

35813

CITY OF PORTLAND

SMART PARK PARKING GARAGE SYSTEM

STRATEGIC PLAN

JULY, 1999

**CITY OF PORTLAND PARKING GARAGE SYSTEM STRATEGIC PLAN:
MISSION STATEMENT, VALUES, GOALS AND ACTION ITEMS
1999 - 2004**

MISSION: *Our mission is to support the economic vitality of the Central City by providing an affordable system of parking garages which primarily meets the short-term needs of shoppers, visitors and business clients and by investing in other Central City transportation improvements*

VALUES:

- *High-quality customer service and affordable rates are hallmarks of the City's SMART PARK system. We value all of our customers and business partners and will work with them to meet their needs.*
- *We are a business organization, accountable to lenders, City Council and the community. We are committed to sound financial management and efficient operation.*
- *We value innovation that will enable us to meet the challenges of the present and future.*
- *We value our role in providing a transportation system that balances parking, transit, carpooling, cycling and walking to maintain air quality and minimize congestion.*
- *We recognize our responsibility to design garages which enhance the urban environment.*

POLICY FRAMEWORK: *The Central City Plan, Central City Transportation Management Plan, Livable Cities, Prosperous Portland and other applicable documents establish the policy framework which provides guidance for the management and operation of the SMART PARK system. ORS 223.805 - 223.820 and the City's bonding authority establish the parameters under which the system shall be financed and operated. We will ensure that the financial, operational and development policies of the SMART PARK system are consistent with this policy framework.*

GOALS

- 1. FACILITIES OPERATION AND MAINTENANCE:** *Ensure that during the next 20 years the SMART PARK system will continue to provide our customers with facilities which are well-maintained, safe and efficient.*

1.1 Action Item *Update and implement 20-Year Facilities Maintenance Plan to*

- A *Assess capital maintenance needs of the garages*
- B *Continue to undertake routine maintenance*
- C *Schedule repair, reconstruction and replacement of all major subsystems such as elevators, HVAC systems and lighting*
- D *Determine costs, identify resources and schedule projects to assure a predictable flow of expenditures*

Lead Responsibility: BGS, OFA
Timing: On-going

- 1 2 *Action Item. Continue to examine alternative methods of managing, operating and maintaining the system to control costs and maximize customer service*
- A *Experiment with alternative service levels and measure the impact of these on customer service and net revenues*
 - B *Evaluate overhead and administrative costs on an annual basis*
 - C *Prepare a periodic report of results and recommendations for revised management, operations and maintenance measures. Include results from the 1998 SMART PARK system audit in the first report*
 - D *Form partnerships with the business community, cultural organizations, hospitality industry and media to encourage continued patronage of the Central City by informing the public of the availability of affordable parking*

Lead Responsibility BGS

Timing On-going

2. FACILITIES DEVELOPMENT: *Expand the garage system as needed, consistent with the City's plans and policies including but not limited to those related to financial, transportation and economic development*

- 2 1 *Action Item Monitor parking utilization and rates to ensure that there is an adequate supply of affordable parking*
- A *Closely monitor and make rate structure adjustments as necessary to ensure that existing SMART PARK garages are fully utilized*
 - B *Establish a baseline inventory of publicly- and privately-owned/operated short-term parking spaces to determine the proportion of the total short-term supply provided by the SMART PARK system. Concurrently, determine the average hourly parking rates for publicly- and privately-owned parking supplies. Update the inventory and rate study annually*
 - C *Assess the impact that the Westside Light Rail Transit (LRT) will have on short-term parking demand. Undertake similar analysis after the Central City Streetcar's Northwest Portland line opens in late 2000*
 - D *In conjunction with the Association for Portland Progress (APP), undertake survey research on a biennial basis to identify the perceptions of customers – parkers, retail business owners, building owners – regarding the affordability and availability of short-term parking in the downtown core. Also use these surveys to assess customer satisfaction with SMART PARK facilities*
 - E *Explore regulatory mechanisms which can be implemented to ensure that there is an adequate supply of affordable parking if the private market fails to provide it*

Lead Responsibility PDOT (B, C, E), BGS (A, D)

Timing Baseline short-term parking survey/rate study by 12/1/98, initial APP survey and Westside LRT impact analysis by 4/1/99, remaining tasks, on-going

2.2 *Action Item: Recognizing that the City is a major participant in Central City development through its Smart Park system, undertake the following funding priorities*

A *Use parking revenues to assist in funding the construction of the Central City Streetcar*

B *Build garage(s) to meet documented demand:*

- 1 *Identify site(s) in the Downtown Core for one or more garages,*
- 2 *Adjust demand to reflect findings of Westside LRT impact analysis (Task 2.1 C);*
- 3 *Evaluate adding two floors to and re-striping of the 1st/Jefferson Garage, which would yield about 200 additional spaces, if it can be demonstrated that a significant portion of current unmet demand could be satisfied with additional spaces in this Downtown sector,*
- 4 *Fully explore options to use robotic technology*

C *Evaluate any proposed public/private partnerships projecting an increase of affordable short-term parking to determine if it is cost-effective*

D *Explore opportunities for participating in the construction of garages in other Central City districts and in innovative residential/non-residential mixed-use projects, where other funding sources/subsidies are available*

Lead Responsibility PMG

Timing New Downtown garage(s), immediate, other, as opportunities arise

3. **FINANCIAL MANAGEMENT:** *Ensure that decisions related to the use of parking system revenues and other resources, operation and expansion are directed by sound financial plans and policies*

3.1 *Action Item: Review annually the recently-adopted 20-Year Financial Plan and update as necessary*

