

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 SEP 16 PM 5:57

**CITY OF OAKLAND
SUPPLEMENTAL AGENDA REPORT**

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Parking Administration
DATE: September 28, 2010

RE: **Supplemental Report Concerning Charges for Employee Parking in Downtown City Garages**

SUMMARY

This report supplements the September 14, 2010 report to the Finance & Management Committee and provides a financial comparison of the administration's plan to offer a \$130 group parking rate to employees previously parking for free, and Council member Kernighan's plan to charge a sliding scale fee based on employee income. **The Administration believes that its current offer of \$130 for all eligible employees, regardless of income, is more equitable and would generate more revenue to the City.**

BACKGROUND

The City Council voted on June 24 to eliminate free parking privileges for City employees. To ensure that the City realizes the additional budgeted revenue for downtown parking garages and does not lose customers to a more competitive private garage, the City Administrator has offered a \$130 group monthly parking rate to the employees who previously parked for free.

At the September 14, 2010 Finance and Management Committee meeting Councilmember Kernighan modified her prior proposal to provide a graduated parking fee to employees formerly receiving free parking in downtown garages. She reasoned that the lower fees to employees with lower salaries would encourage a higher level of participation in payment for monthly parking.

DISCUSSION

a. Administration's Proposal

As of September 16, 103 employees have signed up for the group monthly parking rate. (These numbers are not final since some employees may be late in applying due to vacation, etc.) Based upon these preliminary participation figures, **the City would realize \$162,240 in additional annual revenue.** This additional revenue is for City employee parking only, and does not take into account additional revenues that may be generated by transient (non-City) parkers who are able to park in spaces previously occupied by non-paid City parkers.

Item: _____
Finance and Management Committee Meeting
September 28, 2010

b. Council member Kernighan's Proposal

Council Member Kernighan’s proposal provides for a graduated parking fee, based upon income levels. The table below shows the proposed fee schedule, the number of eligible employees, and the number of employees currently participating in the current group rate fee schedule. The table also estimates the “Maximum Revenue” and “Minimum Revenue” that could be realized using the proposed fee schedule. The Maximum Revenue estimate assumes 100% participation by those in the lower three income categories, and the current actual level of participation by those in the highest income category. (Since there would be no change in fee level for those in the highest income category, we have assumed there would be no change in participation under the proposed schedule.) The Minimum Revenue estimate assumes the current actual level of participation in all income levels.

The Minimum Revenue yields about **\$141,000** annual revenue, which is about \$21,000 less than the existing fee structure generates. The Maximum Revenue under Councilmember Kernighan’s proposal could result in **up to \$172,680** in annual revenue – however, this assumes that all of the eligible employees with incomes below \$95,000 sign up. This may or may not be realistic. In addition, the greater occupancy of stalls at substantially below market rates eliminates the potential income for transient parkers. At a \$50 monthly rate a stall would only have to be occupied for 4 days at the daily rate to exceed the revenue produced by the monthly parker. Hourly rates would create an even greater difference.

Councilmember Kernighan Revised Proposal

Salary Level	Eligible Employees	Participating Employees	Proposed Rate	Maximum Revenue	Minimum Revenue
Up to \$50,000	17	4	\$ 50	\$ 10,200	\$2,400
\$55,001-\$75,000	22	6	70	18,480	5,040
\$75,001-\$95,000	38	28	90	41,040	30,240
\$95,000 or more	<u>107</u>	<u>66</u>	130	<u>102,960</u>	<u>102,960</u>
TOTAL	184	104		\$172,680	\$140,640

ACTION REQUESTED OF THE CITY COUNCIL

Staff continues to support the current group rate instead of the sliding-scale proposal by Council member Kernighan, believing that the Administration's current offer of \$130 for all eligible employees, regardless of income, is more equitable and would generate more revenue to the City. Two alternative resolutions are attached for the Committee's consideration, one ratifying the current policy and one implementing the sliding scale proposed by Council member Kernighan.

