

**CITY OF MANHATTAN BEACH
DEPARTMENT OF COMMUNITY DEVELOPMENT**

TO: Parking and Public Improvements Commission

FROM: Steve S. Charelian, Interim Finance Director
Anne McIntosh, Community Development Director
Erik Zandvliet, Traffic Engineer
Cynthia F. Mickschl, Acting Revenue Services Manager

DATE: July 26, 2018

SUBJECT: **Consider Potential Parking Meter Rate Increases for On-Street Meters, City Lots and County/State Lots**

BACKGROUND:

On October 21, 2008, the City Council approved the 2008 Downtown Parking Management Plan which included an increase to parking meter rates. Street meters increased from \$1.00 to \$1.25 per hour, City-owned parking lot meters increased from \$0.50 to \$0.75 per hour and County/State lots from \$1.00 to \$1.50 per hour. The plan was implemented through a series of initial measures to address parking deficiencies and issues. Additional revenue from the increases has been used to support capital improvement projects (CIP), infrastructure maintenance, cash key and credit card meters, and other operating costs.

DISCUSSION:

City parking operations are captured in the Parking Fund, the State Pier & Parking Lot Fund, and the County Parking Lots Fund. It has been over 10 years since the City considered an increase to parking meter rates. During that time, expenditures have continued to rise, and the five-year projections of revenue and expenditures included in the Fiscal Year (FY) 2018-19 Budget indicate a lack of liquidity through FY 2022-23.

City-Owned Parking Lots and Street Meters

The Parking Fund is used to pay for general operations, administration and maintenance of ten City-owned parking lots, 440 on-street parking meters, and the parking facilities at Metlox Plaza and the Civic Center campus. The Fund's expenditures average about \$2.5 million annually with the biggest cost drivers being debt service on Metlox Plaza, administrative service charges, meter operation and maintenance, credit card gateway processing fees, personnel costs, contract services for Metlox and Civic Center maintenance, pressure washing, street sweeping and landscaping, and utilities.

The most recent Capital Improvement Plan includes \$13.3 million in unfunded parking related projects. Funding is needed to conduct a structural analysis and rehabilitation of Lot 3 and Lot 4, implement intelligent parking system enhancements, and make necessary capital investments in Downtown parking facilities. The City will conduct a parking facilities need study and develop a 10-Year investment plan for future capital improvements to the existing downtown parking lots and structures. The plan will also

identify the existing and future needs for facility maintenance and replacement. Some of these projects may include the items mentioned above in addition to construction of additional parking capacity within existing lots, lighting, and construction of new parking facilities. Also not included in the CIP is an estimated \$1.4 million needed to replace approximately 1,800 single space parking meters that are currently reaching their end of life. Cellular companies will no longer be supporting the 2G cellular communication technology used to transmit data from these meters, and the need to upgrade to new “smart meters” is eminent. In its current state, the Parking Fund is not able to support these projects.

Approximately 836 on-street metered spaces and 964 metered spaces in lots contribute to the \$2.7 million in annual revenue collected in the Parking Fund. It should be noted that this fund is impacted by meter bagging during the holiday season. About \$200,000 in revenue is lost each holiday season (approximately \$50,000 per week) as a result of the meter bagging. Based on current trends, the most recent five-year forecast indicates a balance of only \$260,000 at the end of FY 2022-23 without any margin for capital improvements.

Separately, the CIP Fund receives an average of \$655,000 from parking meter revenue. Per the City’s Financial Policies, \$0.50 of the \$1.25 per hour fee collected through on-street parking meters is dedicated to the CIP Fund.

Staff proposes to increase on-street meter rates from \$1.25 to \$1.75 per hour and City-owned lot meter rates from \$0.75 to \$1.50. This change may result in an annual increase of approximately \$1.5 million to the Parking Fund. The City Traffic Engineer recommends that the City-owned lots remain at a discounted rate (\$1.50 per hour) so that it incentivizes parking in underutilized off-street spaces, rather than shifting more parking demand to on-street spaces if all spaces are the same price. Future consideration of equal meter rates could be more fully studied in the next Downtown Parking Management Study, when actual parking demand can be measured.