Lead Responsibility OFA, BGS

Timing On-going

3.2 *Action Item: Undertake a rate review at least twice in the five-year term of this Strategic Plan to evaluate the need/desirability of a short-term parking rate increase, use information on public/private short-term parking rates provided by annual parking inventory and rate survey (Task 2.1 B)*

Lead Responsibility OFA, BGS

Timing First rate review, by end of 2000

3.3 *Action Item: Prepare Five-Year Capital Improvement Program and Five-Year Financial Forecast*

Lead Responsibility BGS

Timing Update annually

4. BEST USE: Maximize use of the SMART PARK system recognizing the unique character, role and market of each garage

- 4.1 Action Item. Develop and implement plans as needed to optimize the use of each garage, consistent with system-wide operations and marketing strategies. These plans will include a demand analysis and operations/marketing elements. Set rate structures which reflect demand and competition provided by nearby private garages.

Lead Responsibility: BGS

Timing: On-going

5. POLICY COORDINATION: Ensure that the SMART PARK system is developed and operated in a manner which is consistent with City policy

- 5.1 Action Item: Continue to designate the Parking Management Group (PMG), composed of representatives from the Bureau of General Services (BGS), Office of Finance and Administration (OFA), Portland Development Commission (PDC), and Portland Office of Transportation (PDOT), as the primary policy review body for the SMART PARK system, including

- A Continue to monitor other public policy decisions which affect transportation and parking,
- B Implement this Strategic Plan,
- C Discuss and coordinate on-going parking system issues

Lead Responsibility: PMG

Timing: On-going

CITY OF PORTLAND

SMART PARK PARKING GARAGE SYSTEM

FINANCIAL PLAN

JULY, 1999

CITY OF PORTLAND

SMART PARK PARKING GARAGE SYSTEM
FINANCIAL PLAN

July, 1999

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CITY OF PORTLAND
SMART PARK PARKING GARAGE SYSTEM
FINANCIAL PLAN

July, 1999

Introduction

The City owned parking garage system was established in the 1970's to meet a number of City objectives including downtown economic vitality, providing a balanced transportation system, and financial stability. The garages have been very successful in meeting these objectives, as noted elsewhere in this Plan. However the City, and the parking garages, find themselves in a very dynamic environment. Careful planning is essential if the system is to continue to fulfill its mission, and do so in a financially sound manner. This Financial Plan establishes the financial policies and procedures that will ensure the operational and financial success of the system.

Background

The City of Portland owns seven parking garages in downtown Portland. They are:

3rd and Alder	849 spaces
10th and Yamhill	800
4th and Yamhill	650
Front and Davis	441
O'Bryant Square	123
1st and Jefferson	990
Portland Building	<u>63</u>
Total	3916

All of these except the Portland Building are in the Parking Facilities Fund. The Portland Building garage is part of the Facilities Services Fund, and is simply one program within that Fund. Planning is underway for an eighth garage.

The City has contracted with the Association for Portland Progress (APP) since 1985 to provide day-to-day management of the garages. APP in turn has a number of subcontracts to provide operations, security, janitorial, sweeping, and marketing services for the garages. APP also manages the City's FreePark validation program.

The garages are known as the "Smart Park" garage system, and have a logo with that name and symbol. The Portland Building garage is not technically part of the system because its rate schedule is different from the other garages.

Usage at the garages has grown rapidly in recent years, especially since we began the Smart Park marketing program six years ago. The garages are full frequently during the peak weekday hours from 10:00 a.m. to 4:00 p.m. Usage has also grown dramatically in the evening and weekend periods. As a result, the financial condition of the garages is strong, and getting even stronger. We have been able to catch up with all deferred maintenance, and are now on a regular capital maintenance schedule.

The garages also include some commercial retail space at 10th and Yamhill, 3rd and Alder, Front and Davis, and 1st and Jefferson. This is managed by the Bureau of General Services' Property Management section. Rates and policies are set by BGS in accordance with standard industry practices in downtown Portland.

In 1997 a mixed-income housing project adjacent to East Precinct, known as the Floyd Light Apartments, was built. To facilitate financing, the net revenues of the original five parking levels of the 4th and Yamhill garage were pledged as a backup to the primary financing. This debt will be paid off in 2012. Although the City does not expect that these parking revenues will be needed to support the housing project, their capacity to support other projects in a similar manner in the future is now extremely limited.

PDOT is currently building a Central City Streetcar Project (CCSP) in the area from Northwest Portland to Portland State University. Capital costs associated with the CCSP are currently estimated at \$42 million. Of the \$42 million, about \$31 million is currently expected to be contributed by the Parking Facilities Fund: \$2 million in cash and \$29 million in the form of bond proceeds. The bonds will be amortized over 25 years with annual debt service requirements estimated to average about \$2 million.

Drawing down reserves of the Parking Facilities Fund will make the cash contribution to the CCSP. Annual debt service expenditures will be paid from parking system revenues. Short-term parking rates were recently increased by \$.20/hour to assist in paying this increased cost. The rate increase generates an additional \$.9 million per year. The remainder of the debt service obligation will be paid from existing net revenues of the parking system.

