



Board Report

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EXECUTIVE MANAGEMENT COMMITTEE MARCH 19, 2020

**SUBJECT: METRO PARKING MANAGEMENT PROGRAM AND SYSTEMWIDE PARKING
OPERATOR SERVICES**

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING revisions to Metro's Parking Ordinance Administrative Code Title 8 (Attachment C) and Metro's Parking Rates and Fee Resolution (Attachment D) in support of the implementation of the Parking Management Program.
- B. AUTHORIZING the Chief Executive Officer ("CEO") to execute a five-year base period, firm fixed price Contract No. PS66007000 to L & R Auto Parks, Inc. DBA Joe's Auto Parks for systemwide parking operator services in the amount of \$26,878,513 with two, one-year options, in the amounts of \$5,840,059 and \$7,651,918, respectively, for a total amount of \$40,370,490, through a revenue generating contract where the contractor will be compensated for their operating costs from the parking revenue collected and Metro will receive the net revenue amount collected, subject to resolution of protest(s) if any.

ISSUE

The Metro Board adopted the Supportive Transit Parking Program Master Plan ("Master Plan") at the January 2018 Board Meeting. The Master Plan included implementing a Parking Management Program ("Program") at Metro parking facilities over several years. The actions in this Board report will allow for implementation of the Program at Metro parking facilities along transit corridors that consistently surpass 70% utilization rates. If approved, the contract will take effect in the last quarter of FY20 and begin operating in the first quarter of FY21. Program implementation at each facility is dependent on parking occupancy and station proximity, as described in the Master Plan (Attachment E).

Concurrently, Union Station management, working with parking operators, has determined that a rate adjustment for daily and monthly parking fees is necessary to maintain operational standards and security, given parking demand and service level expectations.

Finally, the current contract for parking management services will expire and a new contract award is needed to continue with Program implementation. This parking operator service contract is a net revenue generating contract which includes the procurement of additional parking equipment and parking operator services. The contractor is responsible for the capital investment and business expenses which are then deducted from the generated gross revenue. If approved, the contract will take effect in the last quarter of FY20 and the implementation of additional locations is anticipated to begin in the first quarter of FY21.

BACKGROUND

In February 2016, the Paid Parking Pilot Program (“Pilot”) was introduced to the Metro Board. The goal of the Pilot was to retain parking resources for transit customers by reducing the number of non-transit user parking at the Metro parking facilities. The intent was to develop a self-sustainable program by generating revenue to offset the cost of technology enhancements and operations at multiple parking facilities. The Pilot was introduced at 13 initial locations that had immediate need of a parking demand management plan, including Expo/Bundy, Expo/Sepulveda, 17th St/SMC, La Cienega/Jefferson, North Hollywood, Universal City, APU/Citrus, Irwindale, El Monte, Atlantic, Norwalk, Lakewood and Aviation/LAX. In May 2017, the implementation for Monrovia and Crenshaw stations was approved by the Board, increasing the Pilot locations to 15 stations.

The success of the Pilot led to the adoption of a permanent program in January 2018, as part of the Board-approved Master Plan. After the adoption of the Program, more locations along Metro’s transit corridors showed an immediate need for the Program and were approved by the Board accordingly. These additional high priority locations were Willow, Wardlow, Hawthorne/Lennox, Expo/Crenshaw, Indiana, Arcadia, Duarte and Downtown Azusa, bringing the total approved Program locations to 23. All approved locations will be implemented into the Program by the last quarter of FY20.

DISCUSSION

Case Studies and Lessons Learned

The Pilot was effective and presented several case studies for parking demand management. One goal of the Pilot was to shift demand to underutilized parking facilities. Prior to implementation, the terminus North Hollywood Station reached capacity by 7 am daily. The Program implementation realigned utilization by shifting parkers from the inundated North Hollywood facility to underutilized stations along the G Line (Orange), such as Van Nuys and Sepulveda. The pricing policy enabled patrons to make a choice of which parking resources to use, and the ridership verification system ensured that parkers were transit riders. By using these tools together, parking resources were made available for transit users at the North Hollywood station throughout the entirety of the day.