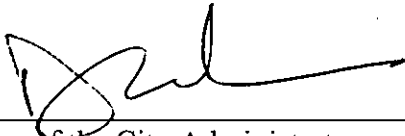
Respectfully submitted,



Noel Pinto
Parking Operations Manager

Prepared by:
Joe C. Litten, Administrative Services Manager II
Parking Administration

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:

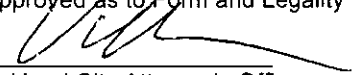


Office of the City Administrator

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 SEP 16 PM 5:57

Approved as to Form and Legality


Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

**RESOLUTION ESTABLISHING BUDGET POLICY REGARDING CITY
SUBSIDIZATION OF PARKING IN THE DOWNTOWN CIVIC CENTER FOR CITY
EMPLOYEES**

WHEREAS, the City has exercised discretion in determining which employees receive free and/or subsidized parking and to that end has continued to review employee eligibility for free and subsidized parking; and

WHEREAS, the City has identified approximately 200 employees who had been eligible for free parking in the City's three downtown garages -- Clay, Dalziel and City Center West garages prior to September 1, 2010; and

WHEREAS, the City Council eliminated free parking for City employees as of September 1, 2010; and

WHEREAS, faced with a potential loss of parking garage revenue, during the City Council recess the City Administrator offered employees who had formerly been eligible for free parking a rate of \$130.00 per month, at the three downtown City garages; and

WHEREAS, the City seeks to reduce subsidization of parking, consistent with its environmental and transportation policies and desire to discourage use of personal vehicles, while ensuring that the City does not experience a significant decrease in revenue from employees choosing to park at non-City garages at a reduced rate; and

WHEREAS, the City seeks to award subsidies for parking that take into account the relative ability of employees to pay for parking, awarding the greatest subsidy to the lowest paid employees, and the least subsidy to the most highly paid employees; Now therefore be it

RESOLVED: that employees who were eligible for free parking prior to September 1, 2010 in the downtown City-owned parking garages shall be eligible for a discounted rate, based on the attached, graduated parking fee schedule, as of the first day of the month following passage of this resolution; and

FURTHER RESOLVED: that the City shall satisfy any requirement that it may have to provide notice and an opportunity to discuss the reduction with unions representing affected employees, prior to implementation of such reductions.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2010

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

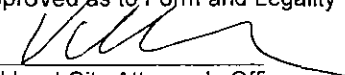
Parking Fee Schedule for Eligible Employees

Salary Level	Monthly Rate
Up to \$55,000	\$ 50
\$55,001-\$75,000	70
\$75,001-\$95,000	90
\$95,000 or more	130

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2010 SEP 16 PM 5:57

Approved as to Form and Legality


Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

RESOLUTION CONTINUING SUBSIDIZED PARKING RATE OFFERED BY THE CITY ADMINISTRATOR DURING CITY COUNCIL RECESS TO EMPLOYEES WHO FORMERLY RECEIVED FREE PARKING

WHEREAS, the City has exercised discretion in determining which employees receive free and/or subsidized parking and to that end has continued to review employee eligibility for free and subsidized parking; and

WHEREAS, the City has identified approximately 200 employees who had been eligible for free parking in the City's three downtown garages -- Clay, Dalziel and City Center West garages prior to September 1, 2010; and

WHEREAS, the City Council eliminated free parking for City employees as of September 1, 2010; and

WHEREAS, faced with a potential loss of parking garage revenue, during the City Council recess the City Administrator offered employees who had formerly been eligible for free parking a rate of \$130.00 per month, at the three downtown City garages; and

WHEREAS, the City seeks to reduce subsidization of parking, consistent with its environmental and transportation policies and desire to discourage use of personal vehicles, while ensuring that the City does not experience a significant decrease in revenue from employees choosing to park at non-City garages at a reduced rate; and

WHEREAS, the City Council seeks to continue the subsidized parking rate offered to City employees who formerly received free parking that had been established by the City Administrator; Now therefore be it

RESOLVED: that employees who were eligible for free parking prior to September 1, 2010 in the downtown City-owned parking garages shall continue to be eligible for a discounted rate of \$130.00 per month; and

FURTHER RESOLVED: that the City shall satisfy any requirement that it may have to provide notice and an opportunity to discuss the reduction with unions representing affected employees, prior to implementation of such reductions.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2010

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID AND PRESIDENT BRUNNER

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California