



THE CITY OF SAN DIEGO

---

## OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

---

**Date Issued:** July 11, 2014

**IBA Report Number:** 14-28

**City Council Docket Date:** July 15, 2014

**Item Number:** 334

---

# Community Parking Districts FY 2015 Annual Plans and Budgets

## OVERVIEW

On July 15, 2015, the City Council will consider the FY 2015 Proposed Annual Plans and Budgets for four Community Parking Districts (CPDs). City Council Policy 100-18 (the "Policy") requires each CPD to develop and present an annual plan and budget, which will identify projected revenues and proposed improvements/activities for the next fiscal year, to the City Council for approval. The City currently has six established CPDs; however, only four CPDs are anticipated to generate revenue via parking meters or paid parking lots. The revenue generating CPDs are: the Downtown CPD, the Uptown CPD, the Mid-City CPD (includes University Heights), and the Old Town CPD. As only four CPDs will generate revenue in FY 2015 and, therefore, have the ability to fund projects/activities, their annual plans and budgets will be considered by the Council for approval.

On June 11, 2014, staff from the Economic Development Division of the Planning Department presented the FY 2015 Annual Plans and Budgets for the CPDs to the Smart Growth and Land Use Committee (the "Committee"). At the conclusion of the presentation, Committee members made several inquiries related to the projected revenues and expenditures presented within the CPD budgets. After discussion between staff and Committee members, the Committee forwarded this item to the full City Council for consideration without a recommendation. As part of the action item, the Committee requested the City Attorney's Office (CAO) and the Office of the Independent Budget Analyst (IBA) to review the overall proposed budgets of the CPDs.

In the IBA's discussion with the CAO, the CAO indicated that their office would review the proposed budgets to ensure the proposed use of parking meter revenue is appropriate. The CAO anticipates issuing a memo based upon their review.

**OFFICE OF THE INDEPENDENT BUDGET ANALYST**  
202 C STREET MS 3A SAN DIEGO, CA 92101  
TEL (619) 236-6555 FAX (619)-236-6556

This report will provide a brief overview of the Policy and parking meter revenue allocations for the CPDs; a focused review of projected revenues for each CPD in response to inquiries made during the Committee meeting; and a general review of the proposed expenditures as shown in each CPD annual plan and budget.

## FISCAL/POLICY DISCUSSION

### COUNCIL POLICY 100-18

Council Policy 100-18, effective March 1997, established the Parking Meter District Program (Community Parking Districts) as a mechanism to fund and implement solutions to parking problems in areas where parking meters are located. The Policy outlines: procedures for communities to establish and manage CPDs; procedures for allocating certain parking management-related revenues earned within the CPDs to the CPDs for implementation and management of parking improvement projects; identification of appropriate use of allocated parking management-related revenues by the CPDs; and requirement for annual presentation of the CPD's budget to the City Council for approval.

Section B of the Policy provides several key procedures for determining the revenue allocations for the CDPs. These procedures include:

- The costs associated with administering the parking districts will be deducted from the total parking meter revenue collected prior to determining allocations for the specific CPDs;
- Each CPD shall retain forty-five percent (45%) of the parking meter revenues generated within its boundaries;
- The City shall maintain data indicating the location of each parking meter, the revenue earned by each meter, and other sources of revenue in order to determine the appropriate allocation of revenue to each CPD; and
- In addition to the parking meter revenues, the City may allocate any of the following revenues to the CDPs in which these revenues are generated:
  - Fees paid to park in facilities operated by the CPD;
  - Valet parking fees; and
  - Any fees collected to regulate parking within the CPD.

Based on the procedures outlined in Section B of the Policy and our discussions with City staff, the following section is a summary of parking meter allocations to each CPD and the revenue sources identified in the FY 2015 budgets for each CPD. The City Council is being requested to approve the usage of parking meter revenue for the projects/programs outlined in the specific CPD annual plans. The CPDs' annual plans illustrate how the CPDs plan to leverage all funding sources to implement/complete programs.

