



City of Madison

City of Madison
Madison, WI 53703
www.cityofmadison.com

Meeting Agenda – FINAL

Madison Central Business Improvement District (BID) Board of Directors

August 7, 2014

Noon-1:30 pm

122 W. Washington Ave.
1st Floor Conference Rm.

If you need an interpreter, translator, materials in alternate formats or other accommodations to access this service, activity or program, please call the phone number below at least three business days prior to the meeting.

Si necesita un intérprete, un traductor, materiales en formatos alternativos u otros arreglos para acceder a este servicio, actividad o programa, comuníquese al número de teléfono que figura a continuación tres días hábiles como mínimo antes de la reunión.

Yog hais tias koj xav tau ib tug neeg txhais lus, ib tug neeg txhais ntawv, cov ntawv ua lwm hom ntawv los sis lwm cov kev pab kom siv tau cov kev pab, cov kev ua ub no (activity) los sis qhov kev pab cuam, thov hu rau tus xov tooj hauv qab yam tsawg peb hnuv ua hauj lwm ua ntej yuav tuaj sib tham.

Если Вам необходима помощь устного или письменного переводчика, а также если Вам требуются материалы в иных форматах либо у Вас имеются особые пожелания в связи с доступом к данной услуге, мероприятию или программе, пожалуйста, позвоните по указанному ниже телефону и сообщите об этом не менее чем за три рабочих дня до соответствующей встречи.

Madison Central Business Improvement District (BID): (608) 512-1340

Approx. Time

1. **Call to Order** — Greg Frank, Chair (12 noon)
2. **Approval of Minutes** from July 3, 2014 meeting (12:01 pm)
3. **Disclosures and Recusals** – (12:02 pm)
Members of the body should make any required disclosures or recusals under the City's Ethics Code
4. **Public Comment** (3 min. per speaker) (12:03 pm)
5. **Chair's Report** – Greg Frank (12:05 pm)
6. **Overture Center 10Fest Informational Presentation** (12:10 pm)
-Wayne Glowac and Ray Gargano
7. **Parking Utility Financial Sustainability Report Informational Overview** (12:20 pm)
-Tom Woznick, Parking Operations Manager
 - [Staff Report & Executive Summary](#)
 - Full [Parking Utility Financial Sustainability Report](#)
8. **BID Reauthorization Results** – Greg Frank (12:45 pm)

	<u>Approx. Time</u>
[9. 2015 Operating Plan Preparation – Greg Frank -Approval process and schedule -Draft 2015 Operating Plan	(12:55 pm)]
10. BID Staff Reports	(1:05 pm)
a) Tim Jenquin, BID Programming Coordinator	
• Ambassadors/Visitor Center	
• Planting Program	
• Welcome Programs	
• Business Turnover	
b) Mary Carbine, BID Executive Director	(1:10pm)
• Construction update	
• Marketing & Events update	
11. DMI Update – Susan Schmitz, DMI President	(1:15 pm)
12. City of Madison Update	(1:20 pm)
-Matt Mikolajewski, Office of Business Resources	
13. New Business, Announcements	(1:27 pm)
14. Adjournment	(1:30 pm)

NEXT MEETING: Thurs., Sep. 4, 2014, noon-1:30pm
- 2015 Operating Plan Approval

NOTE: BID Reauthorization Ballot Counting
Monday, August 4, 9:00 am
City of Madison Clerk's Office, Rm. 103 City-County Building
210 Martin Luther King Jr. Blvd.

If you need an interpreter, materials in alternate formats or other accommodations, please contact the Madison Central BID office at 608-512-1340 or mcarbine@visitdowntownmadison.com. Please do so at least three business days prior to the meeting so that proper arrangements can be made.



Madison’s Central Business Improvement District (BID)

OPERATING PLAN FOR CALENDAR YEAR 2014 2015

**BUSINESS IMPROVEMENT DISTRICT NO. 1
OF THE CITY OF MADISON, WISCONSIN**

TABLE OF CONTENTS

I. Introduction.....Page 3

II. District Boundaries.....Page 3

III. Operating Plan.....Page 4

 A. Plan Objectives

 B. Activities

 C. Expenditures and Financing Method

 D. Organization of the District Board

IV. Method of Assessment.....Page 10

 A. Annual Assessment Rate and Method

 B. Excluded and Exempt Property

V. Promotion of Orderly Development of the City.....Page 11

 A. City Role in District Operation

VI. Plan Approval Process.....Page 12

 A. Public Review Process

VII. Future Year Operating Plans.....Page 12

- A. Changes
- B. Termination of the District
- C. Amendment and Severability
- D. Automatic Termination Unless Affirmatively Extended

VIII. General.....Page 14

IX. Appendices

- A. 1983 Wisconsin Act 184, Section 1, legislative declaration
- B. Listing of Properties Included in the District
- C. District Map
- D. ~~2014~~ 2015 budget
- E. Voting Process
- F. Sample Ballot
- G. City Attorney Opinion

APPENDIX D		
Madison Central Business Improvement District (BID)		
2015 Proposed Operating Budget		
28-Jul-13		
<u>Revenues</u>		<u>2014</u>
Special Assessment		\$266,936
Map Advertising		\$60,150
Donations/Sponsorships		\$19,250
Interest/Other		\$12,250
Reserves Applied		\$9,000
Total Revenues		\$367,586
<u>Expenses</u>		<u>2014</u>
Welcoming Environment		\$136,007
Marketing		\$117,627
Administration		\$73,517.10
Community Relations/Other		\$22,055
Business Development		\$18,379
Total Expenses		\$367,586

**OPERATING PLAN FOR CALENDAR YEAR 2015
BUSINESS IMPROVEMENT DISTRICT NO. 1
OF THE CITY OF MADISON, WISCONSIN**

I. INTRODUCTION

Under Wisconsin Statute Section 66.1109, (the “BID Law”) cities are authorized to create Business Improvement Districts (“BIDs”) upon the petition of at least one owner of property used for commercial purposes within the District. The purpose of the BID Law is “...to allow businesses within those districts to develop, to manage and promote the districts and to establish an assessment method to fund these activities.” 1983 Wis. Act 184, Section 1, legislative declaration. See Appendix A.

BID assessments are similar to traditional special assessments wherein property owners are assessed for improvements or services that benefit them. Unlike the traditional special assessments, however, BID assessments can be used to finance a wider range of activities, services and improvements such as business retention, expansion and recruitment; ambassadors; promotions and marketing and seasonal street decorations.

On December 7, 1999 the City of Madison created Business Improvement District #1. Pursuant to BID Law, this is the operating plan (“Operating Plan”) for the District for the calendar year ~~2014~~ 2015, which has been prepared to establish the services to be offered by the District, expenditures by the District, the special assessment method applicable to properties within the District for the ~~fifteenth~~ ~~sixteenth~~ year of the BID, and other requirements of the BID Law.

II. DISTRICT BOUNDARIES

The District will include the area in Madison that comprises Madison’s Central Business District. The district includes the Capitol Square Area including the 100 block “spoke streets” off the Capitol Square, and the State Street Area extending west to Park Street. This entire area represents the heart of Madison’s downtown, linking State Street with the businesses in the Capitol Square and adjacent areas, the residential population in the downtown, the Monona Terrace Community and Convention Center’s visitors and the UW-Madison Visitors Services. A listing of the properties included in the District is set forth in Appendix B, attached hereto and incorporated herein, along with a map outlining the District (Appendix C).

