Agenda - Executive Policy Committee - December 4, 2002

Report - Alternate Service Delivery Committee - September 16, 2002

2. Selection Report – Parking Services Feasibility Study
File GL-5.6.1 (Vol. 7) [c/r ST-8.1 (Vol. 10)]

Note: On September 24, 2002, the Executive Policy Committee laid over this matter to its December 4, 2002 meeting.

COMMITTEE RECOMMENDATION:

On September 16, 2002, the Alternate Service Delivery Committee recommended:

1. That on-street meter and enforcement operations and off-street parking become a Special Operating Agency (SOA) aligned under the Planning, Property and Development Department.

   That subject to approval of Recommendation #1 above:

2. The Director of Planning, Property and Development begin a recruitment process to hire a Chief Operating Officer (COO) for the proposed Special Operating Agency.

3. The Planning, Property and Development Department be assigned the continued interim coordinating role for the parking services Alternate Service Delivery initiative (on-street meters, enforcement, off-street parking) until the Special Operating Agency is fully functional.

4. Following the recruitment process, the newly appointed Chief Operating Officer of the Special Operating Agency be directed to prepare a Business Plan and Operating Charter, in consultation with appropriate stakeholders, for the provision of parking services as an Special Operating Agency, to be completed within 180 days of his/her hiring date.

   The Business Plan is to consider significant parking policy direction established by *Plan Winnipeg*, *CentrePlan*, *Downtown Parking Strategy Report* and the *Parking Policy for Downtown Winnipeg* and to include an analysis of 'best practices' within the industry. Specific items to be addressed in the Business Plan include:

   a) Policy and Reporting Structure
      - Proposed policy direction set out in the *Parking Policy for Downtown Winnipeg*
      - Governance and reporting through the Chief Administrative Officer, Alternative Service Delivery Committee, Executive Policy Committee to Council

- Composition of the Special Operating Agency Advisory Board

b) Operations and Finance
- Agency staffing
- Technology options
- Options for asset mix and proposals for asset ownership
- Retained earnings
- Pay-back period
- Marketing and communication strategy

c) Financial Relationship with City
- Requirements for long-term loans
- Operating lines of credit
- Return on investment

d) Impact on Other Departments
- Staffing levels

5. The Proper Officers of the City be authorized to do all things necessary to implement the foregoing including the execution of any documents related thereto.

Re: **Selection Report – Parking Services Feasibility Study**

For submission to: **Alternative Service Delivery Committee**

Original report signed by: **Director of Planning, Property and Development**

Report date: August 20, 2002

In camera item: **No**

Recommendation(s):

It is recommended that:

1. On-street meter and enforcement operations and off-street parking become a Special Operating Agency (SOA) aligned under the Planning, Property and Development Department.

Subject to approval of Recommendation #1 above:

2. The Director of Planning, Property and Development begin a recruitment process to hire a Chief Operating Officer (COO) for the proposed SOA.

3. The Planning, Property and Development Department be assigned the continued interim coordinating role for the parking services ASD initiative (on-street meters, enforcement, off-street parking) until the SOA is fully functional.

4. Following the recruitment process, the newly appointed COO of the SOA be directed to prepare a Business Plan and Operating Charter, in consultation with the appropriate stakeholders, for the provision of parking services as an SOA, to be completed within 180 days of his/her hiring date.

   The Business Plan is to consider significant parking policy direction established by *Plan Winnipeg*, *CentrePlan*, *Downtown Parking Strategy Report* and the *Parking Policy for Downtown Winnipeg* and to include an analysis of 'best practices' within the industry. Specific items to be addressed in the Business Plan include:

   a) Policy and Reporting Structure
      - Proposed policy direction set out in the *Parking Policy for Downtown Winnipeg*
      - Governance and reporting through the CAO, Alternative Service Delivery Committee, Executive Policy Committee to Council
      - Composition of the SOA Advisory Board

   e) Operations and Finance

- Agency staffing
- Technology options
- Options for asset mix and proposals for asset ownership
- Retained earnings
- Pay-back period
- Marketing and communication strategy

f) Financial Relationship with City
- Requirements for long-term loans
- Operating lines of credit
- Return on investment

g) Impact on Other Departments
- Staffing levels

5. The Proper Officers of the City be authorized to do all things necessary to implement the foregoing including the execution of any documents related thereto.