### Parking Meter Revenue

The City maintains approximately 4,750 parking meter spaces within three established parking districts: the Downtown CPD, the Uptown CPD, and the Mid-City CPD. The Old Town CPD does not have parking meters; however, the district will generate revenue via

paid parking for events. The use of this event parking revenue will be discussed in the review of the Old Town CPD.

Each CPD retains forty-five percent (45%) of the parking meter revenues generated within the specific CPD, less administrative costs, with the balance (55%) of the revenues being allocated to the General Fund to address citywide parking issues. For FY 2015, a new special revenue fund, the Parking Meter Operating Fund, will be established to provide improved transparency for the usage of parking meter revenues. The Parking Meter Operating Fund will be monitored and maintained by the City Treasurer’s Department.

The following table provides a summary of the budgeted citywide parking meter revenues from FY 2013 to FY 2015, the administrative costs associated with the parking meters program, and the calculated allocations of the parking meter revenue to the General Fund and the CPDs. Administrative costs include, but are not limited to, costs from the City Treasurer’s Parking Meter Operations section (collection of coins, and installation, maintenance, and enforcement of meters), staff from Economic Development Department, and the General Governmental Services Billing expense.

It should be noted that City staff has been re-evaluating the administration costs to be applied to the parking meter revenue prior to the allocation of net revenue between the City and the CPDs. CPD allocations prior to FY2015 were initially based on limited Parking Meter Operations expenses. Inclusion of additional City Treasurer Department expenses that were determined to be appropriate and eligible after the development of the initial allocations led to higher than anticipated administration costs. While the Policy indicates a sharing of administration costs between the City and the CPDs, since the CPDs budgeted on the basis of the initial allocations, the City opted to absorb the actual costs that exceeded the projected costs. This reduced the percentage of the City allocation from the original 55% percent to 46% percent of the total allocation for FY 2013. Similar events occurred in FY 2014, which reduced the percentage of the City allocation from 55% percent to 47% percent. Economic Development staff has worked to better reflect the administrative costs associated with the parking meter program. Staff will continue to monitor the administrative costs to ensure appropriate allocations.

<b>Parking Meter Revenue Allocations</b>	<b>FY2013 CPD Budgets<sup>1</sup> (millions)</b>	<b>FY2014 CPD Budgets<sup>1</sup> (millions)</b>	<b>FY2015 CPD Budgets<sup>1</sup> (millions)</b>
Total Parking Meter Revenue Collected (Citywide)	\$8.357	\$8.609	\$8.609
Administration Costs	\$2.701	\$2.776	\$2.791
Net Parking Meter Revenue to be allocated to City/CPDs	\$5.656	\$5.833	\$5.818
City Allocation <sup>2</sup>	\$2.583	\$2.730	\$3.053
CPD Budgeted Allocation <sup>2</sup>	\$3.073	\$3.103	\$2.765

1. Fiscal Year budget based upon prior year collections.

2. FY 2013 and FY 2014 CPD Budget allocation higher than 45% revenue split due to higher than expected administrative costs.

In comparing the total parking meter revenue budgeted in FY 2015 to prior years, the projected revenue amount appears to be consistent. Though new parking strategies, such as the conversion of parallel parking to angled parking, have been implemented, no new parking meters have been added to the parking districts since FY 2013. Implementation of new technologies such as multi-space meters and smart meters (allowing for payment via credit card) are anticipated to provide opportunities for increased revenue, however, limited implementation of these new technologies has taken place as of yet.

The following table provides a summary of the parking meter revenues allocated to each CPD. Per the Policy, the allocation is based upon the amount of revenue collected from each CPD.

Allocation of parking meter revenue to specific CPDs	FY 2013 (Actual)	FY 2014 (Budgeted)	FY 2015 (Projected)	% of FY 2015 allocation	Number of Parking Meters within CPD
Downtown	\$2,093,000	\$2,285,000	\$2,024,000	73%	≈ 3000
Uptown	\$889,000	\$743,000	\$676,000	25%	≈ 1450
Mid-City	\$91,000	\$75,000	\$65,000	2%	≈ 300
<b>TOTAL</b>	<b>\$3,073,000</b>	<b>\$3,103,000</b>	<b>\$2,765,000</b>	<b>100%</b>	<b>≈ 4750</b>

Overall, there is a slight decline in revenue allocations from FY 2013 to FY 2015. The contributing factor to the declining allocations is the increase in the parking meter program administration costs mentioned earlier.