III. OPERATING PLAN

A. Plan Objectives

In the year 2003, Madison's Central BID underwent a strategic planning process which led to the formulation and articulation of the District's vision and mission. In 2006, the BID Board revisited and updated the Strategic Plan. The VISION of Madison's Central BID is to be a powerful BID that is respected in the Community for getting things done. The AIM of Madison's Central BID is to increase the vitality and health of the district and promote business within it. The CONSTITUENTS are the property and business owners within the district. The ACTION by the BID to achieve the goal is to market the district as a whole, create a welcoming environment, develop community relations, and advocate for the needs and interests of the district.

B. Proposed Activities

Four areas of strategic focus will move Madison's Central BID into the future. Specific objectives within each strategy state Madison's Central BID's priorities for the coming year. The four strategic directions that will be pursued by Madison's Central BID are to Maximize Marketing and Promotion of Downtown, provide a Welcoming Environment, develop Community Relations, and Advocate for the district.

Maximizing Marketing and Promotion of Downtown

Promote the benefits of the Madison's Central BID area as an important community asset and a unique place to shop and recreate to residents and visitors.

This includes:

- Maintain Downtown Madison website (www.visitdowntownmadison.com) and social media presence
- Develop and distribute Downtown Madison map and guide
- Offer high value cooperative advertising opportunities for District businesses
- Provide positive downtown public relations
- Promotion of downtown as a great place to shop, dine, play, live and work.
- Creation of a consistent message between marketing strategies, public relations and programming
- Support for downtown events

Welcoming Environment

Provide a friendly, welcoming, accessible and unique environment within the District through:

- The Ambassador program, including Ambassador staffing of the city's Visitor Center at 452 State St. in cooperation with Madison Parks.
- Holiday decorations
- Planting program

Community Relations

Work in a leadership role to enable communications and maximize compatibility among user groups of the downtown. This includes:

- Communication with district property owners regarding BID involvement and initiatives
- Communication with business owners to keep them aware of issues and/or opportunities as they relate to their businesses
- Collaboration with the University of Wisconsin Campus Visitor and Information Programs and Greater Madison Convention and Visitors Bureau
- Attend and provide reports at the Downtown Coordinating Committee monthly meeting
- Work with the City of Madison and attend various city meetings, including the Parks Department, Planning & Development, Engineering and Traffic Engineering for orchestration of physical environment programs and State Street reconstruction within and affecting the District; the Police regarding downtown safety; and the Mayor's Office and other agencies on relevant issues.
- Coordinate efforts with Downtown Madison, Inc. and participate in DMI committees as relevant to BID work;
- Attend and provide reports at the Greater State Street Business Association (GSSBA) monthly meetings.
- Work with various downtown groups and other organizations in the business community in event planning and joint partnerships, including arts and cultural groups, the GSSBA, Greater Madison Convention and Visitors Bureau, University of Wisconsin, Overture Center, Jazz at 5, Farmer's Market, Madison Winter Festival, Ironman, Dane Dances, Capitol Neighborhoods, etc.

Advocate for the District

To advocate for the needs and interests of the district as a whole, working closely with city staff, elected officials, and partner organizations and stakeholders, on areas including but not limited to:

- Construction
- Proposed Policies for the central downtown business district
- Mall Maintenance services
- Parking
- **Street closures and access to downtown**
- City of Madison **downtown business development**, alcohol license management ~~and business development plan~~, Downtown Plan implementation, Development Process Improvement Initiative implementation, Economic Development Plan ~~implementation~~, and other similar initiatives;
- Halloween
- Downtown Safety
- Business Recruitment & Retention

The BID will conduct other activities similar to those above, to carry out the objectives identified above. The BID may not achieve full completion of all of the activities outlined above. In addition, the BID shall have all powers granted under the BID Law, including to collect the assessments provided herein, and to carry out the purposes of this Operating Plan.

C. Expenditures and Financing Method

The Year ~~Fifteen~~ **Sixteen** operating budget for the District is ~~\$352,025~~ **\$367,586** (see Appendix D). This includes ~~\$266,130~~ **\$266,936** collected through the BID assessment and an additional ~~\$85,895~~ **\$100,650** collected from other methods. The projected expenditures for Year ~~Fifteen~~ **Sixteen** are also identified on Appendix D, attached hereto and incorporated herein. The above budget is based upon a projection of **expenditures, and** revenue from several sources, including among others, contributions from tax-exempt property owners and outside sources. The actual budget will be adjusted if the actual revenue received **and expenditures is are** more or less than projected. The adjustments could include revising or eliminating individual budget line items as determined by the BID Board of Directors. Expenditures are intended to be made in a fair and equitable basis throughout and for the benefit of the entire District. In the event

that a surplus exists at the end of any fiscal year, the monies may be carried over for expenditures in subsequent years.

The BID Operating Budget for ~~2014~~ 2015 will be subject to the approval of the City of Madison, as set forth in Wisconsin Statutes section 66.1109. If any year's annual operating budget exceeds the prior year's annual operating budget by 4% or more, such budget must be approved by a 2/3 majority of the entire District Board. Any capital improvements costing more than \$10,000 each or \$30,000 in the aggregate for any one calendar year must be approved by a 2/3 majority of the entire District Board. For the purpose of this Operating Plan, "capital improvement" means any physical item that is permanently affixed to real estate including, without limitation, street lighting and sidewalk improvements. The term "capital improvement" shall not include, among other things, any maintenance equipment or supply, any communications equipment, any vehicles, any seasonal improvement or any holiday lighting or decoration. After the District Board has approved the annual operating plan and budget, they will be sent to the City for approval, adoption and inclusion in the City's annual budget for the following year.

The District may not borrow funds without approval of a 2/3 majority of the entire District Board.

D. Organization of the District Board

The Mayor shall appoint members, who will culturally represent Madison's diverse communities, to the District Board (the "Board"), and the City Council of Madison will act on the confirmation of such appointments. The Board shall be responsible for implementation of this Operating Plan. This requires the Board to negotiate with providers of services and materials to carry out the Operating Plan; to enter into various contracts; to monitor the effectiveness of the District's activities, to aid compliance with the provisions of applicable statutes and regulations; and to make reimbursements for any overpayments of District assessments.

Wisconsin Statutes section 66.1109(3) (a) requires that the Board be composed of at least five members and that a majority of the Board members shall either own or occupy real property in the District. If the actual property or business owner is an entity, that entity shall designate a representative to act on its behalf.

