

Agenda Report

DATE: JUNE 18, 2007

TO: CITY COUNCIL/COMMUNITY DEVELOPMENT COMMISSION

THROUGH: FINANCE COMMITTEE

FROM: CITY MANAGER/CHIEF EXECUTIVE OFFICER

SUBJECT: RECOMMENDATION REGARDING CONVEYANCE AGREEMENT BY AND BETWEEN THE CITY OF PASADENA AND THE MULTIMODAL OPERATION AND DEVELOPMENT ENTITY FOR THE PURCHASE OF DEL MAR GOLD LINE STATION PARKING

RECOMMENDATION

It is recommended that City Council/Community Development Commission:

1. Authorize the City Manager/Chief Executive Officer to enter into a Conveyance Agreement ("Agreement") by and between the City of Pasadena ("City") and the Multi-Modal Operation and Development Entity ("MODE") for the Purchase of 600 parking spaces located in the existing parking structure at the Del Mar Gold Line Station for a purchase price not-to-exceed \$2,450,000, including the terms and conditions as identified in this agenda report; and
2. Authorize the City Manager/Chief Executive Officer to amend the existing contract number 18,934 for parking operations with Modern Parking Incorporated to provide parking operations in the facility and increase the total not-to-exceed amount of the contract to \$5,007,933; and
3. Approve a journal voucher appropriating \$2,626,000 for: A) the purchase of the 600 parking spaces located in the Del Mar Gold Line Station parking facility for a total amount of \$2,450,000; and B) an appropriation for the one-time \$176,000 capital expenditure upgrade for the garage from the Old Pasadena (\$1,313,000) and Downtown (\$1,313,000) Redevelopment Project Area fund balances. This is a loan from

Commission funds which is to be repaid in the future from the net receipts when they become available; and

4. Forgive the \$50,000 no interest loan provided to the MODE per City Council action of March 1, 2004; and
5. Direct the Finance Department to establish a separate Parking Garage Fund to account for revenues and expenses derived from garage operations. As part of the adoption of the FY 2008 operating budget, staff will bring forward recommended appropriations for the operation of the garage.
6. Establish the hourly transient rates as follows: first 90 minutes free, thereafter \$2 an hour or portion thereof, with a maximum charge of \$6 per day. A \$5 flat rate shall be charged for those vehicles entering the garage after 10:00 p.m. and before 5:00 a.m. Monthly unreserved parking shall be \$50 per month on a first-come, first-served month-to-month basis.

BACKGROUND

The Del Mar Station project was completed in various phases in Summer 2006, and is located on the site bounded by Arroyo Parkway on the east, Del Mar Boulevard on the south, Raymond Avenue on the west, and privately-owned property on the north. The project site is located within the boundaries of the Downtown and Old Pasadena Redevelopment Project Areas (please refer to site location, Exhibit "A").

The parking located in the project totals 1,175 spaces, with 575 of those spaces dedicated to serving the needs of the 347 residential units and retail/restaurant space located within the project. The subterranean parking facility includes an additional 600 spaces dedicated to serve transit users ("transit spaces"). The Reciprocal Easement Agreement ("REA") executed concurrent with the development of the project specifically identifies the potential for the future sale of the transit spaces to the City or other entity.

Staff has negotiated with the MODE regarding the acquisition of the 600 transit spaces and has offered a purchase price of \$2,450,000. This purchase price equates to approximately \$4,083 per space, substantially lower than the costs of construction were the spaces to be constructed separately. The MODE met on November 3, 2006 and approved the sale of the facility at the purchase price identified in this report.

Among the terms and conditions to complete the acquisition of the transit spaces is the City having the ability, in its sole and absolute discretion, to establish: a) charges for monthly, daily, and transient parking; b) hours of operation; and c) rules and regulations for parking. The 600 transit spaces shall be available first,

and to the extent demand is present, to Gold Line patrons during the hours of Gold Line operations. The City will have the right to utilize the "excess" parking spaces should the demand for transit parking spaces fall short of the total 600-space transit parking allocation.