REPORT SUMMARY

KEY ISSUES:

The current delivery of parking operations is fragmented throughout the organization. Three departments deliver the different components of parking. The proposed SOA will consolidate parking operations into a single agency providing the community-at-large with single-window access to parking services.

IMPLICATIONS

General implications

	None
X	For the organization overall and/or for other departments
X	For the community and/or organizations external to the City of Winnipeg
	Involves a multi-year contract

Comment: The proposed SOA will consolidate parking services currently administered by three departments into a single agency. It will also provide the community-at-large with single-window access to parking services.

Policy implications

	No (*There are no policy implications if the report is asking for a one-time decision.)*
X	Yes *(There are policy implications if the recommendation(s) is/are asking for a*

decision that will be used to guide decisions over time.)

Comment: The *Parking Policy for Downtown* provides a policy framework to guide the SOA operations. The proposed SOA structure may require by-law and/or City of Winnipeg Act changes.

Financial implications

	Within approved current and/or capital budget
	Current and/or capital budget adjustment required
X	No financial implications

Comment: While the recommendations of this report, when acted upon, will likely require current and/or capital budget adjustments, the extent and nature of the adjustments cannot be determined until the next phase when the Business Plan is brought forward for approval.

REPORT

RECOMMENDATION(S):

It is recommended that:

1. On-street meter and enforcement operations and off-street parking become a Special Operating Agency (SOA) aligned under the Planning, Property and Development Department.

Subject to approval of Recommendation #1 above:

2. The Director of Planning, Property and Development begin a recruitment process to hire a Chief Operating Officer (COO) for the proposed SOA.

3. The Planning, Property and Development Department be assigned the continued interim coordinating role for the parking services ASD initiative (on-street meters, enforcement, off-street parking) until the SOA is fully functional.

4. Following the recruitment process, the newly appointed COO of the SOA be directed to prepare a Business Plan and Operating Charter, in consultation with appropriate stakeholders, for the provision of parking services as an SOA, to be completed within 180 days of his/her hiring date.

   The Business Plan is to consider significant parking policy direction established by *Plan Winnipeg*, *CentrePlan*, *Downtown Parking Strategy Report* and the *Parking Policy for Downtown Winnipeg* and to include an analysis of 'best practices' within the industry. Specific items to be addressed in the Business Plan include:

   a) Policy and Reporting Structure
      - Proposed policy direction set out in the *Parking Policy for Downtown Winnipeg*
      - Governance and reporting through the CAO, Alternative Service Delivery Committee, Executive Policy Committee to Council
      - Composition of the SOA Advisory Board

   h) Operations and Finance
      - Agency staffing
      - Technology options
      - Options for asset mix and proposals for asset ownership
      - Retained earnings
      - Pay-back period
      - Marketing and communication strategy

   i) Financial Relationship with City
      - Requirements for long-term loans
      - Operating lines of credit
      - Return on investment

   j) Impact on Other Departments
      - Staffing levels

5. The Proper Officers of the City be authorized to do all things necessary to implement the foregoing including the execution of any documents related thereto.

REASONS FOR THE REPORT:

To report on the results of the Parking Services feasibility study to Council in accordance with the *Policy and Framework for Alternative Service Delivery in the City of Winnipeg*.

HISTORY:

- On March 20, 1997, Council adopted a directive called *Reshaping Our Civic Government*. Various alternative service delivery initiatives were identified for administrative review.
- On March 25, 1998, Council adopted the *Policy and Framework for Alternative Service Delivery in the City of Winnipeg* that sets out a framework for reviewing City services and delivery mechanisms on a case-by-case basis.
- On February 24, 1999 Council approved a list of 15 potential ASD initiatives to proceed to the next stage of the ASD review process. Parking Services was one initiative approved to develop a feasibility study.