The impact of the CCSP on the Parking Facilities Fund include the following:

- 1 Resources of the Parking Facilities Fund will be sufficient to fully meet system expenditures and the debt service requirements associated with the CCSP contribution. However, adding a new garage may require an additional increase in short-term parking rates depending upon the terms of the new facility.
- 2 The reserve for future construction will decrease over the forecast period. It will not reach its desired maximum of \$6 million until after bonds on 3rd and Alder and 10th and Yamhill are paid off in 2003-2004 and 2004-2005. However, reserves for major maintenance and operations will remain fully funded throughout the forecast period.
- 3 Council's decision to use the Parking Facilities Fund's net revenues for the Streetcar results in the probability that the fund, at current rates, will not be able to finance other transportation projects in the Central City for at least the next ten years. Neither will it be able to subsidize or otherwise assist Central City projects such as housing or a project in the North Macadam District
- 4 The possibility still exists that an economic downturn could affect usage at the garage. Also, the financial performance of any new garage is uncertain. While the Fund Projection and this Financial Plan use relatively conservative assumptions, a "worst case" scenario could have serious consequences, since there would not be as much financial flexibility in the Fund.

Planning and Policy Framework

In 1994, the **Smart Park Strategic Plan** was adopted. It established the mission for the system and identified a number of tasks that needed to be accomplished in order to ensure the continued success of the system. One of those tasks was the completion of this Financial Plan. The Strategic Plan Mission Statement was:

Our mission is to support the economic vitality of the Central City by providing an affordable system of parking garages which primarily meets the short-term needs of shoppers, visitors and business clients and by investing in other Central City transportation improvements.

In 1996, the **Facilities Development Plan** was completed. This Plan established a number of strategies needed to ensure that the Smart Park system continues to meet the demand for short-term parking. These strategies include construction of new facilities, restriping, rate adjustment, provision of bicycle and carpool parking, and other demand management techniques. This Financial Plan helps the City to ensure that we can afford all necessary strategies without undue risk.

In 1996, the **Central City Transportation Management Plan (CCTMP)** was completed. The CCTMP is a part of a continuous planning process intended to promote economic vitality, livability, and environmental quality for Central City residents, workers and visitors. According to the CCTMP, parking structures are the preferred method of providing short term parking in the Downtown. New parking structures would be built to promote the use of alternative transportation, such as transit and carpool, to support existing and new economic development and to enhance the urban form of the Central City. Implementation of this Financial Plan would be consistent with policies of the CCTMP.

All City bureaus with capital assets are required to prepare an annual **Capital Improvement Plan**. The Bureau of General Services has prepared such a plan for the garage system each year. The focus of this plan has been primarily the scheduling of major maintenance projects, so that they are completed in a timely manner, but in a way that minimizes the financial impact in any one year.

In 1996, the Bureau of General Services completed a detailed **Long-Range Major Maintenance Plan** for the garages. This plan identifies each of the major subsystems of the garages (elevators, electrical, structural, etc.). It notes the maintenance history of each and forecasts the maintenance needs of each for the next twenty years. It estimates the cost of each, and totals the costs by year so that we know how much we must plan to spend to ensure that each will continue to perform its function reliably.

For a number of years the Bureau of General Services has prepared a **Fund Projection** that forecasts revenues and expenditures for the system for the coming five years. This financial planning document has helped us to ensure that the system's financial health is

maintained. This Financial Plan incorporates the Fund Projection and will provide the basis for its future updates

The current Fund Projection incorporates the following assumptions:

- a. Parking revenue grows at 3%, without a rate increase. This is due to increased demand, especially increased demand during off-peak (evening and weekend) periods
- b. Commercial rent revenue grows at less than 1%
- c. Operations and maintenance expenses grow at 3%. This is approximately the long term Portland area CPI for this type of expense
- d. Debt service is the established payment schedule for each of the debt issues
- e. CIP's are the annual average expenditure required for each garage and was determined by the 1996 major maintenance study.

Overall, parking revenues have grown in recent years by about 10% per year. The reasons for this substantial growth include:

- a. the growth in downtown retail
- b. the very effective Smart Park marketing program
- c. effective management
- d. the high level of customer service the system provides
- e. reasonable rates
- f. reliable availability of short term parking
- g. the February, 1998 rate increase from \$ 75 to \$ 95 per hour

Expenditures have grown about 2-3% This expenditure growth is due to

- a. inflation
- b. increasing maintenance needs of an aging system
- c. increased staffing to serve the growing number of customers

The difference between the revenue growth and expenditure growth is reflected in the increase in the size of the Fund Balance. This Fund Balance has in the past constituted the system's operating and maintenance reserves, and has been the resource for system expansion, in particular, the two story addition to the 4th and Yamhill garage

Operational Objectives

The City's basic objective is to accomplish the Smart Park Mission. We use the following strategies to do so.

a. High quality customer service. Specifically, this means such things as ensuring an adequate number of well trained attendants to provide courteous, efficient service when a customer leaves. We want to minimize the length of time they have to wait, and to make their interaction with us as pleasant as possible. In addition we want them to feel safe and secure in the garage, and want them to have as clean and well maintained a facility as possible. This level of service gives us satisfied customers who will return to the garages and recommend us to their friends.

b. High quality maintenance. This means keeping the elevators (which are very heavily used) operating virtually non-stop, replacing burned out lights promptly, repairing damaged sections of the garage quickly and completely, removing graffiti promptly, etc. It also means ensuring that the major and very expensive subsystems of the garages (lighting systems, structural systems, revenue control equipment, etc.) are repaired and/or replaced on a regular basis. Again, customers will feel more comfortable knowing that their garage can be relied on to function safely and effectively. We also keep our maintenance costs as low as possible by staying current and not having to fund inherently costly deferred maintenance projects.

c. Effective marketing. Smart Park operates in a very competitive environment. As part of downtown, we compete with the suburban malls for shoppers. For those motorists who do come downtown, we compete with privately owned garages and on-street meters, especially on evenings and weekends. We also face the challenge of the relatively widespread but incorrect perception that downtown parking is unavailable, inconvenient, expensive, and generally a hassle. We must sell the convenience and attractive price of Smart Park if we are to meet our mission. Thus an aggressive marketing program is essential.

d. Effective management. The Association for Portland Progress has provided a consistent, high quality level of management service. Through careful planning and attention to detail, they have ensured that customers have received the service they expect and the City demands. APP has also provided careful and effective coordination with the downtown business community, which depends heavily on the success of the garages to promote their own business objectives.

e. Planning and Development. The Bureau of General Services and the Parking Management Group (which consists of representatives of the Bureau of General Services, Office of Transportation, Office of Finance and Administration, and Portland Development Commission) assesses parking demand and develops funding and development strategies to ensure critical short term parking needs are met.