## COMMUNITY PARKING DISTRICTS

### Downtown

The Downtown CPD contains approximately 3,000 metered parking spaces and two parking garages within the district. The Downtown CPD has multiple funding sources allocated to addressing parking issues. Brief descriptions of the funding sources for this district are provided below.

- **Parking Garage Revenues** – The Downtown CPD contains the Park It on Market Garage and the 6<sup>th</sup> & K Parkade within its boundaries. Per the Policy, the City may include fees paid to park in a facility within the boundaries of a CPD, in excess of operating costs, as revenues allocated to a CPD. The table on the following page provides a summary of combined total revenue and expenses for the two parking garages for FY 2013 to FY 2015. Per the financing documents for the garages, net operating revenues from the garages serves as the primary source of repayment for the debt service. Parking meter revenues would serve as a secondary source of repayment for the debt service should net operation revenues from the garages not be sufficient to cover the debt service payments. It is projected that approximately \$650,000 will be available for parking programs in FY 2015 after the payment of the debt service for the two garages. Monthly updates and reports detailing parking garage revenues are provided for review and discussion at Civic San Diego Audit Committee Meetings.

<b>Parking Garage Revenues<sup>(1)(2)</sup></b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
Total Operating Revenue	\$4,772,515	\$5,069,342	\$5,344,592
Total Operating Expenditures	\$1,786,038	\$1,938,369	\$2,013,190
Net Operating Income	\$2,986,477	\$3,130,973	\$3,331,402
Debt Service Payment	\$2,478,060	\$2,451,013	\$2,452,073
Excess Net Operating Income	\$508,417	\$679,960	\$879,329

1. Includes revenue/expenses for Park It on Market and 6th & K Parkade parking garages.

2. Garage revenues available to CPDs based upon prior year garage budgets.

- Parking Meter Revenue – Based upon collected data from approximately 3,000 parking meters within the district, the projected parking meter allocation to the Downtown CPD for FY 2015 is approximately \$2.0 million.
- Valet Parking Fees – The Little Italy Association has established a paid valet program to increase utilization of current parking inventory in Little Italy. The valet program operates in Little Italy from Thursday to Sunday nights on a weekly basis. Revenue from the program is projected to be \$60,000 for FY 2015.
- SANDAG Grants – The Downtown CPD has secured approximately \$1.6 million in SANDAG grants for several projects. The projects and SANDAG grant amounts are as follows: the Downtown Parking and Circulation Plans/EIR (\$300,000), the Wayfinding System (\$335,329), and the Pedestrian Improvement projects (\$1,000,000). The SANDAG grants amounts shown in the FY 2015 budget reflect a cumulative amount for allocation and not annual revenue.

The following table is a summary of the revenue allocations for the Downtown CPD for FY 2013 to FY 2015. The categories include carry-forward balances and SANDAG grants from prior years; and annual revenues to provide information on the amount of revenue generated each year. The total amount allocated toward projects is the total of carry-forward balances, SANDAG grants, and annual revenue.

<b>DOWNTOWN CPD</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Carry-forward from PYs	\$9,080,000	\$10,256,500	\$11,313,050
SANDAG Grants	\$400,000	\$1,635,329	\$1,635,329
Parking Garages Revenue from PYs	\$3,391,583	\$1,203,655	\$2,233,615
<u>Annual revenues</u>			
Parking Meter Revenue	\$2,000,000	\$2,285,000	\$2,024,000
Parking Garages Revenue	\$508,417	\$679,960	\$879,329
Valet Parking Fees	\$30,000	\$60,000	\$60,000
<b>TOTAL</b>	<b>\$15,410,000</b>	<b>\$16,120,444</b>	<b>\$18,145,323</b>

The expenditures for the Downtown CPD are described in Section Two of the Downtown CPD annual plan. While the annual plan does provide narrative related to actions

considered in FY 2014, the annual plan does not provide any cost estimates from previous years. This makes review of any changes in costs for ongoing/existing projects difficult. In our review of the FY 2014 Annual Plan, there are changes in several of the cost estimates for projects such as the Bicycle Mobility System and Electronic Parking Information System. The changes do not appear to have a material impact to the budget. A brief description of any revision to the cost estimate or scope of a project would serve to better inform the Council as to the reasoning for the revision.