Another lesson was learned during the L Line (Gold) implementation. The Program was initially executed at the APU/Citrus, Irwindale and Monrovia stations. At that time, the Arcadia and Duarte stations were not above the 70% occupancy threshold for parking implementation. However, these stations were in close enough proximity to be impacted by the Program implementation at the other targeted stations. Utilization at Arcadia and Duarte drastically increased to above capacity levels when the other stations used ridership verification and pricing to manage demand. This impacted not

only the parking facilities but the surrounding streets and communities. Once Arcadia and Duarte were added to the Program, parking occupancy rebalanced and parking became available at all impacted stations along the L Line. The overspill parking into the streets was corrected as transit patrons returned to their home stations for transit parking. Sierra Madre was far enough away and had enough capacity that its utilization stayed lower than 70% after Program implementation.

Program Implementation

Metro currently has 23 locations that have been approved for Program implementation. If this contract is approved, over the course of the next 5 to 7 years, up to 74 stations are marked for implementation. Program implementation, as defined in the Master Plan, will occur at locations that reach 70% occupancy, or are in close proximity to high demand stations (similar to the Arcadia/Duarte circumstance). The chart below identifies stations that have immediate need for Program implementation and are expected to be implemented in the first year.

| STATION | LINE | AVG. UTILIZATION |
|-------------------------------|-------|------------------|
| Heritage Square | L | 94% |
| Lincoln/Cypress | L | 85% |
| Harbor Gateway Transit Center | J | 91% |
| Harbor Freeway | J | 86% |
| Florence | A | 84% |
| Culver City * | E | - |
| Fairview Heights ** | C/LAX | - |

*Culver City station parking is expected to open in 2020. Utilization at this station's parking lot prior to closure in 2017 v

**Fairview Heights station opening is anticipated for 2020. Program will be implemented upon opening.

Planned future transit corridors, such as the West Santa Ana Branch, East Side Transit Corridor Phase 2, L (Gold) Line Foothill Extension Phase 2B and Crenshaw/LAX Lines are proposed for Program implementation upon opening of the stations. Staff used parking and ridership data from previous program-implemented locations to forecast parking capacity at these upcoming transit corridors and avoid overbuilding parking.

With Program implementation, the approved parking facilities have experienced a manageable level of utilization. Staff has concluded that the combination of a pricing policy and ridership verification yields the desired outcome to allow patrons to locate parking at any hour of the day.

Parking Fee Structure

Daily parking rates will be implemented at all stations meeting the minimum implementation threshold of over 70% parking occupancy, or locations in proximity of high demand stations. The current rate is up to a \$3 flat rate per day, depending on the station parking demand and location. Pricing is strategically determined to have a minimal impact to overall commuting costs. The \$3 daily parking rate plus the cost of transit fare is still reasonable compared to the cost of gas and monthly parking in urban areas. Transit parking rates are significantly below market rates.

A parking rate adjustment can only occur within the Metro Board-approved fee structure range. Rate adjustments, increases or decreases, will not occur more frequently than every 180 days. Any pricing adjustments would occur after initial implementation and staff will utilize the comprehensive outreach program to inform patrons of the changes with a minimum of 30 days advance notice.

Program parking fee structure requires the amendment of Metro's Permit Fee Resolution (Attachment D).

Outreach Program

Program implementation includes a comprehensive outreach and communication plan. Staff will launch a stakeholder and transit user outreach and communications process, working in conjunction with the Community Relations and Communications Departments. Outreach efforts will include, but are not limited to:

- Informational messages on Metro's parking website;
- Signage at stations;
- Email blast notifications;
- Information on social media; and
- Distributed windshield flyers.

Union Station Daily and Monthly Parking Fees

Parking at Union Station is operated commercially by Metro's contracted property manager. Rates at the station were last adjusted in 2016. Since then, there have been rising operational costs for hourly labor and contracted security personnel who police the structure to address increased theft and vandalism and to provide general transit patron safety.