The Board shall be structured and operate as follows:

1. Board Size— 19 members
2. Composition—

- State Street Area**---four members, representing 2 owners of commercial property and 2 owners of a business in the “State Street Area”;
- West Main Area**—one member, owner of a business;
- King Street Area**—one member, representing a commercial property owner or business owner;
- University of Wisconsin-Madison**---one member, representing the Chancellor;
- Downtown Coordinating Committee**---one member, representing the Downtown Coordinating Committee;
- Capitol Square Area**---three members, representing 2 owners of commercial property and 1 owner of a business in the “Capitol Square Area”;
- The Greater State Street Business Association (GSSBA)**--one member, represented by an officer of the organization;
- Tax Exempt Entity**---one member, representing a financially contributing tax-exempt entity;
- Downtown Madison, Inc. (DMI)**---one member, representing the DMI board of directors;
- University of Wisconsin-Madison student**---one member, representing Associated Students of Madison;
- Downtown Resident**---one member, resident of central downtown;
- At-Large Members (3)**— Two (2) members, representing the central downtown and one (1) member representing the largest property owner in the district (i.e., owner of the most aggregate frontage subject to the BID assessment). If no representative of the largest property owner wishes to serve, a representative of the second-largest property owner may be appointed to the seat (and so forth).

In addition, the following representatives shall be appointed by the Mayor who shall not be formal members of the Board and therefore cannot vote, but who will represent the following constituency, and advise the Board, and shall be notified of all Board meetings, shall be able to attend such Board meetings and give input to the Board:

- City of Madison**---one member (without vote), representing the City of Madison;
- The 4th District Alderperson**---one member (without vote), representing the 4th District.

No one individual, and no more than one representative of any entity, may hold more than one Board position. If, during the course of a term, a Board member’s situation changes, so that they no longer fit the definition for that seat, such as by selling their parcel, they shall continue to serve in that position until a replacement is appointed.

3. Term—Appointments to the Board shall be for a period of three years.
4. Compensation—None
5. Open Meetings Law—All meetings of the Board shall be governed by the Wisconsin Open Meetings Law if and as legally required.
6. Record Keeping—Files and records of the Board’s affairs shall be kept pursuant to the Wisconsin Public Records Law.
7. Staffing and Office—One BID Executive Director and one BID Programming Coordinator. Office expenses prorated by Downtown Madison, Inc.
8. Meetings—The Board shall meet regularly, at least once every three months. An annual meeting will be planned for all property/business owners.
9. Executive Committee—The Board shall elect from its members a chair, a vice-chair, a secretary, and a treasurer who, along with the immediate past Chair, shall comprise an Executive Committee of the Board. The Executive Committee shall be authorized to oversee the day to day operations of the District, including the execution of minor contracts, and the signing of checks, subject to the controls adopted by the Board.
10. Subcommittees—May include Marketing Subcommittee, Governance Subcommittee, Liaison Subcommittee, Fund Development Subcommittee, Nominating Subcommittee, and others formed by the Board as needed. Subcommittees may include Board members and other District representatives.
11. Non-Voting Advisors— The Board will have two non-voting advisors, as identified above.
12. Powers—The Board shall have all powers necessary and convenient to implement the Operating Plan, including the power to contract.
13. Annual Report—The Board shall prepare and make available to the public annual reports, including an independent certified audit conducted by the City of Madison, as required by the BID Law.

IV. METHOD OF ASSESSMENT

A. Annual Assessment Rate and Method

The annual assessment for District operating expenses will be in direct proportion to the frontage lineal footage of that property within the District, as defined below.

The individual assessment is derived by figuring the property's primary lineal frontage at 100%, and the secondary lineal frontage, if applicable, at 50%. The total assessment for each assessed parcel is formulated by multiplying the total assessed lineal footage by \$15.60. The frontage measurements of each parcel of real estate, as identified in the records of the Building Inspector of the City of Madison, shall be the official measurement for purposes of this calculation. Notwithstanding the foregoing, the total assessment for each improved property shall not exceed an amount equal to \$0.312 per square foot of building area.

Use of the property as of January 1, ~~2013~~ 2014 shall control for purpose of the ~~fifteenth~~ ~~sixteenth~~ year assessment.

Appendix B identifies each property included in the District and shows the proposed BID assessment for each property. A property shall be defined as a parcel of land subject to assessment hereunder, with a separate Tax Key Number, as identified in the City of Madison's Assessor's Office.

The BID assessment is hereby levied by the City of Madison, which shall be a lien against each of the tax parcels of real property contained in the District, unless exempted as identified herein, under the power of §66.0717, Wis. Stats. Such special assessments are hereby levied by the City of Madison by adoption of this BID Plan. The city Finance Director is authorized to include the BID assessment on bills for properties subject to the assessment within the designated Improvement District.

The City of Madison shall collect such BID assessments and shall provide to the BID Board an accounting of the amounts received and the tax key numbers for which they are collected. All assessments shall be placed in a segregated account in the City's treasury. The City shall disburse the funds when the BID Board requisitions payments for its expenses that are authorized by the BID Operating Plan. All interest earned by virtue of temporary investment of funds in the BID account shall remain in the account for activities delineated in the BID Operating Plan.

B. Excluded and Exempt Property

The BID statute requires explicit consideration of certain classes of property. In compliance with the law, the following statements are provided.

1. Wisconsin Statutes section 66.1109(1)(f) Im: Property used exclusively for manufacturing purposes will not be assessed.
2. Wisconsin Statutes section 66.1109(5)(a): Property used exclusively for residential purposes will not be assessed.
3. Wisconsin Statutes section 66.1109(5)(a): Real property that is exempted from general property taxes under s. 70.11 will not be assessed.

Owners of tax exempt property within the District and expected to benefit from District activities will be asked to make a financial contribution to the District on a voluntary basis. In addition, those tax exempt properties within the District which are later determined no longer to be exempt from general property taxes, and tax exempt properties whose owners consent in writing to be assessed, shall automatically become subject to assessment under any current operating plan without necessity to undertake any other act.

V. PROMOTION OF ORDERLY DEVELOPMENT OF THE CITY

Under Wisconsin Statutes section 66.1109(1)(f) 4, this Operating Plan is required to specify how the creation of the District promotes the orderly development of the City. The District will increase the vitality of the central Business District and, consequently, encourage commerce in the City. Increased business activity in the City will increase sales tax revenues and property tax base.

City Role in District Operation

The City has committed to assisting owners and occupants in the District to promote its objectives. The creation of the BID District is in compliance with the City's Master Plan. To this end, the City has played a significant role in creation of the District and in the implementation of the Operating Plan. In furtherance of its commitment, the City shall:

1. maintain services to the District at their current levels.
2. maintain the City's current financial commitment to downtown.
3. maintain deployment of foot patrol officers.
4. handle the billing and collection of the BID assessment as provided herein.
5. have the City Attorney make a legal opinion, attached hereto as Appendix G, that the BID Operating Plan complies with the requirements of the BID Law.

VI. PLAN APPROVAL PROCESS

A. Public Review Process

The BID Law establishes a specific process for reviewing and approving operating plans. The statutory requirements will be followed, including the following process:

1. The District shall submit its proposed operating plan to the City of Madison Department of Planning and Development.
2. The Downtown Coordinating Committee (if convened) will review the proposed Operating Plan and after notice in the manner required by the BID Law, will adopt the Plan and make a recommendation to the full Common Council.
3. The Common Council will adopt the proposed Operating Plan.
4. If adopted by the Common Council, the proposed Operating Plan is sent to the Mayor, who will appoint, in accordance with Article III.D., members to the Board, and the non-voting advisors.