Staff has inspected the parking facility and reviewed the parking equipment and operations. An upgrade of the existing Parking Access and Revenue Control Systems to bring the equipment up to standard and to upgrade the existing wayfinding and informational signage to improve functionality and reflect the new rates and hours of operation is required. The cost of this upgrade is estimated at \$176,000. Other than this item, there is no need for further capital expenditure once the City assumes operational responsibilities. In March 2004, City Council approved a loan to the MODE from the Old Pasadena Parking Structure Fund in the amount of \$50,000 for garage operations. As part of the proposed purchase this loan is recommended to be forgiven.

The location of the subject parking can serve as a resource for monthly and transient parking in both the Old Pasadena and Civic Center/Mid-Town districts. Staff aims to direct monthly parkers to the facility, freeing up transient parking spaces located more central to the retail and restaurant establishments in the Central District.

Staff is requesting that the City Council/Commission authorize the City Manager to establish the following rate structure for the spaces:

- The garage shall operate 24 hours per day, 7 days per week.
- Hourly transient rates shall be: first 90 minutes free, thereafter \$2 an hour or portion thereof, with a maximum charge of \$6 per day. A \$5 flat rate shall be charged for those vehicles entering the garage after 10:00 p.m. and before 5:00 a.m.
- Monthly unreserved parking shall be \$50 per month on a first-come, first-served month-to-month basis.

Based upon the recommended rate schedule, hours of operation, and staffing, an analysis of current operations by the proposed operator forecasts a 10% increase in revenue after the first six months of operation. A similar analysis of expenses shows a 15% decrease in month-to-month operations. The costs of the recommended upgrades to equipment and signage are not included in this figure. Based on a review of current operations, a positive net income is anticipated to be generated and sustained within 1 year of the City assuming ownership and operations. A summary of historical garage operations and projections is included below:

	2004	2005	2006	2007 Projected	2008 Projected	2009 Projected
Total Revenues	\$251,409	\$169,635	\$291,294	\$326,016	\$382,000	\$396,000
Total Expenses	\$302,341	\$322,597	\$309,300	\$331,134	\$275,700	\$275,700
Net Income/(Loss)	(\$50,932)	(\$152,962)	(\$18,006)	(\$5,118)	\$106,300	\$120,300

The garage is to be run as a fully automated garage, with attendants only at peak periods. A central cashier and automated pay on foot machine will be installed at a location to be determined. During off-peak hours parkers will utilize an intercom to communicate with parking attendants. This type of operation is currently in place at the Holly Street Garage and is performing well.

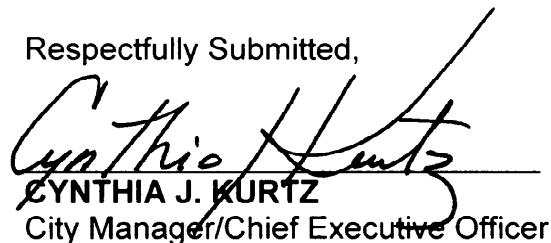
Authorization to amend the existing contract number 18,934 with Modern Parking Incorporated to provide for operations services in the facility is also recommended. Garage operations management can be provided for an amount not to exceed \$300,000 annually. Additionally, a one-time expense of \$176,000 will be required to upgrade the existing Parking Access and Revenue Control Systems to bring the equipment up to standard and to upgrade the existing wayfinding and informational signage to improve functionality and reflect the new rates and hours of operation. This would increase the contract's annual not-to-exceed amount to \$2,153,331 and the total not-to-exceed amount of the contract to \$5,007,933.

FISCAL IMPACT

Sufficient funds are available in the Old Pasadena (\$1,313,000) and Downtown (\$1,313,000) Redevelopment Project Area fund balances for the \$2,626,000 recommended appropriation.

As mentioned above, staff anticipates that there will be a small operating loss in the first year of operations, with projections in future years indicating a net income for the garage. The recommended appropriation is to be considered as an advance, with net revenues from garage operations in the future being directed back to the respective fund balances.

