



## **Governance and Priorities Committee Report**

### **For the Meeting of November 5, 2015**

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**To:** Governance and Priorities Committee      **Date:** October 30, 2015  
**From:** Susanne Thompson, Director of Finance  
Katie Hamilton, Director of Citizen Engagement and Strategic Planning  
**Subject:** 2015 Parking Services Budget

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### **RECOMMENDATION**

That Council:

1. Receive this report for information and consideration
2. Direct staff to report back with an update in January, 2016

### **EXECUTIVE SUMMARY**

On August 20, 2015 the Governance and Priorities Committee received a report outlining the current status of the 2015 budget, including the reduction in parking fine revenues. At that time, staff advised that a detailed report analyzing the revenue shortfall including opportunities to mitigate would be provided for Council's consideration.

There are a number of contributing factors to the forecasted revenue shortfall. The most significant driver is fewer tickets issued, mainly due to improved customer awareness and efficiency of the overall parking system. Fewer tickets are also attributed to improved payment and parking options, increased parkade use, and flexible rate and time limits.

Overall parking revenues are expected to be below budgeted expectations by approximately \$400,000. While parkades and surface parking lots are tracking higher than anticipated, parking enforcement, parking lots and parking permits are below the 2015 financial plan budgeted amounts (see Appendix A for more detail). This shortfall will impact the City's year-end surplus.

To mitigate the shortfall, additional parking on the top floor of the Johnson Street parkade has been opened up to allow for more parking, and staff are proactively monitoring on-street activities that require parking permits (last 3 month average is 45% above the previous annual average). Staff are also exploring bringing coin-counting in-house to reduce costs in future years. There are a number of additional options to further mitigate the expected shortfall, such as implementing additional parking zones and rate changes, that would require Council's approval before they could be implemented. Should Council wish to explore these alternatives staff could bring forward options for Council's consideration. Since, at this time, revenues for parkades and on-street parking are exceeding expectations, it is recommended that Council delay a decision on additional options. Staff will bring forward an update report in January 2016.

## PURPOSE

The purpose of this report is to provide Council with details on the 2015 parking estimated revenues and costs, and measures taken to mitigate this shortfall.

## BACKGROUND

On August 20, 2015, the Governance and Priorities Committee received a report on the current status of the 2015 budget. The committee discussed the rationale for the reduction in parking fine revenues, and were advised that staff have begun reviewing opportunities to mitigate this shortage, and would present options for Council's consideration.

## ISSUES & ANALYSIS

### 2015 Budget Impact

The drop in parking enforcement revenue is mainly a result of fewer tickets issued. The annual number has been decreasing over the last three years, from 175,000 in 2013, 158,000 in 2014 to an estimated 130,000 in 2015 resulting in a reduction in the associated revenues from \$4.6 million in 2013, to \$4 million in 2014, with a projected \$3.15 million for 2015. Fewer tickets can be attributed to improved payment options (ParkVictoria), increased parkade use, more flexible rates and time limits for on-street parking, and improved public awareness and communication. These issues are described in more detail below:

- Payment Efficiency: Improved payment options via use of the ParkVictoria parking app has continued to grow (currently 9% of on-street use; up from 1.53% use in December 2014) exceeding the use of the City of Victoria parking card. These payment options allow the public to add more time when parking, if required.
- Parkade Use: Increased parkade use (60% increase from September 2014) has resulted in fewer on-street parking transactions downtown. Parking in parkades allow drivers to park for longer periods, avoid receiving violations, and eliminates the need to pre-determine how long you will be parking.
- Flexible Rates: More flexible rates and time restrictions for on-street parking are in place. Increased time restrictions outside the immediate downtown core allow drivers to park for longer periods, if desired. People are choosing to park outside the core area, in exchange for being able to park for a longer time (3, 4, and 24 hour parking transactions are up between 2.6%-9.9%, while 90 minute and 2 hour parking is down more than 4%).
- Awareness: Improved public awareness and communication of convenient parking and payment options has resulted in greater compliance with parking regulations, and fewer violations.

Other parking revenues have decreased in the following areas:

- Bastion Square: The reduction in Bastion Square parkade revenue coincides with the 2014 rate changes that attracted more shorter-term parking in this parkade (48% increase from September 2014).
- Wharf Street: The reduction in parking lot revenue is the result of special events taking place on the recently acquired parking lot at 900 Wharf Street. Previously, the Provincial Capital Commission would cover these costs on behalf of the special events taking place; with the change in ownership to the City, the City did not recover these costs from non-profit event organizers in 2015. The 2016 budget has been revised to reflect this reduced revenue (\$20,000).
- Development Impacts: Parking permit revenue is dependent on the level of development activity taking place as well as the impact the development has on the on-street parking. Therefore, it is

difficult to estimate this revenue stream. For example, the size and siting of a proposed development on a lot, as well as the method of construction/excavation used, affects how much street space will be needed by a contractor. To improve forecasting, seeking input from large-scale development proponents at the planning stage may be beneficial, as these large projects will take these permit charges into consideration as part of their overall project budgeting process.

Some additional expenses have been identified in the following areas:

- The City has a revenue sharing agreement with the provincial government<sup>1</sup> for the Broughton Street parkade. Increased revenues for the parkade (projected to be \$195,000 in 2015) will increase the amount paid to the province by approximately \$100,000.
- Training and orientation for the new parking ambassadors will start in December at an estimated cost of \$60,000.