VII. FUTURE YEAR OPERATING PLANS

A. Changes

This Operating Plan is designed to authorize and control the BID for only its Year ~~Fifteen~~ ~~Sixteen~~ activities. It is anticipated that the District will continue to be renewed by the City after this Year ~~Fifteen~~ ~~Sixteen~~ Operating Plan, and in such renewals the

District will revise and develop this Operating Plan annually, in response to changing needs and opportunities in the District, in accordance with the purposes and objectives defined in this Operating Plan. Future issues under consideration include fund development and expanding the district boundaries.

Wisconsin Statutes Section 66.1109 (3)(b) requires the Board and the City to annually review, approve, and make changes as appropriate in the Operating Plan. Therefore, while this document outlines in general terms proposed activities, information on specific properties, budget amounts and expenditures are based solely upon current conditions. Subsequent years' activities, budget, and assessments will be provided in the required annual plan updates, and approval by the Common Council of such plan updates shall be conclusive evidence of compliance with this Operating Plan and the BID Law.

B. Termination of the District

The District may be terminated as provided by law. At the end of each five year term of the district (the next five year term ends December 31, ~~2014-2019~~), the District will automatically terminate unless there is a majority vote for the continuation of the BID. The next vote will be in ~~2014-2019~~. The vote will be conducted by sending a ballot to each owner of property within the District subject to the BID special assessment. The vote will be conducted as outlined in Appendix E, Voting Process, and Appendix F, Sample Ballot.* The City Clerk's office will send, receive, and count the ballots. Ballots will be securely stored by the Clerk's Office, and may not be opened or counted until after the voting deadline has passed. Based on the returned ballots, an aggregate frontage will be calculated. The owners of over 50% of that voting aggregate frontage must vote affirmatively for the continuation of the BID.

**Appendices E and F outline the voting process as approved for ~~2009 2014~~ and may be modified by the Board for the ~~2014-2019~~ Operating Plan as appropriate.*

C. Amendment and Severability

The District has been created under authority of Wisconsin Statutes Section 66.1109. Should any court find any portion of this Operating Plan, or the BID Law invalid or unconstitutional its decision will not invalidate or terminate the District and this Operating Plan shall be amended to conform to the law without need of re-establishment.

D. Automatic Termination Unless Affirmatively Extended

The District is being adopted by the City of Madison for one additional year only, and must be renewed each year **by Common Council approval of the annual Operating Plan** to remain effective.

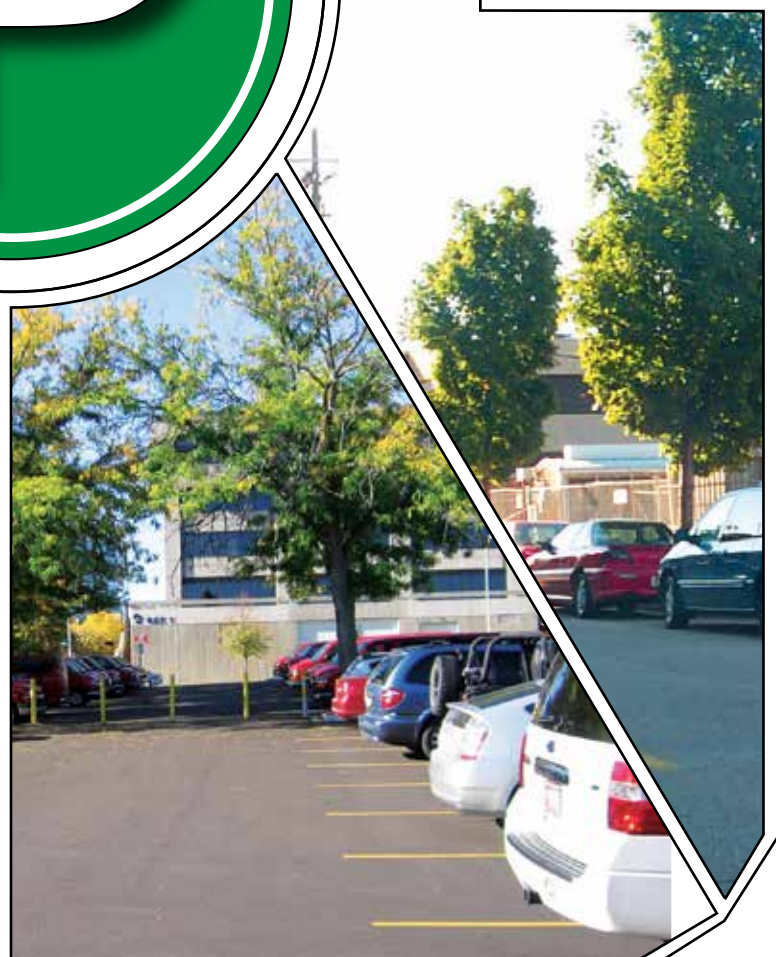
VIII. GENERAL

All exhibits referenced herein are incorporated herein by reference.

-Approved by the Madison Common Council, _____



STAFF REPORT AND EXECUTIVE SUMMARY OF THE PARKING UTILITY FINANCIAL SUSTAINABILITY REPORT



Staff Report and Executive Summary of the Parking Utility Financial Sustainability Report

David Dryer, P.E.
Thomas Woznick

Traffic Engineer & Parking Manager
Parking Operations Manager

Advisory Team:

Anne Monks
David Schmiedicke
Aaron Olver
Greg Leifer

Assistant to the Mayor
Finance Director
Economic Development Director
Employee/Labor Relations Manager

Contributors:

James Koloen
William Putnam
Sabrina Tolley
Michael Brenneis

Parking Analyst
Engineer 4
Program Assistant 2
Parking Technical Aide

215 Martin Luther King Jr. Blvd.
Madison Municipal Building, Suite 100
Madison, WI 53703

Tel: (608) 266-4761
Fax: (608) 267-1158
parking@cityofmadison.com
www.cityofmadison.com/parking



Staff Conclusions

1. Current financial conditions will allow reconstruction of the two most urgent priority projects, the replacement of the Government East and State Street Campus-Lake Garages, if they are built above-grade. Replacement using below-grade parking is not feasible as the cost would drop unrestricted reserves below the minimum threshold.
2. Additional structured parking outside of the current core downtown area will be required to support the development potential of areas like the Capitol East District in accordance with adopted plans. Without additional revenues and/or increased efficiencies, the Parking Utility cannot fund these investments.
3. The City has an opportunity to improve customer service and solidify the financial position of the Parking Utility through better deployment of technology and staff.
 - Through the modernization of equipment and new technologies, consider staff reductions through attrition, and study position descriptions to align job duties with current and future requirements.
 - Recognizing the importance of staff interactions with customers and the general public, tailor job duties to increase focus on delivering exceptional customer service. The modernization of equipment allows enhanced flexibility and mobility to staff.

Background

In May 2006, a Transit and Parking Commission retreat was held to discuss parking related issues. Subsequently, an Ad-Hoc subcommittee was created to develop a Parking strategic plan.

