

**CITY OF NEWPORT BEACH
FINANCE COMMITTEE STAFF REPORT**

November 7, 2011

TO: HONORABLE CHAIR AND MEMBERS OF THE COMMITTEE

FROM: Administrative Services Department
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SUBJECT: PARKING PERMIT PROGRAM

ABSTRACT:

The City operates a parking permit system which includes the following permit types:

1. Annual Parking Permit (blue pole) - \$100;
2. Master Parking Permit - \$675; and
3. Balboa Municipal Parking Lot Overnight Parking Permit ("Overnight Permit") - \$150

All above permit fees are prorated quarterly. Seniors are offered "half price" of any permit fee.

While Master Parking Permit fees are adjusted annually by the Consumer Price Index ("CPI"), the Annual and Overnight Permit fees have not been studied or updated since April, 1993. We are recommending that Council update the Annual Parking and Overnight Permit fees to reflect current market rates, adjust the fees annually by CPI and limit the proration to occur only on October 1 of each year.

DISCUSSION:

Background

The City's overall parking permit program (established by Resolutions 95-133 through resolution 95-135) has not been reviewed for market comparisons or CPI adjustments in almost twenty years. Although City Council approved an update to the parking meter and lot rates on April 27, 2010, Parking Permit fees were not addressed at that time.

Almost half (approximately 45%) of the Annual Parking Permits are purchased by non-residents. Listed below are the quantities of permits sold, by prorated quarter, for the three calendar years 2008-2010:

	2008				2009				2010			
	Annual	Senior	Replace	Total	Annual	Senior	Replace	Total	Annual	Senior	Replace	Total
Jan 1 - Mar 31	1,128	211	12	1,351	1,008	183	12	1,203	1,133	259	15	1,407
Apr 1 - June 30	521	103	20	644	537	85	18	640	644	108	23	775
July 1 - Sept 30	565	70	29	664	583	83	17	683	709	118	22	849
Oct 1 - Dec 31	566	129	13	708	409	64	10	483	502	86	11	599
Total	2,780	513	74	3,367	2,537	415	57	3,009	2,988	571	71	3,630

What should we charge for the Annual Parking Permit?

Finance staff has accumulated some market data from similar parking permit programs from the State and several nearby beach cities:

Parking Permit Programs Neighboring Cities				
City	Name	Annual	Semi-annual	Monthly
Huntington Beach	<u>Annual Beach Parking Pass</u>	\$ 150.00		
Huntington Beach	<u>Annual Beach Parking Pass Senior</u>	\$ 50.00		
Laguna Beach	<u>Business Parking Permits</u>	\$ 300.00	\$ 150.00	
Laguna Beach	<u>Residential Parking Permits</u>	\$ 200.00	\$ 100.00	
Santa Monica	<u>Beach Parking Permits</u>	\$ 155.00		
Santa Monica	<u>Day Lot Permit</u>	\$ 155.00	\$ 105.00	\$ 27.00
Santa Monica	<u>Central Zone Beach Parking Permit</u>	\$ 150.00	\$ 75.00	\$ 15.00
Santa Monica	<u>Overnight Resident Parking Permit</u>	\$ 150.00	\$ 75.00	\$ 15.00
Santa Barbara	<u>Residential Parking Permit</u>	\$ 180.00		\$ 20.00
State of California	<u>Annual Beach Parking Pass</u>	\$ 125.00		

An update to our Parking Permit fees would bring us closer to the permit fees of Huntington Beach and neighboring State beaches, and would be lower than half of those cities surveyed. This will keep our parking program competitive with minimal adverse impact to our community.

Finance also calculated what the cost of the Annual Parking Permit would be had it, like the Master Parking Permit, been annually adjusted by CPI from 1994:

Year	Annual CPI Base	Annual CPI PY Base Δ	CPI % Δ PY	Annual Parking Permit Price
1992	146.50			
1993	150.30	3.80	2.59%	100.00
1994	152.30	2.00	1.33%	101.33
1995	154.60	2.30	1.51%	102.86
1996	157.50	2.90	1.88%	104.79
1997	160.00	2.50	1.59%	106.45
1998	162.30	2.30	1.44%	107.98
1999	166.10	3.80	2.34%	110.51
2000	171.60	5.50	3.31%	114.17
2001	177.30	5.70	3.32%	117.96
2002	182.20	4.90	2.76%	121.22
2003	187.00	4.80	2.63%	124.42
2004	193.20	6.20	3.32%	128.54
2005	201.80	8.60	4.45%	134.26
2006	210.40	8.60	4.26%	139.99
2007	217.338	6.94	3.30%	144.60
2008	225.008	7.67	3.53%	149.71
2009	223.219	(1.79)	-0.80%	148.52
2010	225.894	2.68	1.20%	150.30

Note that the 2010 amount of \$150.30 is equivalent to the parking permit costs of the surveyed neighboring cities and in line with staff recommendations.

Proration

The City currently prorates the Parking Permits four times a year, a complex and time consuming program to administer. Most of our peer cities do not offer a prorated amount, and those that do, offer a semi-annual rate. (Only Santa Monica offers a monthly option.)

Finance recommends one annual proration, a 75% discount, which would occur at the end of our busy summer season on October 1st.

Recommendation

Based on the above analysis, Finance recommends the following update to the three Parking Permit fees:

- Increase Annual Blue Pole Permit from \$100 to \$150 (CPI and market)
- **Decrease** the Master Parking Permit from \$675 to \$575 (incentive)
- Increase the Overnight Parking Permit from \$150 to \$225 (CPI)
- Prorate all permits once per calendar year on October 1st (75% discount)
- Keep senior rate at 50% of all fees

Please note that we are recommending a significant decrease in the cost of the Master Parking Permits to encourage more purchases by our visitors and the community. On average, we currently sell approximately 270 Master Parking Permits per calendar year.

Master Permits Sold 2010					
2010	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Totals
Master Permits	96	29	27	36	188
Senior Master	43	8	12	7	70
Replacement	3	4	3	3	13
Totals	142	41	42	46	271

The City collected approximately \$400,000 during fiscal year 2010-11 for all parking permit fees. Finance estimates that if Council approves the recommendations above, we could increase this revenue source by almost \$200,000 per year. This would be net of the decrease in the Master Parking Permit fee recommended above.

We are not recommending a resident vs. non-resident rate at this time. Our current software system is unable to support the bifurcation of the Parking Permit rates because it cannot distinguish permits by resident/non-resident codes. The resident/non-resident distinction would have to be made manually, which would add more administrative staff time to an already laborious process. This could be a future amendment when software solutions exist.

These recommended changes would keep us competitive with the market prices of our neighbors and the State, while maintaining a relatively low cost compared to some of our peer cities. Finance staff would like to take this item to Council at the end of November with any recommendations added from this Finance Committee.

Prepared by:

/s/Tracy McCraner

Tracy McCraner
Finance Director