In September 2019, a survey was conducted to determine relative competitiveness in pricing at Union Station compared to other parking facilities in the immediate area. The pricing at Union Station is significantly below market and will continue to be so even with the proposed rate adjustments. The proposed parking rate adjustments are as follows:

| STATION | DESCRIPTION | CURRENT RATE | PROPOSED RATE |
|-----------|------------------|--------------|---------------|
| LAUS East | Daily | \$8 | up to \$12 |
| | Monthly Commuter | \$75 | up to \$85 |
| LAUS West | Daily | \$16 | up to \$18 |

Metro Parking Ordinance

Metro's Parking Ordinance was adopted by the Metro Board in July 2015. Since then a number of updates have been incorporated into the documents to support the goals of the Master Plan and the

Program. Staff is proposing minor updates to further clarify policy definitions with grammatical corrections and parking fee structure revisions in the fee resolution to be in-line with the Master Plan and the Program.

Equity Platform

This program aligns with the third pillar of Metro's equity platform, Focus and Deliver. By managing parking demand and Metro's parking resources, all transit users, not just early morning commuters, will have an additional choice of how to access transit. In addition, Metro staff anticipates a future discounted parking fee structure, based on LIFE TAP card eligibility.

DETERMINATION OF SAFETY IMPACT

The Program will not create any safety impacts because it will operate within the existing infrastructure. Internally, all contractors and subcontractors are required to attend Metro Safety Training prior to working at any Metro station. Any equipment installation will be coordinated with Metro's Track Allocation program to ensure that proper assistance and support is present.

FINANCIAL IMPACT

Implementation of the Program will not have any impact to Metro's expense budget as this contract is a revenue generating contract where the contractor's operating costs and amortized initial capital investment will be deducted from the parking revenue collected. Metro will receive the net revenue amount collected. No budget expense amendment is required.

Union Station's parking facilities are managed by a third-party. Costs associated with the management and operation of these facilities is a part of the Union Station budget and no budget increases are anticipated with the adjustment in parking rates. There will be no impact to any local, state or federal funds.

Impact to Budget

The Program (excepting Union Station) currently generates approximately \$3,000,000 in net revenue per year and staff anticipates that the net revenue will continue to increase as Program implementation occurs and will potentially be up to \$4,000,000 in net revenue per year after capital amortization and all operating costs are absorbed. All net revenue will be deposited in Account 40707 for parking revenue. There will be no impact to any local, state or federal funds.

Union Station management anticipates the fee adjustment will generate an additional \$1.3 million, bringing total annual gross revenue to \$5.5 million. The additional revenue will be utilized to offset increased maintenance and security costs.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Implementing the Program at Metro parking facilities will support:

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- a. Goal 1: Provide high-quality mobility options that enable people to spend less time traveling. The Program reduces patron's travel time by spending less time searching for parking.
 - b. Goal 2: Deliver outstanding trip experiences for all users of the transportation system. Enhancing parking availability and providing well maintained parking facilities improves the patrons' experience of transit trips.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the Metro's Parking Ordinance Administrative Code Title 8 and Metro's Parking Rates and Fee Resolution and not to approve this contract. This is not recommended as Metro's Parking Ordinance, Fee Resolution and Program implementation is a major component of the Master Plan as a long term strategy for managing parking demand. The award of this contract is necessary for the continued implementation of the Program.

NEXT STEPS

Upon approval by the Board, staff will execute Contract No. PS66007000 with L & R Auto Parks, Inc. DBA Joe's Auto Parks for systemwide parking operator services to implement the Parking Management Program.

Union Station's parking adjusted rates will be applied after a minimum 30-day period from Board approval for proper notification of all affected by the rate adjustment.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - DEOD Summary
Attachment C - Metro Parking Ordinance
Attachment D - Metro Parking Rates and Permit Fee Resolution
Attachment E - Supportive Transit Parking Program Master Plan

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