The five (5) most critical issues identified, and their current statuses are:

- Improved utilization of the current parking supply - **ongoing**
- Government East Garage replacement - **ongoing**
- Proposed State Street Parking Structure on the Buckeye Lot site - **tabled**
- Marketing, branding, and way finding for parking facilities - **ongoing**
- Brayton Lot expansion through purchase of adjacent State property - **done**

A specific strategic plan was not developed, however, ongoing concerns related to the issue of a possible long-term funding shortfall culminated in the hiring of Walker Parking Consultants to complete a financial sustainability study.

The scope of the study was to objectively uncover the strengths and weaknesses of existing economic and operational functions, and to make recommendations for how the Madison Parking Utility may continue to operate efficiently for the next twenty years.

Purpose

The purpose of this document is to assist in the development of a strategic plan to ensure the financial stability of the Parking Utility for the next twenty years. A summary of the Financial Sustainability Report and an historical perspective of the Parking Utility provide a framework for identifying near and long-term issues, options, and alternatives to meet this goal.

Strategies to Ensure the Parking Utility's Long-Term Financial Position

Strategies Implemented and/or Budgeted

1. Increase payment options available to our customers:
 - Install multi-space machines to provide for additional options of payment via credit card (meters currently accept Visa and MasterCard).
 - Test and implement pay-by-cell technology to provide increased convenience of payment options. The current MobileNOW! pilot accepts Visa, MasterCard, and American Express.
 - Convert the remainder of single space meters which only accept coins to either multi-space machines or smart meters (which accept payments via credit card and/or pay-by-cell).
2. Implement variable pricing strategies:
 - Staff has compiled survey and payment data to identify occupancy information for on-street meters, which can be used to implement variable pricing strategies. (Option #8 in the Sustainability Report)

Strategies for Consideration as Suggested within the Sustainability Report

Consider:

1. Staff reductions through attrition that can be absorbed due to work place efficiencies, and study position descriptions to align job duties with current and future requirements. (Options #4, #5 & #6)
2. Implementing market-rate event pricing. (Option #10)
3. Responding to business and Alder requests for adding meters on currently non-metered block faces. (Option #12)
4. Extending hours of on-street payment and enforcement beyond the current hours of 8 AM - 6 PM. (Option #13)
5. Implementing a Pricing Strategy to achieve desired revenue growth while continuing to maintain downtown vitality. (Options #24, #25 & #26)

Strategies for Consideration Related to the Replacement of the Government East Garage and Future Facilities, as Suggested within the Sustainability Report

For the future replacement of garages, consider:

1. Pursuing Tax Increment Financing options. (Option #19)
2. Selling air-rights above each public parking structure to reduce the amount of capital financed by the City and/or Parking Utility. (Option #20)
3. Building above-grade to reduce potential debt amount. (Option #22)
4. Building only what can be paid for by the Utility without risking a deficit. (Option #23)

History of the Parking Utility

Organizational History

The Madison Parking Utility, created on March 1, 1947, was the first municipally-operated parking system in the United States. The Parking Utility is an auxiliary enterprise agency of the City of Madison. As an auxiliary enterprise, the Parking Utility generates a revenue stream sufficient to cover ongoing operating expenses and outstanding debt service, and is capable of issuing revenue bonds with Common Council approval. The Parking Utility currently provides the City of Madison General Fund with revenue exceeding \$1.5M per year, which in 2013 was comprised of \$1.3M in Payment in Lieu of Taxes (PILOT) fees for facilities (garages and lots) and \$238K in a meter occupancy fee (applicable to on-street parking meters).

The Madison Transit and Parking Commission is responsible for overseeing Parking Utility operations and making recommendations on parking issues and items to the Common Council. All decisions of the Commission can be appealed to the Common Council.

Operational History

On-street parking meters were installed in March 1941 and the first attended off-street parking facility opened in August 1945. A second attended lot opened in September 1948. To provide a more economical operation, the lots, which were opened in 1952 and 1953, were metered. Subsequently, all parking operations were metered by 1958.

In 1980, as part of a federally-funded experiment to charge higher parking fees for long-term parking (dollar surcharge, which was discontinued at the completion of the experiment), the Utility converted its four existing parking ramps and one parking lot to attended operations.

Off-street parking lots remained metered for economic reasons. However, in 1982, the Utility converted a major portion of the Brayton lot, which had been attendant-operated, to an electronic multi-space collection system. Madison was the first to offer a dollar bill acceptor on such a system.

Paid Parking Operated by the City of Madison Parking Utility, 1947-2014

The total number of spaces in the system is currently 5,471, and has remained relatively flat since the completion of Capitol Square North Garage in the early 1970's. Total supply peaked at 5,563 spaces in 1998 after the addition to the State Street Capitol garage. The past 15 years have seen a small decrease of 92 spaces (1.7%, with an average yearly decrease of 6 stalls, or .1%).

Prior to the completion of the first garage (Government East) in 1958, the system was comprised of ~3,500 spaces (2,000 in lots and 1,500 on street). The six (6) garages built since created ~3,600 spaces, 1,500 of which were used to remove and replace surface lot spaces for the more dense and land efficient spaces in parking garages.

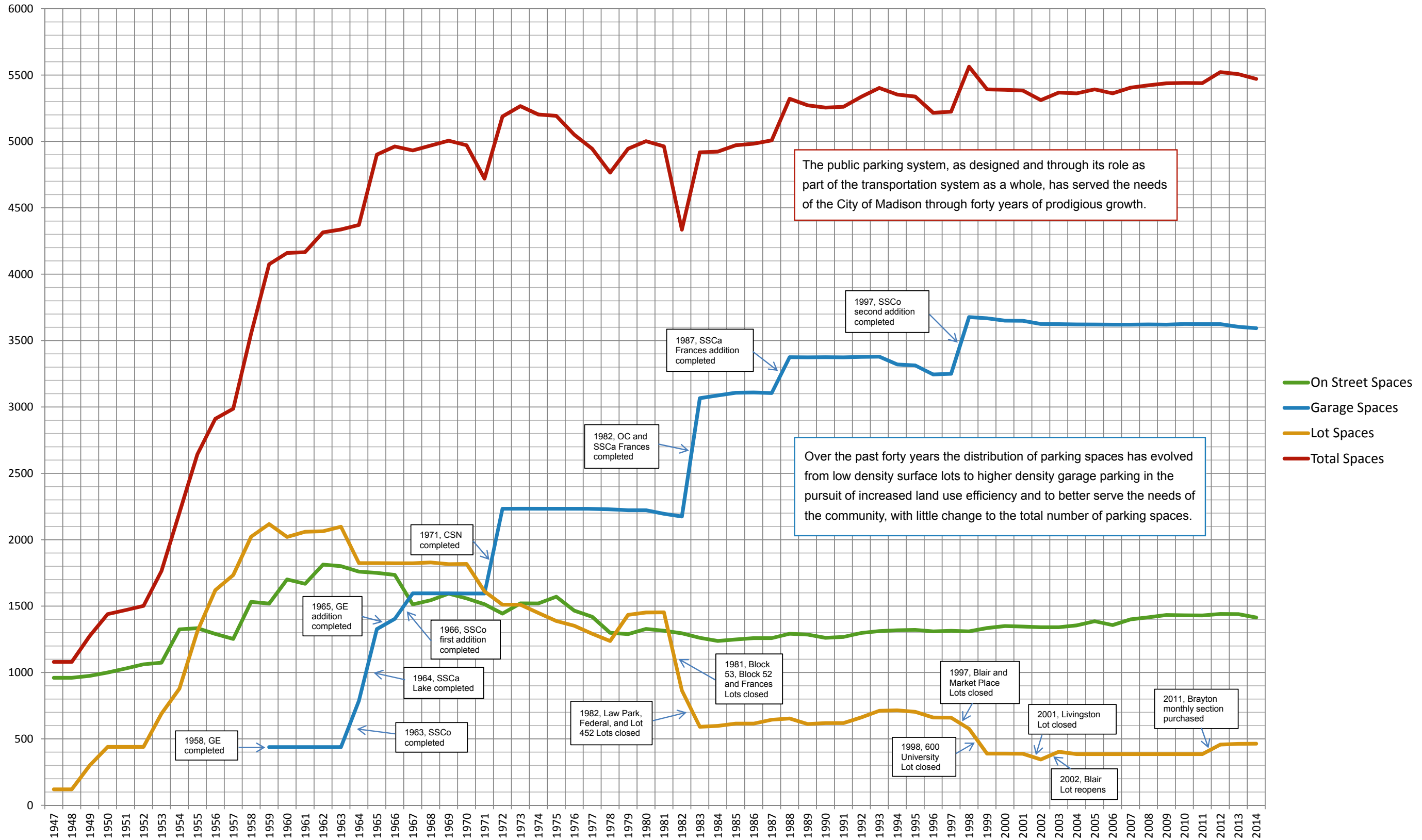
While the parking supply has remained relatively constant for the last forty years, the population of the City of Madison has increased from 173,258 in 1970 to 236,901 in 2014, an increase of 37%. The population of Dane County increased from 290,272 in 1970 to 509,939 in 2013, an increase of 76%.