DISCUSSION:

Background

In 1997, the City of Winnipeg Audit Department conducted an audit of City-owned parkades and parking meter operations. The primary recommendations of the audit were the consideration of "a single agency or authority to bring parking components together under one umbrella" and to "consider other alternative service delivery options". In 1998, the Property and Development Department identified parking services – including on-street and off-street parking operations and enforcement - as a potential candidate for the newly established ASD Review agenda.

A Parking Services Review Team was formed to guide the study through the evaluation process. The Review Team consists of representatives from Corporate Information Technology, Transportation Division of Public Works, the Support Services Division and Director's Office of Planning, Property and Development, the Traffic Division of Winnipeg Police Service, and Winnipeg Transit.

The release of this selection report was delayed a year while a similar process was followed for the development of the *Parking Policy for Downtown Winnipeg* report. A Working Group guided the consultant in the development of a downtown parking policy framework that included interviews with key stakeholders and a stakeholder workshop as part of the consultation process.

The policy framework will provide direction to existing and future downtown parking development and guide parking operations.

An independent asset valuation of the three City-owned off-street parkades was also carried out during this time. The fair market value was estimated to be approximately $9.1 million to $13.1 million for the three off-street parkades.

Scope

The scope of the feasibility study is defined as the operational components of all existing parking services (approximately 2,300 on-street meters, three off-street parkades - Winnipeg Square, Centennial Library, Civic Centre, two public parking lots, and enforcement operations) as currently provided by three separate departments - Public Works, Planning, Property and Development, and Winnipeg Police Service.

Outside the study scope, the City of Winnipeg also administers or is associated with other parking related activities such as public parking at arenas, community centres and swimming pools, employee parking at Winnipeg Transit and other departments, and a towing contract administered by Corporate Finance.

Although it is recognized that there are significant parking policy issues, the study does not include a review of parking policy development, parking standards and rate approvals as policy setting rests with Council. Corporate plans such as *Plan Winnipeg* and *CentrePlan* already contain specific direction related to parking policy and development. As was mentioned previously, a report on the *Parking Policy for Downtown Winnipeg* has been prepared to guide existing and future downtown parking.

The focus of this study is on the operational components of parking services and how to best deliver those services within the existing policy parameters and how to accommodate future policy directions.

The study reviewed both the qualitative and quantitative attributes of the following operational ASD options, recommending the SOA option as the preferred approach:

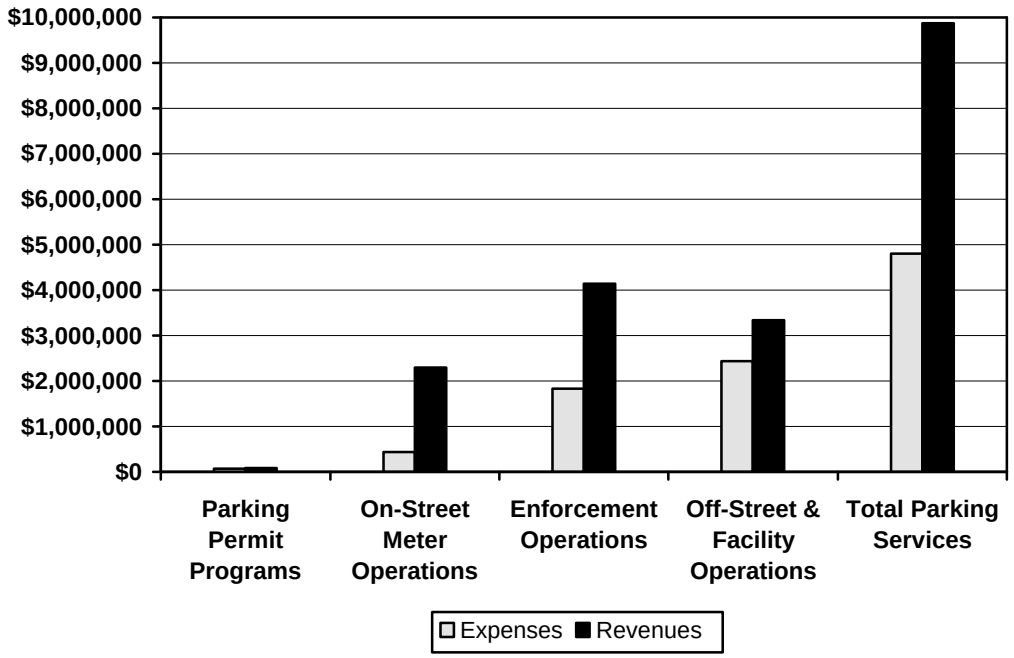
- *Status Quo* – continuing as several fragmented operations delivered by separate departments.
- *City Department/Division/Utility* – consolidating operations into one division or department with a manager responsible for all parking operations.
- *Special Operating Agency (SOA)* – consolidating operations into an arms' length agency with a Chief Operating Officer responsible for all parking operations consistent with Special Service Unit legislation.