Fund Balance/Reserve Policy

The Fund will maintain three reserves:

- 1 An operating reserve of 10% of one year's total budget, not counting debt service
- 2 A major maintenance reserve of one percent of the replacement value of the garages, which was about \$700,000 for FY 99
3. A capital construction reserve Its size will be determined as described in the Annual Update.

Operating Reserve

The operating reserve standard is the level recommended by the Government Finance Officers Association. They recommend 5-10% depending on the level of risk. The appropriate point on that range depends on our assessment of the nature and degree of financial risk for the system. The risks to the City in the parking business are relatively high. They are.

a. Smart Park operates in a competitive environment, which is rare if not unique in government. The competition comes from privately owned garages, parking meters, and especially suburban malls where parking is free. An economic downturn or other financial distress suffered by downtown business would be directly reflected in parking garage usage and revenues.

b. The City is in the parking business because we are expected to take on a level of risk that the private sector is not willing to assume. Short-term parking is not inherently profitable if the rate is to remain affordable. In fact the City's experience in all of our garages but especially Old Town shows that we must expect losses in the early years if not the life of the garage debt. Affordable short-term parking is critical to the success of downtown. Our rates must always be below market so that this important public objective can be achieved.

Given this inherently risky financial environment, a relatively high reserve is warranted. It will ensure that the system continues to remain financially healthy almost regardless of the social or economic environment.

The operating reserve will be used for the following purposes:

- 1 To maintain service levels when economic, social, or other conditions cause usage and revenues to decrease.
- 2 To fund investment opportunities that will allow the City to take advantage of business opportunities that will increase service and/or

reduce costs.

Major Maintenance Reserve

The major maintenance standard is similar to one used in Oregon statutes that sets reserve requirements for non-general fund state facilities. Facilities such as parking garages that are exposed to the elements are especially prone to maintenance problems, as the City's experience shows. If we are to maintain a high level of reliability and customer service, we must be able to respond to any maintenance problem quickly. This reserve assures our ability to do so. Note that this reserve is in addition to the ongoing maintenance budget for the garages.

The maintenance reserve will be used for the following purposes:

1. To fund one time, emergency, or unanticipated expenditure requirements that cannot be covered by the major maintenance or operating budget.
2. To maintain major maintenance project funding levels in the event of unanticipated revenue reductions.
3. To provide adequate cash flow when major maintenance projects exceed the annual average for them established in the CIP and major maintenance plan

The Fund will not maintain a replacement reserve. By completing major maintenance projects each year replacement of the facilities can be deferred for a substantial period of time

If the operating and maintenance reserves are lower than these amounts the Fund will use higher than budgeted revenues and/or lower than budgeted expenditures to replenish the reserve. If within one year the reserves are not replenished to the levels required by this Plan, the City will raise rates in an amount sufficient to bring them up to those levels within two years

Capital Construction Reserve

The purpose of the Capital Construction Reserve is to fund, in part, the construction of new parking facilities. The City's experience shows that a new facility cannot be built and operated at a break even basis for a long period of time, if at all, given the rate policy that we have. Accordingly, a reserve is needed to provide the subsidy needed to allow a new facility to break even.

If the capital construction reserve is not fully funded, BGS will evaluate the Fund Projection as part of the Annual Update to determine if forecast net revenues of the system will be sufficient to provide the cash financing needed for new facilities, by the

time those facilities are forecast to be needed. If the Update shows that the Reserve will not be fully funded, the City will consider raising rates to fund it. This increase may occur prior to the expected construction of the new facilities. However, if an early rate increase would have a negative impact on the achievement of the Mission and Goals of the system, the increase may be deferred until needed to pay debt service and operating expenses of the new garage

Policies Regarding Uses of Parking Revenues

Expenditure Policies

1. The City will continue its policy of spending sufficient funds on basic services such as attendants, security, janitorial, minor maintenance, and marketing to ensure that customers consistently receive a very high quality level of service
2. The City will continue its policy of carefully planning and funding major rehabilitation and maintenance of the garages so that they will continue to provide a high quality, consistent, efficient, and reliable service for the indefinite future. The City will update and implement those plans each year.
3. All expenditures will be consistent with the System's values established by the Strategic Plan, and will support the Mission and Goals set by the Strategic Plan
4. The priority for the use of parking system revenues is as follows, and as reviewed in the Annual Update
 - a. Operations and maintenance of all garages
 - b. Debt service on the garages.
 - c. Funding the garage Operating Reserve and Major Maintenance Reserve
 - d. Debt service on the Streetcar bonds
 - e. Continuation of the ongoing transfers (\$1,256,000 in FY 99-00) from the former Autoport Fund to the Transportation Fund, adjusted for inflation. However, if future City financial plans show that these transfers are no longer necessary, or are no longer the most efficient way to meet PDOT expenditure requirements, this priority may be changed
 - f. Funding the Capital Construction Reserve.
 - g. Funding other parking and traffic improvement projects, and assisting other Central City improvement projects such as high density, affordable housing, as allowed by state law

Policy regarding determining the amount of a fair return

The City Attorney has advised the City that ORS 223.845 (6) allows "Payment to the City of a fair return on its investment in the facility for the purpose of making additional parking and traffic improvements". The Attorney also advised that the determination of what a "fair return" means in dollars is an administrative decision

There are two approaches to determining the amount of a fair return.