See *Graph 1* for an historical and current perspective of the composition of paid parking spaces which have served the City of Madison since its inception.

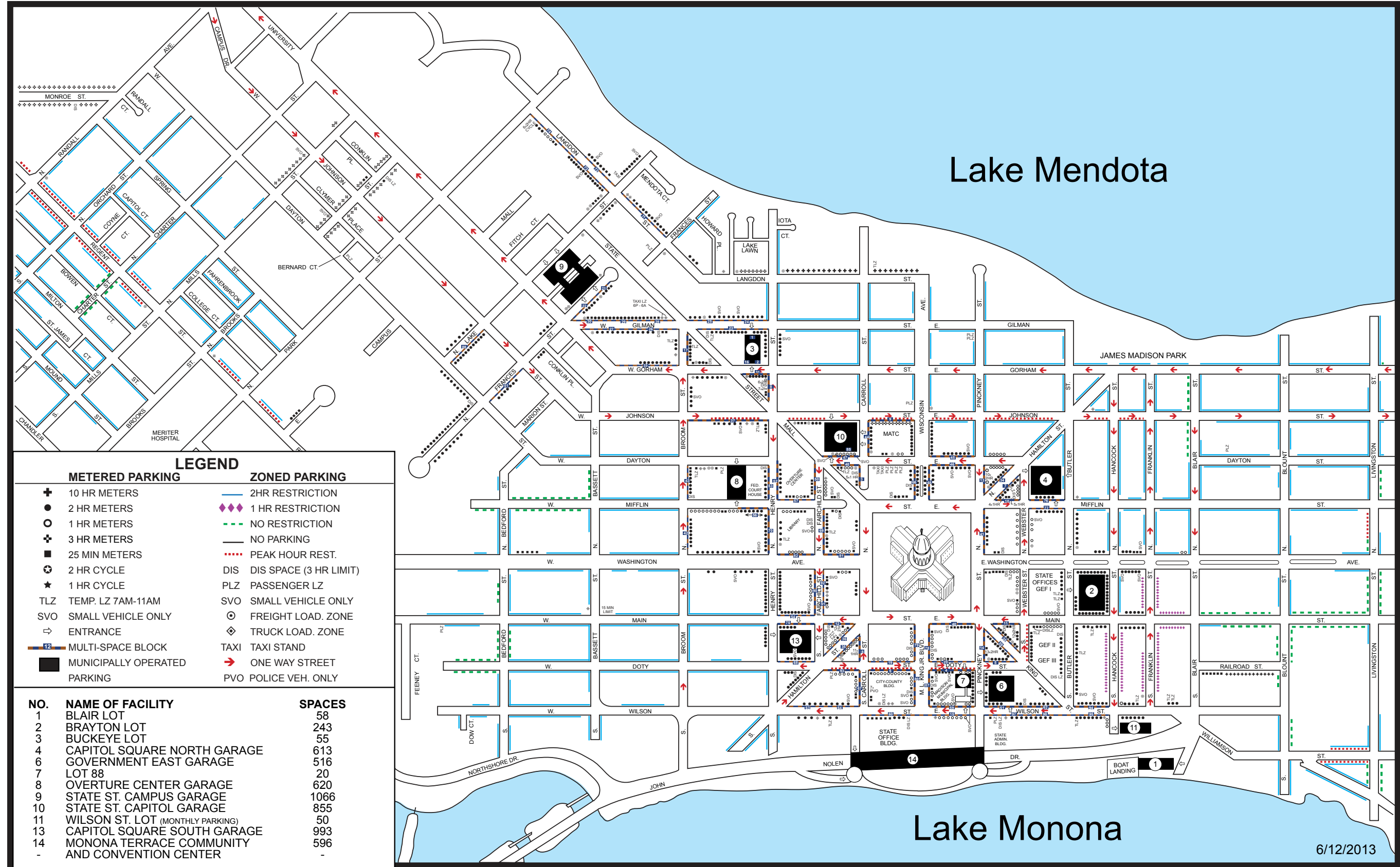
See *Map 1* for a detailed map of current on-street and off-street parking facilities operated by the Parking Utility.

Graph 1

Paid Parking Operated by the City of Madison Parking Utility, 1947-2014



Map 1



LEGEND

- | METERED PARKING | | ZONED PARKING | |
|-----------------|------------------------------|---------------|------------------------|
| + | 10 HR METERS | — | 2HR RESTRICTION |
| ● | 2 HR METERS | ◆◆ | 1 HR RESTRICTION |
| ○ | 1 HR METERS | --- | NO RESTRICTION |
| + | 3 HR METERS | --- | NO PARKING |
| ■ | 25 MIN METERS | ... | PEAK HOUR REST. |
| ⊕ | 2 HR CYCLE | DIS | DIS SPACE (3 HR LIMIT) |
| ★ | 1 HR CYCLE | PLZ | PASSENGER LZ |
| TLZ | TEMP. LZ 7AM-11AM | SVO | SMALL VEHICLE ONLY |
| SVO | SMALL VEHICLE ONLY | ⊙ | FREIGHT LOAD. ZONE |
| ⇨ | ENTRANCE | ⊙ | TRUCK LOAD. ZONE |
| 12 | MULTI-SPACE BLOCK | TAXI | TAXI STAND |
| ■ | MUNICIPALLY OPERATED PARKING | ➔ | ONE WAY STREET |
| | | PVO | POLICE VEH. ONLY |