Current Operations

The City currently owns and operates approximately 2,300 on-street meters and 2,000 off-street parking spaces, within the three parkades and the two public lots.

Table 1 below highlights the actual parking services revenues and expenses for 2001.

Table 1: City Of Winnipeg Parking Services: Revenues And Expenses (2001 Actual)



For 2001 actual expenses and revenues, residential parking permits accounts for $93,000 in revenues and $75,500 in expenses. On-street parking yields $2,302,700 in revenues and $442,827 in expenses (including administration costs). Enforcement generates $4,137,171 in revenues and $1,840,202 in expenses. Off-street parking generates $3,340,603 in revenues and $2,440,481 in expenses (including administration costs) of which $702,000 is remitted in the form of realty and business taxes. Total revenues for parking services are $9,873,474 with expenses of $4,799,010.

A recent review of the 2001 actual expenses and revenues further magnifies the need for a consolidated parking operation and a more holistic approach to the delivery of parking services. A comparison of the 2001 budget to the 2001 actual experience indicates that the parking service components fell short of their financial targets by more than 10%. The separate parking service components, each housed within different departments, do not garner the attention or focus they would as in a single consolidated parking agency.

In on-street parking the shortfall is largely attributable to delays in installing new parking meters as compared to the number planned for in the 2001 budget. In off-street parking, the downtrend in financial performance is related to compliance, stemming from reductions in levels of enforcement and to the division's loss of specific civic properties that no longer generate parking revenues (for example 552 Plinguet, 1750 Sargent and 2799 Roblin Boulevard). Winnipeg Police

Service reported a reduction in enforcement activities in 2001 as fewer traffic violation tickets were issued than in past years. In part, this is due to imposed legislative and legal changes which precluded Corps of Commissionaires from issuing specific traffic related violation notices.

A consolidation of these disparate parking service components into a single parking agency would provide a 'bottom-line' focus, instill a business-like approach to service delivery, improve customer service and result in improved financial performance.

Best Practices

A review of different parking management approaches for Canadian and American cities including Victoria, Calgary, Hamilton, Ottawa, Regina, Saskatoon, Toronto, Denver, Grand Rapids, Pittsburgh and others, revealed three operational structures:

1) Central Authority – Calgary, Toronto, Denver, Grand Rapids, Pittsburgh
2) Single Division – Hamilton, Ottawa, Saskatoon
3) Number of Departments – Edmonton, Regina, Winnipeg

Based on the review, a 'best practices' model for the SOA parking services should contain the elements outlined in Table 2 below.

Table 2: Best Practices Model For The City Of Winnipeg's Parking Services

COMPONENT	APPROACH
Organizational Structure	• A comprehensive agency
On-Street Operations	• A mix of private contracts and self-administration
Off-Street Operations	• A mix of private contracts and self-administration • An opportunity to maximize revenue capacity
Enforcement	• A mix of civilian officers and Corps of Commissionaires • A civilian supervisor reporting to the agency • Pre-court adjudication

Stakeholder Consultation

Liaison with various stakeholders is an important component of the ASD process. Affected stakeholders need to have an opportunity to discuss issues, provide input and learn about the process. Presentations have been made to CentreVenture, the Winnipeg Chamber of Commerce, the Downtown BIZ and the Exchange District BIZ on the focus of the parking services feasibility study.