1. A conservative approach would be to use the Comprehensive Annual Financial Report (CAFR) values to determine the amount of the investment, and use the PUC formula for rate of return for regulated utilities (9.6%) as the rate of return. For FY 1998-99 this

approach allowed an annual return of about \$3,700,000 (including the Autoport)

2. Another approach would be to use replacement, or market value, and the PUC rate of return. This allowed a FY 98-99 return of about \$4,100,000.

Use of CAFR values seems excessively conservative, because they do not reflect the true market value of the property. If the City were to sell the garages the net proceeds would be construction cost of an equivalent facility, plus land value, less depreciation and outstanding debt. This suggests that the market value approach is more realistic.

Accordingly, the policy is that the amount that is made available for these improvements is limited to the rate of return allowed by the PUC for regulated utilities, applied to the market value of the garages. The City may raise rates to fund these projects, consistent with the other goals and policies in this Plan and other Plans. The policy by which specific parking and traffic improvements will be funded will be established in the Annual Update

Other policies regarding use of net revenues

The construction of the two new floors at 4th and Yamhill, plus the probable construction or acquisition of a new garage, create a new and higher level of risk for the system. The financial projections for these new facilities show that they will be financially successful. These are reasonable forecasts, but they are only forecasts. Furthermore the financing of the Streetcar creates a new and substantial claim on the resources of the Fund

Accordingly, in order to ensure that the system successfully absorbs the new facilities no new expenditures, i.e., additional parking facilities or additional transfers to the Transportation Fund, will be made until the City assesses not only the performance of the new parking facilities, but also the impact of all the other private developments in downtown on parking demand and revenues to determine the financial feasibility of making other investments.

The City has funded non garage operations in the Transportation Fund for many years. This has been in the form of cash transfers from the net revenues of the former Autoport Fund to the Transportation Fund. The FY 1999-00 level is about \$1.2 million. This has been done without any risk to the Fund, because the net revenues have been more than sufficient to fund the transfers. This funding level falls well within the fair return allowed the City. The City will continue this level of transfer in future years, adjusted for inflation. However, if future City financial plans show that these transfers are no longer necessary, or are no longer the most efficient way to meet PDOT expenditure requirements, this priority may be changed

Debt Policy

The City of Portland Debt Policy will govern the debt policies and practices of the Parking Facilities Fund. An important feature of parking system debt is that the revenues of each of the garages in the Fund are cross pledged to the bondholders of the other garages debt. Another feature is that the coverage ratio for parking garage debt is enhanced by the pledge of net parking meter revenues.

The City has consistently used the net revenues of the downtown core garages to cover the financial shortfalls of the Front and Davis garage, and will continue to do so. However, the City has never needed to use net meter revenues to support the garage debt or operations. It is the City's policy that the garages will be managed in such a way that whenever possible net meter revenues will not be used in that way in the future.

The coverage ratio required by the bond covenants is 1.5. It is the City's policy that the Fund will achieve the ratio on its own, without use of net meter revenues, whenever possible.

Rates Policies

Rates will be set to achieve the following objectives:

1. To meet the system's objectives.
2. To ensure the financial health of the system
3. To ensure that parking is affordable for downtown visitors and businesses
4. To implement the City Council's transportation objectives.

The most important rate is the basic rate for short-term (less than four hours) daytime parking. This rate will be as low as possible to maximize objectives #1 and #3 above. It will be raised as little as possible, and only when needed to meet objectives #2 and #4. Short-term rates will be below market. Only City Council Resolution or Ordinance will adjust short-term rates.

The City will consider the need for an additional increase in the short-term hourly rate as part of the analysis of the project to site and build or acquire a new east downtown garage. The City will account for the cost of land, cost of construction, financing costs and related issues in determining the need for such an increase.

The rate for long-term parking (greater than four hours) and the all day maximum will be as high as necessary to ensure the availability of short-term space. Long-term parking is acceptable in order to maintain objective #2, but not at the expense of short term supply. Generally, long-term rates will be set at or above the market rate for the area.

The rate for evening parking will be set to achieve all four objectives. Market rates will be a consideration. This means that we will try to be consistent with the market to maximize revenues, but not if it discourages potential customers from coming downtown for events.

The rates for monthly parking will be set to achieve objective #2. The City is not in the business of providing monthly parking, but will do so when short-term demand does not fill the garages. (In the case of the 1st and Jefferson garage, we will also provide long term parking to City Fleet vehicles.) Market rates will be used to determine these rates.

Carpool rates for each garage will be set at 75% of the monthly rate for that garage.

