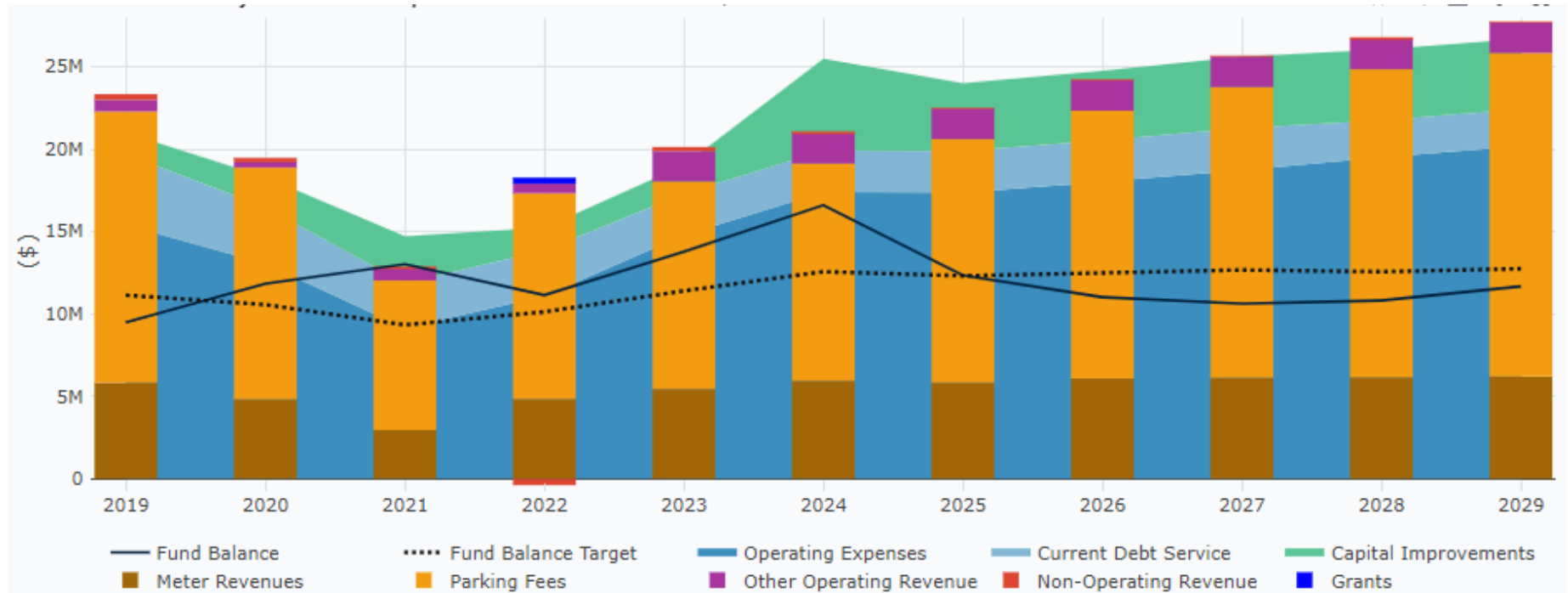
- Fund operations
- Complete deferred capital maintenance and restoration projects
- Maintain fund balances near targets
- Implement on-street rates from curb management study
- Prepare for loss of parking lots over the next decade
- Maintain the parking system on firm financial footing
- Plan for future capital maintenance

Proposed Rate Adjustment

- Implement in May 2024
- Initial adjustments through Fiscal Year 2025 (June 30, 2025)
 - Permits
 - Hourly
 - On-Street – based on recommendations from 2023 Curb Management Study
- Maintain low-cost options for employees – limited permit, \$5 evening cap in Library Lane
- Three-year rate plan through Fiscal Year 2027

Preferred Rate Model

FYE				% of Standard		Structures			
	Limited	Standard	Reserved	Limited	Reserved	Hourly	% Inc	Meters	% Inc
2024	\$ 30	\$ 200	\$ 280	15%	140%	\$ 1.20		\$ 2.20	
2025	\$ 35	\$ 225	\$ 310	16%	138%	\$ 1.50	25%	\$ 2.40	9%
2026	\$ 40	\$ 245	\$ 340	16%	139%	\$ 1.65	10%	\$ 2.50	4%
2027	\$ 45	\$ 265	\$ 365	17%	138%	\$ 1.80	9%	\$ 2.60	4%
2028	\$ 50	\$ 275	\$ 380	18%	138%	\$ 1.95	8%	\$ 2.70	4%
2029	\$ 55	\$ 290	\$ 395	19%	136%	\$ 2.05	5%	\$ 2.80	4%



Ann Arbor DDA Porposed Parking Rate Adjustment Schedule

	<u>May</u> <u>2024</u>	<u>July</u> <u>2025</u>	<u>July</u> <u>2026</u>
<u>Parking Garage (all except Library Lane)</u>			
Hourly (Sundays free)	\$ 1.50	\$ 1.65	\$ 1.80
Permit			
<i>Limited</i>	\$ 35	\$ 40	\$ 45
<i>Standard</i>	\$ 225	\$ 245	\$ 265
<i>Reserved</i>	\$ 310	\$ 340	\$ 365
<u>Library Lane</u>			
Hourly (Sundays free)	\$ 1.50	\$ 1.65	\$ 1.80
Maximum Charge			
Enter after 3pm; exit before 6am next day (M-F)	\$ 5.00	\$ 5.00	\$ 5.00
All day Saturday	\$ 5.00	\$ 5.00	\$ 5.00
Permit			
<i>Limited</i>	\$ 35	\$ 40	\$ 45
<i>Standard</i>	\$ 225	\$ 245	\$ 265
<i>Reserved</i>	\$ 310	\$ 340	\$ 365
<u>Surface Lots</u>			
Hourly (Sundays free)	\$ 2.40	\$ 2.50	\$ 2.60
Permit			
<i>First & William</i>	\$ 180	\$ 195	\$ 210
<i>415 W. Washington</i>	\$ 150	\$ 165	\$ 180
<u>Meters</u>			
Hourly (Enforced Mon-Sat, 8:00am-6:00pm)	\$ 2.40	\$ 2.50	\$ 2.60

Proposed
Rate
Schedule