NO.	NAME OF FACILITY	SPACES
1	BLAIR LOT	58
2	BRAYTON LOT	243
3	BUCKEYE LOT	55
4	CAPITOL SQUARE NORTH GARAGE	613
6	GOVERNMENT EAST GARAGE	516
7	LOT 88	20
8	OVERTURE CENTER GARAGE	620
9	STATE ST. CAMPUS GARAGE	1066
10	STATE ST. CAPITOL GARAGE	855
11	WILSON ST. LOT (MONTHLY PARKING)	50
13	CAPITOL SQUARE SOUTH GARAGE	993
14	MONONA TERRACE COMMUNITY AND CONVENTION CENTER	596
-		-

Current Operations

On-Street Metered Parking

The Parking Utility operates more than 1,400 on-street metered parking spaces, which comprise over 25% of the system's total spaces. These spaces generated over \$2.3M, about 19% of total gross revenue in 2012, and accounted for almost 30% of the net operating income.

The Parking Utility began modernizing its on-street meters in 2010, and to date, one hundred multi-space meters have been installed. The multi-space meters allow payment with either credit card or coin. This added convenience has resulted in fewer unpaid parking sessions, reduced parking citations, and added revenue to the Parking Utility. Currently, just under half of the on-street spaces are served by the multi-space meters. Ten additional multi-space meters will be purchased in 2014.

There is currently a trial program at the Buckeye Lot to allow payment by cell phone. This will provide additional convenience for our customers, and we expect to expand this to all on-street metered spaces in the future.

In addition to the multi-space meters, we plan to convert the remaining single-space meters to single-space meters that accept credit cards.

Off-Street Lots

The Parking Utility operates seven parking lots which together comprise 473 spaces. These lots generated \$933K (8%) of gross revenue in 2012, which accounted for 10% of the gross revenue for all off-street parking facilities (garages and lots).

The Brayton lot (recently resurfaced, concrete curbing replaced, and rain gardens installed) accounts for more than half of the off-street lot spaces with 243, and the Buckeye lot (resurfaced in 2009), with 55 spaces, provides very convenient State Street area parking. Together, these two lots generated over \$725K in gross revenue in 2012.

Overview of Garages

The Parking Utility operates six (State Street Campus is two garages connected via bridge) parking garages, which comprise two-thirds (66%) of the system's total spaces. These garages generated over \$8.6M (72%) of gross revenue in 2012, which accounted for over 52% of the net operating income.

The industry standard expected service life of parking garages is thirty to fifty years. Three of the Parking Utility's garages are fifty years or older, one is forty-three years old, and the remaining two are over thirty years of age. Estimated age at the expected time of replacement for the garages varies between fifty-five years for State Street Campus Lake Garage and seventy-three years for State Street Capitol Garage.

The Parking Utility has been able to extend the life of its garages by implementing an aggressive annual maintenance and repair program, however, there is a point at which it is advisable to replace rather than repair facilities. In part, this is due to changing needs and priorities in the community, where there is a desire for ground level retail, or other potential shared-use options, such as incorporating a bus terminal for out-of-town buses. New garages can be designed to best utilize current technology, including energy efficient LED lighting and Parking Access & Revenue Control Systems (PARCS).

Most of the garages that the Parking Utility maintains were built before PARCS were common, and were designed with single space meters controlling each individual space. Although booths and gates have been retrofitted to these facilities, these installations could not be done as well as would have been the case, had they been planned with PARCS as part of the original design.

Garages: Operations & Remediation

Government East Garage was the first garage that the Parking Utility built, with its construction beginning in 1958. There are 516 spaces in this garage, which generated \$1.7M of gross revenue in 2012. Recent remediation work has averaged \$236K/year for the past two years (\$224K in 2012 and \$248K in 2013), which has been considered the minimum necessary to keep the facility operating. Replacement is recommended as soon as possible, as the annual cost of remediation is likely to exceed \$250K. An estimated \$8M in repairs (actual year's dollars) would be needed in order to keep the garage operational for an additional twenty years. Government East Garage will be fifty-eight years old at the expected time of replacement in 2015-2016.

State Street Campus Lake Garage was built in 1964. There are 527 spaces in this garage, which generated \$2.3M of gross revenue in 2012. Due to its age and location, it is the next priority for replacement after the Government East Garage, and replacement is planned for 2019. An estimated \$7M in repairs (actual year's dollars) would be needed in order to keep the garage operational for an additional twenty years.

Capitol Square North Garage was built in 1971, and replacement is planned for 2029. There are 613 spaces in this garage, which generated \$1.1M of gross revenue in 2012. An estimated \$3.8M in repairs (actual year's dollars) would be needed to maintain this garage for an additional twenty years.

State Street Capitol Garage was built in 1961, with the most recent vertical expansion in 1995. There are 855 spaces in this garage, which generated \$1.7M of gross revenue in 2012. The thirty-four year gap between the original construction and vertical expansion results in a situation where more costly repairs are justified in the original construction to extend the life of the garage than would otherwise be considered. Hence, there is \$300K/year budgeted in repairs and maintenance from 2017-2021 to extend the life of the original construction. This will put the estimated year for replacement of the entire garage to 2034. An estimated \$6M in repairs (actual year's dollars) would be needed to maintain this garage for an additional twenty years.

Overture Center Garage was built in 1982. There are 625 spaces in this garage, which generated \$1.2M of gross revenue in 2012. Replacement is planned for the year 2039. An estimated \$2.6M in repairs (actual year's dollars) would be needed to maintain this garage for an additional twenty years.

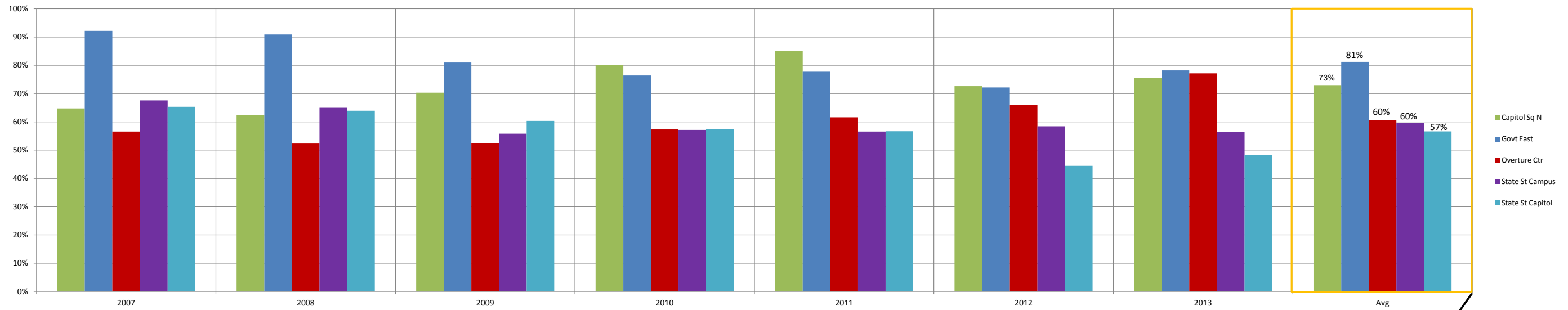
State Street Campus Frances Garage was built in 1981, with a vertical expansion in 1986. There are 538 spaces in this garage, which generated \$672K of gross revenue in 2012. Replacement is planned for the year 2044. An estimated \$3M in repairs (actual year's dollars) would be needed to maintain this garage for an additional twenty years.