Annual Updates

Each year the Interagency Parking Group (the Bureau of General Services, the Office of Finance and Administration, the Portland Development Commission, and the Portland Office of Transportation,) will complete an update of this Plan. This update will:

1. Determine whether or not the system is meeting the Operational Objectives described in this Plan. If not, the update will include a plan to achieve that objective.
2. Determine whether or not the system's coverage ratio meets or exceeds 1.5. If it does not, the update will include a plan to achieve that objective
3. Determine whether or not the Ending Fund Balance is sufficient to fund the system's operating and maintenance reserves. If it is not, the update will include a plan to achieve that objective.
4. Determine if the Balance is sufficient to pay the Streetcar debt. If it is not, the update will include a plan to achieve that objective
5. Determine if the Balance is sufficient to transfer to the Transportation Fund an amount equivalent to the FY 1997-98 ongoing transfer \$1,163,000 (not including the one time transfers), adjusted for inflation. If it is not, the update will include a plan to achieve that objective. If future City financial plans show that these transfers are no longer necessary, or are no longer the most efficient way to meet PDOT expenditure requirements this priority may be changed.
6. The Annual Update will assess the need to build additional parking facilities. These could include any project consistent with the Strategic or Facilities Development Plans. If there is such a need, the update will include an estimate of when they will be needed, how much they will cost, and will establish a funding strategy. The strategy will calculate the amount per year that will need to be set aside to fund the new facilities. For example, if \$5,000,000 is needed 5 years from now, \$1,000,000 of the remaining net revenues will be placed in the Capital Construction Reserve. This Reserve will be set aside to offset the cost of the new facilities.
7. The update will also assess the need for other parking and traffic improvements that may be funded by the Parking Facilities Fund, as allowed by state law. Any funds in excess of the amount needed for the Capital Construction Reserve will be available for other parking and traffic improvements, as allowed by state law. If the Parking Group determines that these improvements have a priority over the funding of the Capital Construction Reserve, it may make findings to Council to that effect in the Annual Update.

RESOLUTION No.

Approve a Strategic Plan and a Financial Plan for the City owned (Smart Park) parking garages

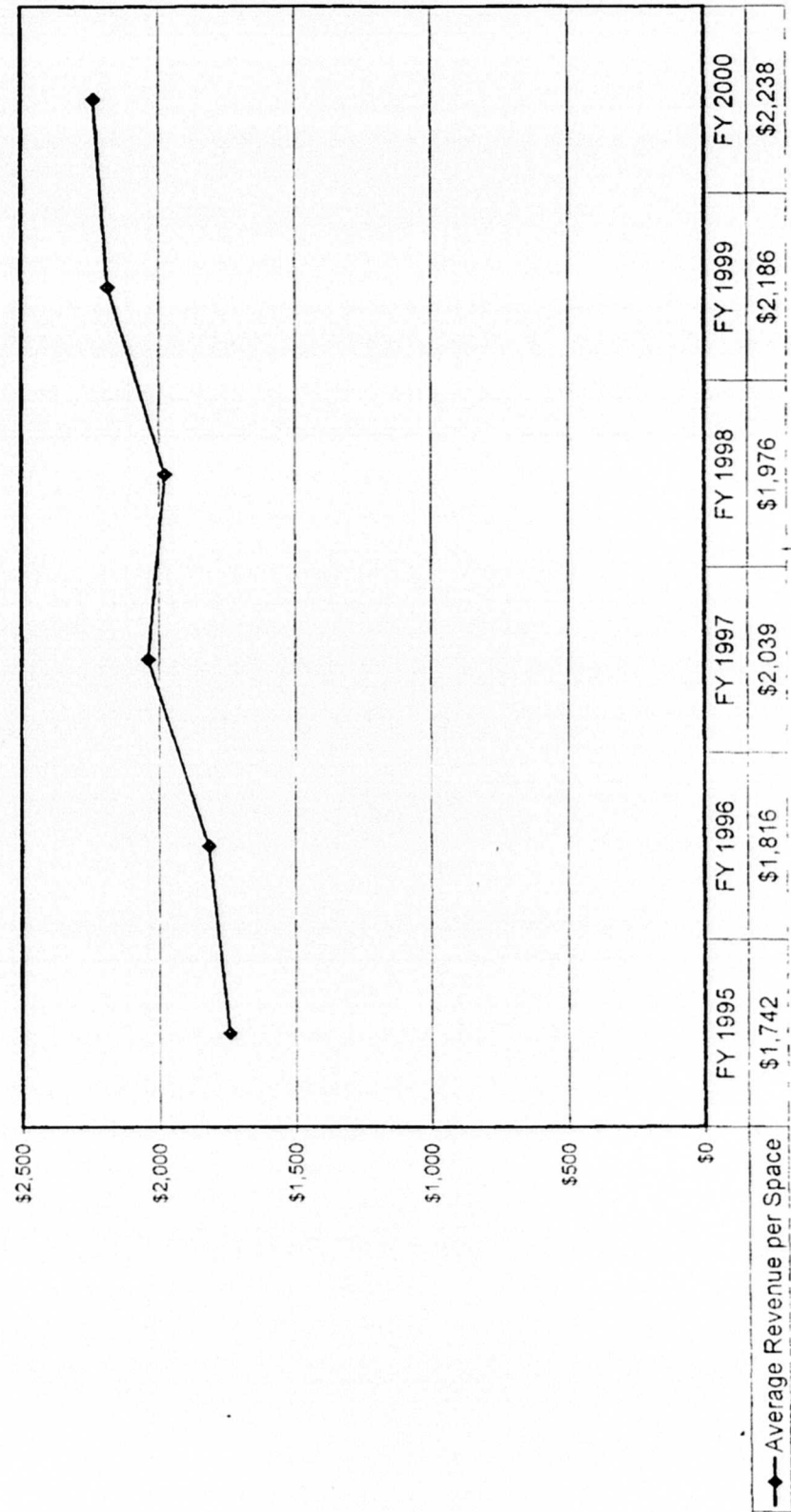
WHEREAS, the City owned Smart Park parking garage system has been very successful in recent years in meeting the growing demand for short term parking while at the same time strengthening its financial condition.