Uptown

The Uptown CPD includes approximately 1,450 parking meters within the district. Parking meter revenue is the only identified funding source for this district and is described below.

- Parking Meter Revenue –Based upon the parking meter revenue allocation and data collected from approximately 1,450 parking meters within the district, the projected parking meter allocation to the Uptown CPD for FY 2015 is approximately \$680,000.

The following table is a summary of the revenue allocations for the Uptown CPD for FY 2013 to FY 2015. The table includes carry-forward balances from prior years and the annual allocation of parking meter revenue.

<b>UPTOWN CPD</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Carry-forward from PYs	\$4,996,029	\$5,457,000	\$5,844,000
<u>Annual revenues</u>			
Parking Meter Revenue	\$889,000	\$743,000	\$676,000
<b>TOTAL</b>	<b>\$5,885,029</b>	<b>\$6,200,000</b>	<b>\$6,520,000</b>

The expenditures for the Uptown CPD are described in Section Two of the Uptown CPD Annual Plan. The plan provides a brief description of the proposed projects, the anticipated funding sources, and information related to whether City forces or the consultants would undertake certain tasks.

While the Uptown CPD Annual Plan does provide information related to the proposed FY 2015 projects, no information is provided on projected revenues, the carry-forward balance, FY 2014 projects (cost estimates), completed projects, or annual CPD accomplishments.

Mid-City

The Mid-City CPD is comprised of three sub-districts: the Greater Mid-City Community District; the Greater Golden Hill Community District; and the University Heights Community District. All three districts are allowed to submit separate annual plans and budgets. In developing this report, we reviewed the two annual plans and budgets that were submitted (Mid-City and University Heights). Staff has informed us that Greater Golden Hill did not submit a plan for review given the nominal amount of funding they

receive. The only revenue source identified for the aggregated Mid-City CPD is parking meter revenue. The parking meter revenue for the Mid-City CPD is discussed on below.

- Parking Meter Revenue – The Mid-City CPD has approximately 300 parking meters within the boundaries of the CPD. Based upon data collected from approximately 300 parking meters within the district, the projected parking meter allocation to the Mid-City CPD for FY 2015 is approximately \$65,000.

The following table is a summary of the revenue allocations for the Mid-City CPD for FY 2013 to FY 2015. The table includes carry-forward balances from prior years and the annual allocation of parking meter revenue.

<b>MID-CITY CPD</b>	<b>FY2013</b>	<b>FY2014</b>	<b>FY2015</b>
Carry-forward from PYs	\$700,430	\$702,645	\$598,271
<u>Annual revenues</u>			
Parking Meter Revenue	\$91,000	\$75,000	\$65,000
<b>TOTAL</b>	<b>\$791,430</b>	<b>\$777,645</b>	<b>\$663,271</b>

The expenditures for the Mid-City CPD are described within the submitted annual plans. The annual plans provide narratives for the proposed projects for FY 2015 and the budgets provide detailed break out of the proposed expenditures. However, the narrative for the projects does not include project costs/allocations; no FY 2014 information is provided for comparison; and CPD accomplishments are not easily identified in the plan narrative.

Old Town

The Old Town CPD does not have parking meters located within its district. The Old Town Chamber of Commerce has agreed to contribute funding to the Old Town CPD to mitigate the total cost of maintaining a specific parking lot within the Old Town CPD. Additionally, the Old Town CPD anticipates generating revenue from parking fees for two specific events held within the Old Town community. These revenue sources are discussed below.