County Parking Lots

The County Parking Lots Fund is used to pay for the operation and maintenance of two parking lots owned by Los Angeles County that are leased to the City (26th Street and El Porto). Proceeds are split with the County at 45 percent to the City and 55 percent to the County. There are approximately 299 metered spaces within these lots that provide about \$750,000 in gross annual revenue. In addition to supporting operating expenditures averaging about \$620,000, this fund also needs to contribute its proportional share of the cost for upgrading the City’s smart meter equipment. The Department of Beaches and Harbors reports an average of \$1.7 million for the upkeep and maintenance of these lots (including Lifeguard services) and recently requested additional funds from the City to help support their rising expenses.

The County has agreed to support the proposed \$0.50 per hour increase in meter rates from \$1.50 to \$2.00 per hour, which may result in an annual revenue increase of approximately \$100,000 to the City and \$120,000 to the County.

State Pier Lots

The State Pier and Parking Lot Fund pays for the operation and maintenance of the Manhattan Beach Pier and four adjacent parking lots. There are about 118 metered spaces within this area. Revenue for this fund is approximately \$615,000 and

expenditures average about \$800,000. The fund balance is declining by \$185,000 annually, leaving a projected fund balance of just \$45,000 by the end of FY 2022-23. These properties are owned by the State but controlled by the City through an operating agreement. The agreement stipulates that proceeds must be used for the Pier area only, and the pricing may be regulated by the City at its discretion with approval of the Coastal Commission. The deficit balance will continue to increase with general inflation and once the proportional share of the cost for upgrading the City's smart meter equipment has been allocated.

The proposed rate increase of \$0.50 per hour, from \$1.50 to \$2.00 per hour, will generate approximately \$190,000 of additional revenue annually to this fund.

Outreach

Staff conducted a survey of local Southern California cities to evaluate comparable rates and determined that the proposed increase will make the price to park in Manhattan Beach comparable with other local cities. The cities surveyed were Beverly Hills, Hermosa Beach, Huntington Beach, Long Beach, Newport Beach, Santa Monica, and West Hollywood. The average high price points for parking in prime areas among these municipalities is \$2.00 per hour for street parking and \$3.00 per hour in lots.

In an effort to gather feedback from Manhattan Beach community stakeholders directly affected by proposed rate increases, the Interim Finance Director attended the Downtown Business and Professionals Association (DBPA) Meeting on April 12, 2018, the North End BID Meeting on April 4, 2018, and met with the Manhattan Beach Chamber of Commerce on April 13, 2018. Current Parking Fund issues and the proposed rate increases were presented. Representatives from the Los Angeles County Department of Beaches and Harbor were also consulted regarding the proposed increases. Each stakeholder group provided valuable feedback and have provided letters of support (attached). The only modification to full support of the Staff recommendation was from the DBPA, which would prefer to have rates increase to \$1.50 for both on-street meters and City-owned lots rather than \$1.75 per hour.

RECOMMENDATION:

That the Commission pass a motion to recommend the following:

1. Increase to parking rates for on-street meters from \$1.25 to \$1.75/hour
2. Increase to parking rates for City-owned lot meters from \$0.75 to \$1.50
3. Increase to parking rates for County and State lot meters from \$1.50 to \$2.00/hour.

Attachments: A. Parking meter surveys from comparable cities
B. Letters from City Stakeholders supporting proposed rate increases
C. Area map of Parking Meter Locations

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Parking Meter Survey (January 2018)