These expenses are offset by a vacancy as well as reduced payments to the current parking enforcement contractor.

### Future Considerations

Implementation of the Parking Ambassador model continues as planned, with positions being offered and filled, after a very competitive recruitment and 490 applicants. The hires for the Ambassador position are a mixture of those with customer service and parking services experience; some are currently Commissionaires. A supervisor is now in place and a review of the customer service model is underway to introduce new customer service tracking systems and turnaround times. A comprehensive orientation and training program, and policy framework are also in development. Training will begin the first week of December, for a program launch January 1, 2016. The program implementation is within the Council-approved budget.

As part of the Draft 2016 Financial Plan, the proposed 2016 budget for parking services anticipates a net reduction of \$400,000 compared to 2015 with an offsetting reduction in the transfer to the parking reserve fund. A portion of parking revenues are used to fund parking debt or reserve fund transfers, which are both used to fund capital improvements. For 2016, the proposed amount for the reserve transfer is \$321,000 compared to \$807,000 in 2015. Should revenues exceed the proposed budget for 2016, there would be an opportunity to reinstate this reserve funding.

Regardless of how future revenues are managed, timely, accurate and ongoing parking revenue estimates will always be required to enable adequate financial planning and reduce related budgetary risks. Parking revenue covers the cost of parking services and is used to fund other City services and programs; a decrease in actual revenue, compared to budgeted forecasts, impacts the City's year-end surplus, which Council allocates as part of the financial planning process.

## **OPTIONS & IMPACTS**

### Option 1 (recommended)

Continue to proactively monitor the parking revenues and mitigate shortfalls and report back to Council in January 2016.

Since revenues for parkades and on-street parking are currently exceeding expectation and the impact of the customer service improvements that Council approved for parking services last year continue to

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<sup>1</sup> Net revenue share agreement of May 1980 stipulates province is awarded 68% of the net Broughton St. Parkade.

be monitored, it is too early to determine whether additional changes are required to offset the revenue shortfalls.

#### Option 2

Direct staff to bring forward options to generate additional revenues to mitigate the projected shortfall.

While the City's recent improvements to parking have resulted in reduced tickets and a related decrease in revenue, there are additional options that can be explored to improve revenue generation including new parking and parkade zones, revised parking rates on-street and in parkades, increased street permits and fines, evening and/or Sunday parking and increases to parking fines.

Since a comprehensive review was recently done and changes were implemented, it may be too premature to review the above options now. Should Council wish to explore any of the options, staff could bring a detailed report forward for Council's consideration.

#### **CONCLUSIONS**

The changes made to the parking services model over the past year is realizing the intended objectives of increased transaction and improved customer experience. It has created more parking choices and payment options that have subsequently reduced the number of tickets. However, overall parking revenue has been reduced and any suitable options to mitigate the financial impacts of these changes must be well understood, carefully applied and diligently monitored.

Staff have already increased monitoring and reporting and will continue efforts to improve the complete parking business model to improve forecasting, customer interfacing, reduce costs, and optimize system efficiencies.

Respectfully submitted,



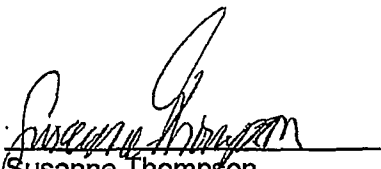
Brad Dellebuur, Manager  
Transportation



Ismo Husu, Manager  
Parking Services

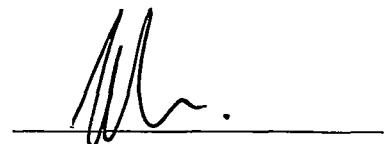


Katie Hamilton  
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Susanne Thompson  
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Report accepted and recommended by the City Manager:



Date: November 2, 2015

## APPENDIX A: PARKING COSTS / REVENUE SUMMARY

### 2015 Parking Services Projected Revenues

Description	2015 Budget	Projected Dec 31, 2015 Balance	Projected Surplus/(Shortfall)
Centennial Square Parkade	322,000	357,000	35,000
Johnson Street Parkade	550,000	635,000	85,000
Bastion Square Parkade	990,000	860,000	(130,000)
View Street Parkade	1,047,800	1,067,800	20,000
Broughton Street Parkade	1,000,000	1,195,000	195,000
Parking Meters	6,200,000	6,515,000	315,000
Parking Lots	754,000	733,000	(21,000)
Parking Permits	678,000	606,000	(72,000)
Parking Enforcement	4,280,000	3,153,000	(1,127,000)
<b>Total Projected Shortfall</b>	<b>15,821,800</b>	<b>15,121,800</b>	<b>(700,000)</b>

### 2015 Parking Services Projected Expenses

Description	2015 Budget	Projected Dec 31, 2015 Balance	Projected Savings/(Overage)
Parking Meter Collection – Part Time	63,000	3,000	60,000
Uncollectable Parking Fine Write Off	1,100,000	900,000	200,000
Parking Enforcement Contract	1,200,000	1,000,000	200,000
Broughton Parkade Revenue Split with Province	330,000	430,000	(100,000)
Parking Ambassadors	0	60,000	(60,000)
<b>Total Projected Savings</b>			<b>300,000</b>
<b>Total Projected Net Shortfall</b>			<b>(400,000)</b>