Representatives of the Review Team have been invited to participate on the Downtown BIZ's Parking and Transit Committee while other members of the Review Team continue to liaise with both private and public organizations involved in downtown parking. These organizations include:

- Downtown hotel owners
- Society of Manitobans with Disabilities
- The Forks/North Portage Development Corporation

Imperial Parking Limited is also aware of the feasibility study through its membership in the Downtown BIZ and its business association with the City. Stakeholders were also involved in the development of the *Parking Policy for Downtown Winnipeg* report. It is expected that the SOA will continue to liaise with stakeholders and receive advice through its Advisory Board on all parking related matters.

Qualitative Evaluation

According to the qualitative evaluation results, the SOA option scores the best in terms of overall positive service delivery impact (+4.27) followed by the City Division/ Department/ Utility (+1.51) and Status Quo (-3.9) options. It has the greatest positive impact scores for customer/stakeholder (+2.22) and financial impacts (+1.85). The SOA has the potential to provide greater customer service responsiveness and longer-term financial stability. Table 3 below summarizes the results of the qualitative evaluation by category using a positive/neutral/negative impact scale.

Table 3: Summary Of Qualitative Evaluation Results

ASD OPERATIONAL OPTIONS	**EVALUATION CATEGORY**				**TOTAL SCORE**
	Customer/ Stakeholder (37%)	**Financial (37%)**	**Governance (20%)**	**Internal Organization (6%)**	
Status Quo	-2.59	-1.11	-0.2	0	**-3.9**
Division/ Department/ Utility	+0.37	+0.74	+0.4	0	**+1.51**
Special Operating Agency	+2.22	+1.85	+0.2	0	**+4.27**

Financial Summary

The financial analysis, summarized in Table 4 on the following page, reveals that, in the short-term, the five-year cash flow for the SOA option is $1,766,508 more than the City Division/Department/Utility option and $1,118,511 more than the Status Quo option.

The SOA option has an average net income of $224,000 per year for five years greater than the Status Quo, and, over the long term (15 years), provides a higher cash flow than the other ASD options. Specifically, the fifteen-year cash flow for the SOA option is $8,029,087 more than the Division/Department/Utility option and $17,691,693 more than the Status Quo option.

Table 4: Summarized Cash Flows Of ASD Operating Options*

ASD OPERATING OPTION	CASH FLOW		
	5 Year Cash Flow	10 Year Cash Flow	15 Year Cash Flow
Status Quo	$29,115,150	$54,421,412	$74,997,506
Division/Department/Utility	$28,467,154	$56,677,642	$84,660,113
Special Operating Agency	$30,233,661	$61,627,170	$92,689,200

* Expressed in 2001 dollars – not discounted and no inflation applied

If the Net Present Value (NPV) of the ASD operating options are calculated, then the overall net income of the SOA option improves when compared to the Division/ Department/Utility option. The mid- to long-term NPV confirms that the SOA is the best option (see Table 5 below). Specifically, the twenty-five year NPV for the SOA option is $7,591,358 greater than the Division, Department, Utility option and $19,645,337 greater than the Status Quo option.

Table 5: Summarized Net Present Values Of ASD Operating Options*

ASD OPERATING OPTION	NET PRESENT VALUE			
	10 Year NPV	15 Year NPV	20 Year NPV	25 Year NPV
Status Quo	$45,515,909	$57,886,816	$66,417,929	$73,748,654
Division/Department/Utility	$45,388,087	$61,189,518	$74,245,837	$85,802,633
Special Operating Agency	$48,640,609	$66,149,816	$80,490,860	$93,393,991

* Expressed in Present Value with a discount of 6.5% and an annual inflation rate of 2%.

The SOA improves long-term revenue capability by re-investing in systems and providing an adequate level of funding for infrastructure repair, which can extend the life of the off-street parking facilities.

Conclusion

In the long-term, the SOA provides the best net income opportunity and the best operating structure for the delivery of civic parking services. It offers:

- A business focus through an arm's length agency providing a unified operation to replace the current fragmented service delivery.
- An average net income of $224,000 per year greater than the Status Quo over five years - refer to cash flow projections in Table 4.
- Greater long-term revenue capability- refer to NPV analysis on Table 5.