- Revenue from the Old Town Chamber of Commerce – A contribution from the Old Town Chamber of Commerce is anticipated to assist in addressing the maintenance (sweeping of lot, graffiti removal, disposal of trash, etc.) cost of a specific 177-space City-owned parking lot within the Old Town CPD. In prior years, the Old Town Chamber of Commerce was responsible for the maintenance of this parking lot.
- Revenue from paid parking events – The Old Town CPD is working with the City’s Real Estates Asset Department on an agreement to allow the Old Town CPD to lease a 177-space City-owned parking lot. Currently the parking lot provides free parking to visitors of Old Town and patrons of an adjacent church. The Old Town CPD plans to charge for parking at this specific parking lot for two events during FY 2015: the

Annual Old Town Art Festival and Cinco de Mayo. The revenues generated from these events will be used to address costs associated with maintaining this lot.

The following table is a summary of the revenue allocations for the Old Town CPD for FY 2015. FY 2015 will be the first year this CPD has generated revenue.

<b>OLDTOWN CPD</b>	<b>FY2015</b>
Carry-forward from PYs	\$0
Parking Lot Fees	\$17,500
Old Town Chamber of Commerce Contribution	\$16,200
<b>TOTAL</b>	<b>\$33,700</b>

The expenditures for the Old Town CPD are described briefly within the submitted annual plan.

**SUMMARY AND RECOMMENDATIONS**

The primary funding source for all of the CPDs is parking meter revenue. Based on our review, the revenue allocations for FY 2015 for the CPDs appear to be reasonable and consistent with prior years. Future implementation of new technologies may assist in increasing revenue; however it makes sense to conservatively plan for parking meter revenue projects until these new technologies are fully implemented.

Although expenditure projections allocate the projected revenue for each CPD, it is difficult to determine the progress of each project as no budget to actual information is presented for the prior year. In review of the summary tables for each CPD, the annual revenues seem to be fairly consistent year over year while the carry-forward balances increase each year for the majority of the CPDs. This shows that revenues generated on an annual basis are outpacing annual expenditures. In discussion with staff and based upon comments made by members of the CPD advisory groups during the June 11, 2014 Committee meeting, there is an effort being made to increase the implementation of projects which would increase the expenditure rate.

Based on our review, our office would recommend:

- Creating consistency in reporting formatting – Creating a standard format for the annual plans and budget would benefit Council as it would create familiarity with the reports. A brief revenue section should be included in future annual plans. The inclusion of a revenue narrative would make the annual plans a more complete report. Inclusion of prior year fiscal information should also be considered in development of the guideline. This would allow for insight into the progression of projects and for the identification of any potential delays in project implementation. Additionally, a separate accomplishment list for each district should be included. This would provide the public with a snapshot of the benefits provided by the districts.



- Monitoring Carry-forward balances - Carry-forward balances and actual expenditures related to the implementation of projects should be monitored. Large carry-forward balances, absent the accumulation for large scale capital projects, may be an indicator of delayed project implementation.
- Development of goals and appropriate performance measures - Performance measures can assist in planning, setting of goals and objectives, and assessing the accomplishments or needed improvements. A selected number of appropriate performance measures could be developed to provide useful information to decision-makers.

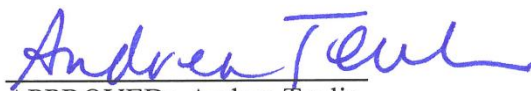
## CONCLUSION

On June 11, 2014, City staff presented the FY 2015 Annual Plans and Budgets for the CPDs to the Committee for consideration. Based on our review of the FY 2015 Annual Plans and Budgets, we have found the projections of the CPD to be reasonable and provided several recommendations for consideration for inclusion in future CPD plans and budgets.

It is our understanding that the Office of the City Auditor is currently undertaking a review of the Community Parking District Program. The City Auditor's Office may offer additional recommendations upon the conclusion of their review as well. The City Council may wish to consider reviewing the recommendations from our Office and Office of the City Auditor prior to providing direction to the CPDs regarding potential revisions to future CPD annual plans and budgets.



Chris Ojeda  
Fiscal & Policy Analyst



APPROVED: Andrea Tevlin  
Independent Budget Analyst