City	Pricing Structure	No. Street Areas	Per Hour Rate	Meter Enforcement Hours	No. Lots	Hourly Rates	Enforcement Hours
Beverly Hills	The "Business Area" Rate based on demand \$2.00/hr (Streets) & \$6.00/hr (Lots)	4	\$0.75 - \$2.00	Primarily enforced 8:00 AM - 6:00 PM with few exceptions	19	\$2.00 - \$6.00	6 lots enforced 8:00 AM - 6:00 PM (M-Sat) Others enforced approx. 6:00 AM - 11:00 PM
Hermosa Beach	Increase usage occurs after 8:00 PM. Rates increase by \$0.25/hr to \$1.50/hr (all streets)	3	\$1.25 or \$1.50	7:00 AM - 12:00 AM	3	\$1.25 or \$1.50	10:00 AM - 2:00 AM
Huntington Beach	Street Meter Rate Increases \$0.25 from (Jun - Aug) Many areas use time of year pricing	1	\$1.50 or \$1.75	6:00 AM - 12:00 AM	3	\$1.00-\$3.00/hour	6:00 AM - 12:00 AM
Long Beach	Demand-based hourly rates Higher rates are set for areas that have more traffic	4	\$0.75 - \$2.00	Primarily enforced 9:00 AM - 9:00 PM with few exceptions	22	\$1.00 - \$6.00	12 lots enforced 24 hours Others enforced 8:00 AM - 6:00 PM with a few exceptions
Newport Beach	Many areas use time of year pricing	12	\$1.00 - \$2.60	9 areas enforced 8:00 AM - 6:00 PM 3 areas enforced 24 hours	12	Majority of lots are \$1.90/hour High traffic lots range \$2.50-\$4.00/hour based on time of day	8:00 AM - 6:00 PM daily <u>BALBOA PIER LOT</u> 24 hours daily (including weekends & holidays)
Redondo Beach	<u>PIER & PLAZA PARKING STRUCTURE</u> \$2.00/hr (May – Sept) \$1.50/hr (Oct – Apr)	1	\$1.00	6:00 AM - 9:00 PM	1	\$1.50-\$2.00 based on seasonality	6:00 AM - 9:00 PM
Santa Monica	Many areas use time of year pricing	2	\$1.00 or \$2.00	8:00 AM - 2:00 AM Downtown streets 8:00 AM - 9:00 PM.	11	High traffic lots can be \$2.00-\$3.00 based on time of day Flat Rates are offered seasonally	<u>SANTA MONIA PIER</u> Lot 1 North 6:00 AM - 2:00 AM OTHERS - 24 hours daily
West Hollywood	Many areas use time of year pricing	7	\$1.50	Primarily enforced 8:00 AM - 8:00 PM with a few exceptions.	13	Majority of Lots are \$1.00-\$2.00/hour based on time of day High traffic lots are \$3.00/hour	Most lots enforced approx. 8:00 AM - 12:00 AM daily A few exceptions extend to 2:00 AM
Manhattan Beach	<u>BEACH LOTS</u> 2 lots allow 24-hour parking (Sept - June) 1 lot allows 24-hour parking (Oct - April)	1	\$1.25	8:00 AM - 9:00 PM	15	\$0.75 \$1.50	8:00 AM to 9:00 PM 24-hours a day (Beach Lots)

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MANHATTAN BEACH

Dear Steve Charelian, Interim Finance Director:

The Manhattan Beach Chamber of Commerce believes we should support the increase in our parking meter rates to maintain expenses, upkeep infrastructure, add new technology/smart meters and continued operations.

As with any business we need to stay ahead of the curve and each revenue entity needs to be self-sustaining. The city of Manhattan Beach has not raised parking meter rates in 11-years while other like cities have increased their rates to pay for the upgrades and stay current.

The MBCC believes a rate increase from \$1.25 to \$1.75 and the parking lots from \$.75 to \$1.75 matching the street rates is not unreasonable.

I also believe perhaps raising the rates will encourage more carpooling, ride sharing and alternate means of transportation.

Steve, please call if you would like to discuss further.

Best regards,

A handwritten signature in blue ink that reads 'Mark Lipps'.

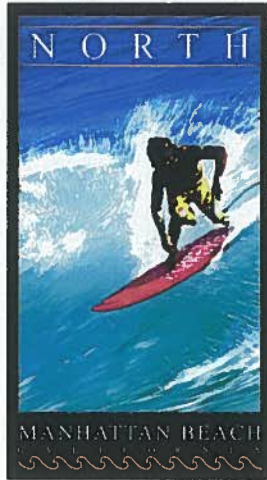
Mark Lipps
President/CEO
Manhattan Beach Chamber of Commerce

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MANHATTAN BEACH

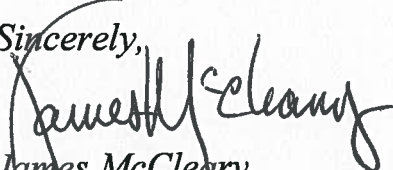
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June 16, 2018

To whom it may concern,

The North Manhattan Beach BID (April 2018 Meeting) Committee supports the proposed parking meter increase to \$1.75 per hour including the parking lot meters. We approve this increase for the maintenance expenses, upkeep of infrastructures, new technology, and continued operations for the City of Manhattan Beach. The committees only concern were the metered times.