WHEREAS, continued demands to increase the supply of short-term parking and to assist with the financing of other transportation objectives strengthen the need for careful financial planning to ensure that the system will continue to successfully meet its objectives

WHEREAS, the Interagency Parking Group, consisting of the Bureau of General Services, Portland Office of Transportation, Portland Development Commission, and the Office of Finance and Administration, have carefully drafted these Plans to ensure that all system and City objectives are met

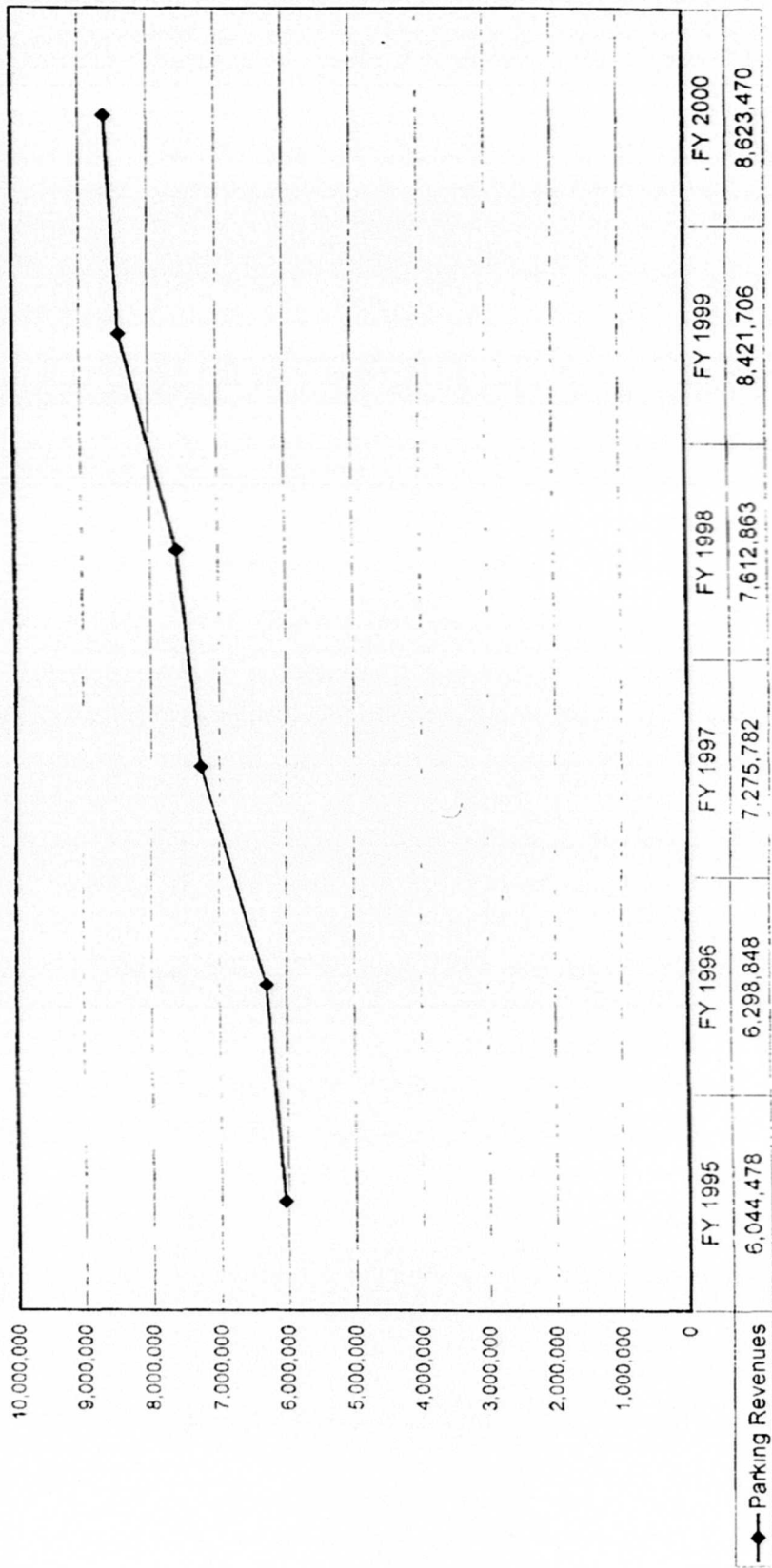
NOW THEREFORE BE IT RESOLVED, that the City Council adopts the attached Strategic Plan and Financial Plan effective immediately, directs that they be used to guide decisions regarding the Smart Park system, and calls for the Annual Updates to be completed as detailed in the Financial Plan