Respectfully Submitted,


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 City Manager/Chief Executive Officer

Prepared by:




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Concurrence:



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File: Del Mar Parking CouncilComm Rpt6.18.07

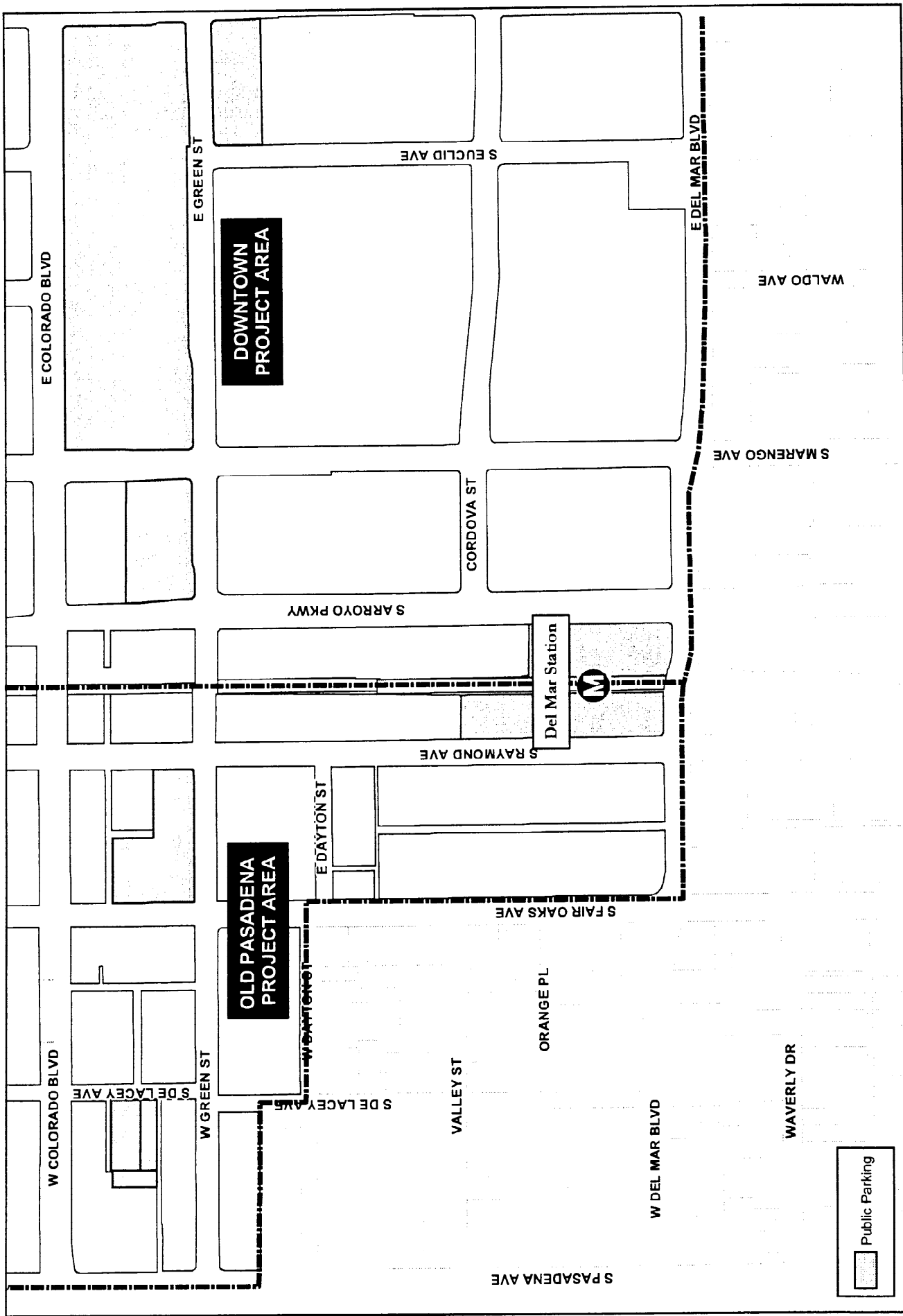


EXHIBIT "A"
Del Mar Station Project
Subject--Parking Location


 0 50 100
 Feet
Prepared by: [unreadable]
 Date: [unreadable]
 Project No.: [unreadable]