- An opportunity to reinvestment in systems and infrastructure.
- The ability to make apparent the revenue and expense contribution of the operation through the full costing of services.
- Progress monitoring through target setting and performance management.
- Increased profile with customers and stakeholders and easier access to parking information and services through a single agency operation.

The implementation and operation of the SOA should be guided by the following principles:

1) **Financial** – be financially sustainable and profitable to the greatest extent possible.
2) **Customer Service** – provide centralized and responsive customer service and increase public awareness and understanding of parking services.
3) **Organizational** – maximize coordination of parking service delivery and develop beneficial relationships and partnerships with stakeholders.
4) **Policy** – successfully implement existing parking policy (*Parking Policy for Downtown Winnipeg*) and effectively respond to future policy directions.

The SOA will operate as a business and to be accountable for results based on performance measurement and targets. It is anticipated that the SOA will:

- Prepare an operating charter and an annual business plan subject to Council approval;
- Exercise choice in the purchase of services;
- Retain a portion of its revenues to support its mandate and operations;
- Report through the CAO and Alternative Service Delivery Committee to Council; and
- Operate within the boundaries of existing and future parking policy as determined by Council.

The Planning, Property and Development Department would act as the host department for the SOA. The SOA would report through the CAO to the Alternative Service Delivery Committee, Executive Policy Committee and Council. Council is responsible for setting parking policy while the SOA is responsible for implementing parking policy and managing the operations. The proposed reporting structure for the SOA is outlined in Attachment A.

An Advisory Board, with members selected from stakeholder groups approved by Council, would provide advice on the SOA's strategic operations. Stakeholder groups to be considered include the Downtown and Exchange BIZs, the Winnipeg BIZ Association, CentreVenture, and the Winnipeg Chamber of Commerce. The Director of Planning, Property and Development would chair the Advisory Board as the City's representative. Other members would include a representative from those departments involved in parking operations.

While the business plan and operating charter for the SOA will outline how existing services are to be consolidated into a single agency, adjustments to the current operational structures can be undertaken immediately. These adjustments include:

- Providing continued interim coordination for the parking services ASD initiative through the Planning, Property and Development Department.
- Reviewing and revising, where necessary, existing contractual agreements to accommodate the SOA, including the towing contract currently administered by Corporate Finance.
- Assembling and reviewing existing by-laws for any adjustments that may have to be made and incorporating the policy direction set out in the *Parking Policy for Downtown Winnipeg.*
- Researching and analyzing the necessary steps for implementing a pre-court adjudication process and the relocation of the towing contract to the SOA.

It is important that the SOA's business plan and operating charter is framed in such a way as to allow flexibility in its operations, to accommodate current and future policy directions (*Plan Winnipeg, Parking Policy for Downtown Winnipeg)* and to operate in an entrepreneurial and innovative environment.

The interim operating adjustments will allow the COO to establish the SOA, balancing the need for an efficient, business-like operation with a coordinated and informed decision-making process. Implementation of the recommended delivery model does not preclude evaluating other forms of ASD in the future.

Financial Impact Statement

Date: August 20, 2002.

Project Name:

Selection Report - Parking Services Feasibility Study

First Year of Program 2002

	2002	2003	2004	2005	2006
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ -	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ -	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	-	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments:

While the recommendations of this report, when acted upon, will likely require current and/or capital budget adjustments, the extent and nature of the adjustments cannot be determined until the next phase, when a Business Plan is brought forward for approval.

Gord Courage, Manager
Support Services Division

IN PREPARING THIS REPORT, THERE WAS CONSULTATION WITH AND CONCURRENCE BY:

- Members of the Parking Services Review Team, which included Corporate Information Technology, Transportation Division of Public Works, Parking Branch of PP&D, Traffic Division of Winnipeg Police Service and Winnipeg Transit.
- External Stakeholders, including CentreVenture, The Winnipeg Chamber of Commerce, The Downtown BIZ, The Exchange District BIZ, Imperial Parking Limited and others.

THIS REPORT SUBMITTED BY:

Planning, Property and Development Department
Division: Support Services
Prepared by: Russ Phillips
PPD File #:

Document name: O:\Reports Directive\Support Services\Selection Report August 20, 2002.doc

Attachment A: Proposed SOA Reporting Structure