Sincerely,

James McCleary
North MB BID Chairman



Caring for Your Coast

Gary Jones

Director

Kerry Silverstrom

Chief Deputy

John Kelly

Deputy Director

Brock Ladewig

Deputy Director

June 18, 2018

Mr. Steve S. Charelian
Interim Finance Director
City of Manhattan Beach
1400 Highland Ave
Manhattan Beach, CA 90266

Dear Mr. Charelian:

**AGREEMENT NO. 55848 FOR THE OPERATION AND MAINTENANCE
OF COUNTY PARKING LOTS IN MANHATTAN BEACH
PARKING FEE INCREASE**

In accordance with Article 5 of the subject agreement between the County of Los Angeles and the City of Manhattan Beach, this letter serves as the Department of Beaches and Harbors' consent for the City to proceed with increasing the meter parking fee from \$1.50 to \$2.00 per hour.

Please ensure that all the approvals required by law are obtained before the new fee is implemented.

If you have any questions or need further information, please contact Mr. Stefan Popescu of my staff at (424) 526-7775 or spopescu@bh.lacounty.gov.

Very truly yours,

Gary Jones, Director

GJ:sdp



June 28, 2018

Mayor Amy Howorth
Members of City Council
City Manager Bruce Moe
Interim Finance Director Steve Charelian

City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, CA 90266

Re: Proposed .50/hour parking meter rate increase

Dear Mayor Howorth et al,

The Downtown Manhattan Beach Business & Professional Association (DBPA) understands that the PPIC will soon consider the proposed .50/hour increase in the parking meter rates and that on August 7, 2018, this matter is forecasted, to be considered, at a Public Hearing before City Council. The Downtown BID and DBPA boards have both held lengthy discussions regarding this matter and the DBPA has surveyed their 300+ members. The results of the DBPA parking survey can be viewed at this link. <https://www.surveymonkey.com/results/SM-ZNGBG8WJL/>

Many conversations regarding the proposed .50 increases and the appropriate programming of new SMART Meters have ensued. Taking all feedback into consideration, the DBPA would like the Council to consider best practices that will be perceived as consumer-friendly, not readily punitive and fiscally motivated. We should not be motivated to raise our meter rates to be comparable to like cities. We should be encouraging locals, visitors, and consumers to come to our town and to stay for as long as they wish, not giving them a good reason to take their dollars elsewhere.

Please consider that there are many different reasons why a meter is utilized. Residents are using and supporting local downtown businesses including salons, exercise classes, medical/dental/optical appointments, shopping and dining. Visitors are exploring our beach/pier/strand and the unique shopping/dining experiences we offer. Guests of our residents oftentimes use meters when joining their friends and family for play dates, dinner parties and more. The list goes on. We should be initiating measures to attract our consumers, not encouraging them to leave quickly or to leave with a negative perception fueled by a poor parking experience.

The DBPA supports the following:

- Parity in the rate between the street meters and the parking lot meters
- Raising the meter rate at the street meters .25/hour, which means (based on the first point) the lot meters would increase from .75/hour to \$1.50/hour and the street meters to \$1.50
- Consumer-friendly programming of the SMART meters
 - Not requiring a vehicle to vacate the parking space in order to deposit more money

- Parking time limits should be enforced, but if someone needs just 10-15 more minutes, this will allow them to deposit more money, knowing full well that they are still subject to the 2-hour (or posted) time limit
- If a vehicle vacates the space and there is extra time on the meter, do not zero out the meter
- Allow for a 10-15 minute buffer of time from when the meter expires to when parking enforcement is notified and/or issues a ticket

The DBPA respectfully requests that with the new SMART technology available, the DBPA receives transparency of use and that parking revenue and use reports are provided quarterly, as well as any analytics that can be provided regarding demographics and parking behavior. Lastly, the DBPA requests that the remainder of the items in Addendum B from the May 4, 2018 parking requests to City Council, be addressed and resolved in a timely manner.

We look forward to working with the City on the items mentioned above. As the City looks for avenues to generate revenue thru increased parking meter rates, it is vital that they are astutely aware of the potential and negative impression on those using the meters as well as the possible (negative) fiscal impact on the businesses. A favorable perception and positive experience of Manhattan Beach, should be driving factors when considering any changes to parking or meter rates.

Respectfully,

Linda McLoughlin Figel
President, DBPA

Kelly Stroman
Executive Director, DBPA

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City of Manhattan Beach Street Parking Meters