Average Revenue per Space
for all Garages except Portland Building



FY 97-98 revenues were affected by 4th & Yamhill construction

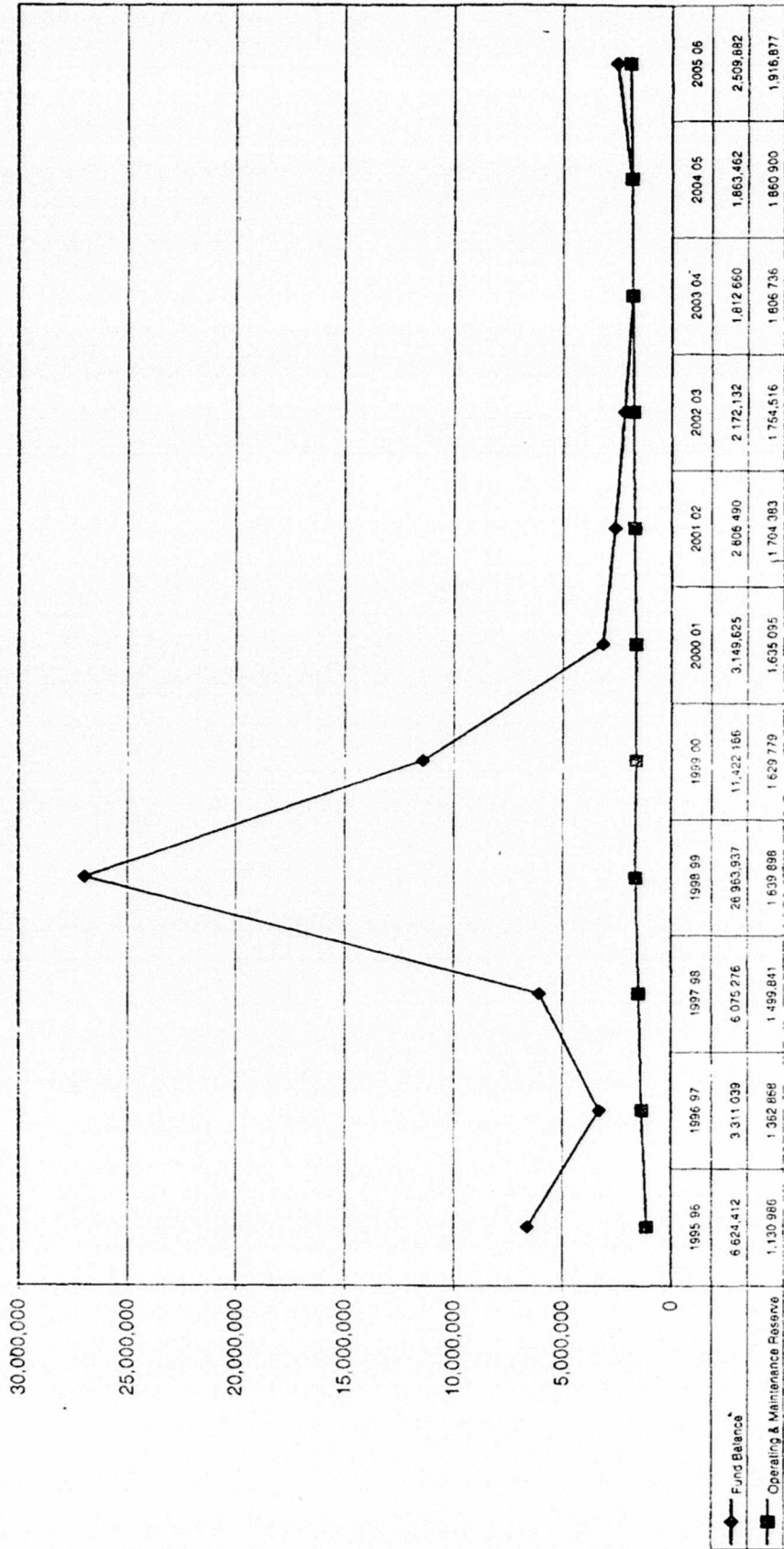
Parking Revenues for the Parking Facilities Fund and the Autoport



Percentage Increase

Strong economic conditions and Smart Park marketing have produced the consistent revenue growth

Parking Facilities Fund Balance



The projection presumes a \$ 05 per hour increase for short term parking beginning July 2000.

35813

RESOLUTION NO.

Approve a Strategic Plan and a Financial Plan for the City owned (Smart Park) parking garages. (Resolution)

WHEREAS, the City owned Smart Park parking garage system has been very successful in recent years in meeting the growing demand for short-term parking while at the same time strengthening its financial condition; and

WHEREAS, continued demands to increase the supply of short-term parking and to assist with the financing of other transportation objectives strengthen the need for careful financial planning to ensure that the system will continue to successfully meet its objectives; and

WHEREAS, the Interagency Parking Group, consisting of the Bureau of General Services, Portland Office of Transportation, Portland Development Commission, and the Office of Finance and Administration, have carefully drafted these Plans to ensure that all system and City objectives are met;

NOW THEREFORE, BE IT RESOLVED, that the City Council adopts the attached Strategic Plan and Financial Plan effective immediately, directs that they be used to guide decisions regarding the Smart Park system, and calls for the Annual Updates to be completed as detailed in the Financial Plan.

ADOPTED by Council, **AUG 11 1999**
Commissioner Francesconi
Steve Goodrich G Khater
July 22, 1999

GARY BLACKMER
Auditor of the City of Portland
By *Britta Olson*
Deputy

1161

Agenda No

RESOLUTION NO.

35813

Title

Approve a Strategic Plan and a Financial Plan for the City owned (Smart Park) parking garages (Resolution)

INTRODUCED BY	DATE FILED
COMMISSIONER FRANCESCONI	AUG 06 1999 Gary Blackmer Auditor of the City of Portland
NOTED BY COMMISSIONER	By <u>Gary Kershner</u> Deputy
Affairs	
Finance and Administration	
Safety	
Utilities JF/KAG	
Works	
BUREAU APPROVAL	For Meeting of _____
Bureau GENERAL SERVICES	ACTION TAKEN:
Prepared by <u>MM</u> Date Steve Goodrich G Khater 7/22/99	
Budget Impact Review	
___ Completed <u>X</u> Not Required	
Bureau Head DAVID O KISH <u>DOK</u>	

AGENDA	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS		
			YEAS	NAYS
Consent Regular <u>X</u>	Francesconi	Francesconi	✓	
NOTED BY	Hales	Hales	_____	
City Attorney	Saltzman	Saltzman	✓	
City Auditor	Sten	Sten	✓	
City Engineer	Katz	Katz	✓	