See *Graph 2* for a graphical perspective of average garage occupancies and revenues for the period of 2007 to 2013.

Graph 3 provides a graphical perspective of 2013 average hourly occupancies to highlight occupancy trends and use-pattern differences between weekdays, weekends, and time of day.

Graph 2

Garage Occupancies 2007-2013 (10AM-2PM)



The primary objective for determining rates is to equalize system-wide occupancies, while still balancing the need for financial sustainability.

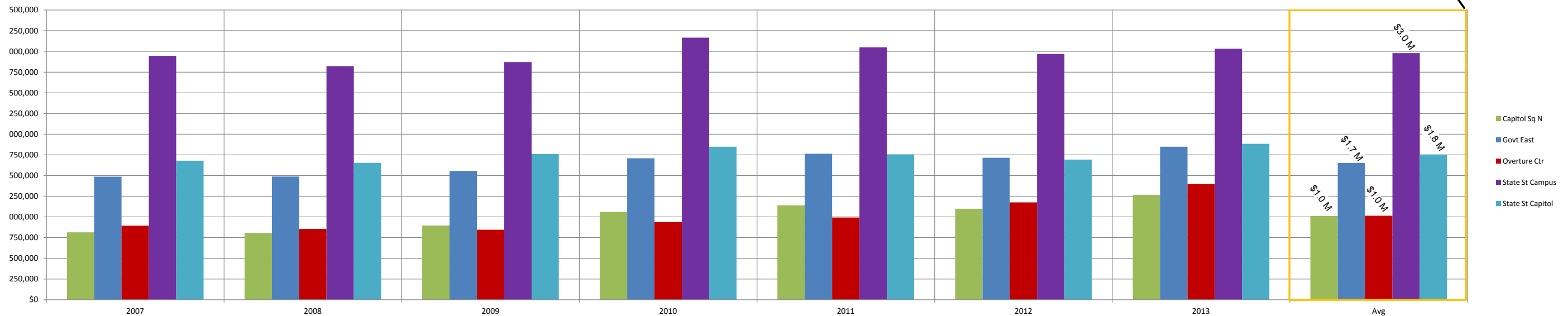
When correlating occupancy levels and revenue, it is critical to consider the capacity of each facility as a significant factor of revenue potential. For example, State Street Campus and State Street Capitol Garages have the two lowest average occupancies, yet generate the highest annual revenues.

Location is also a significant factor in the demand for parking. Government East has the highest occupancy because of its convenient location within the Central Business District.

The Parking Utility has served the City's parking needs by striving to equalize parking demand in each of our garages, while limiting the maximum occupancy at any facility to 90% or less to maintain desired parking availability.

Garage revenues, which comprise over 70% of total system revenues, vary significantly due to a variety of factors. The three paramount factors are a combination of availability, affordability, and convenience.

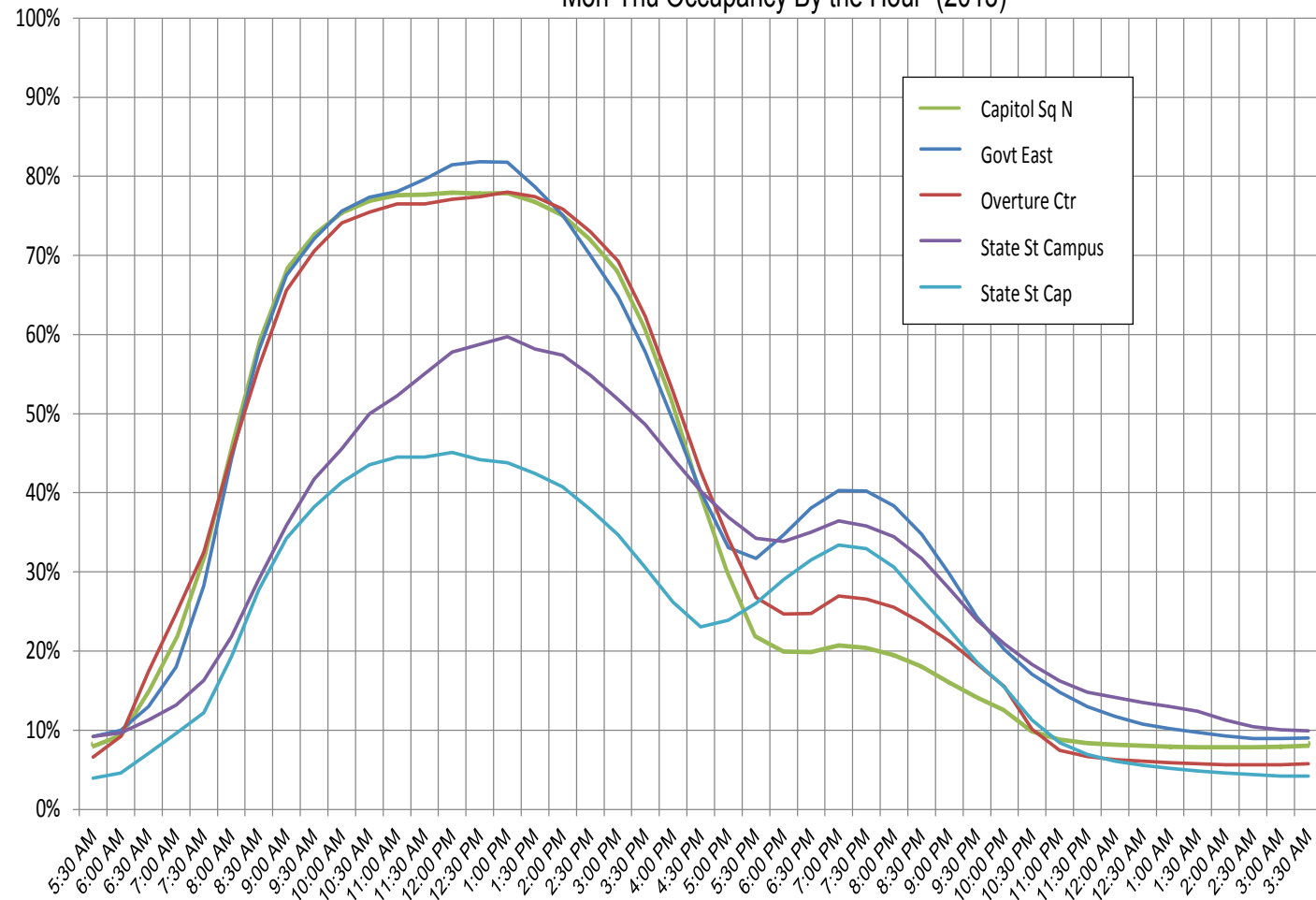
Garage Revenues 2007-2013



Graph 3

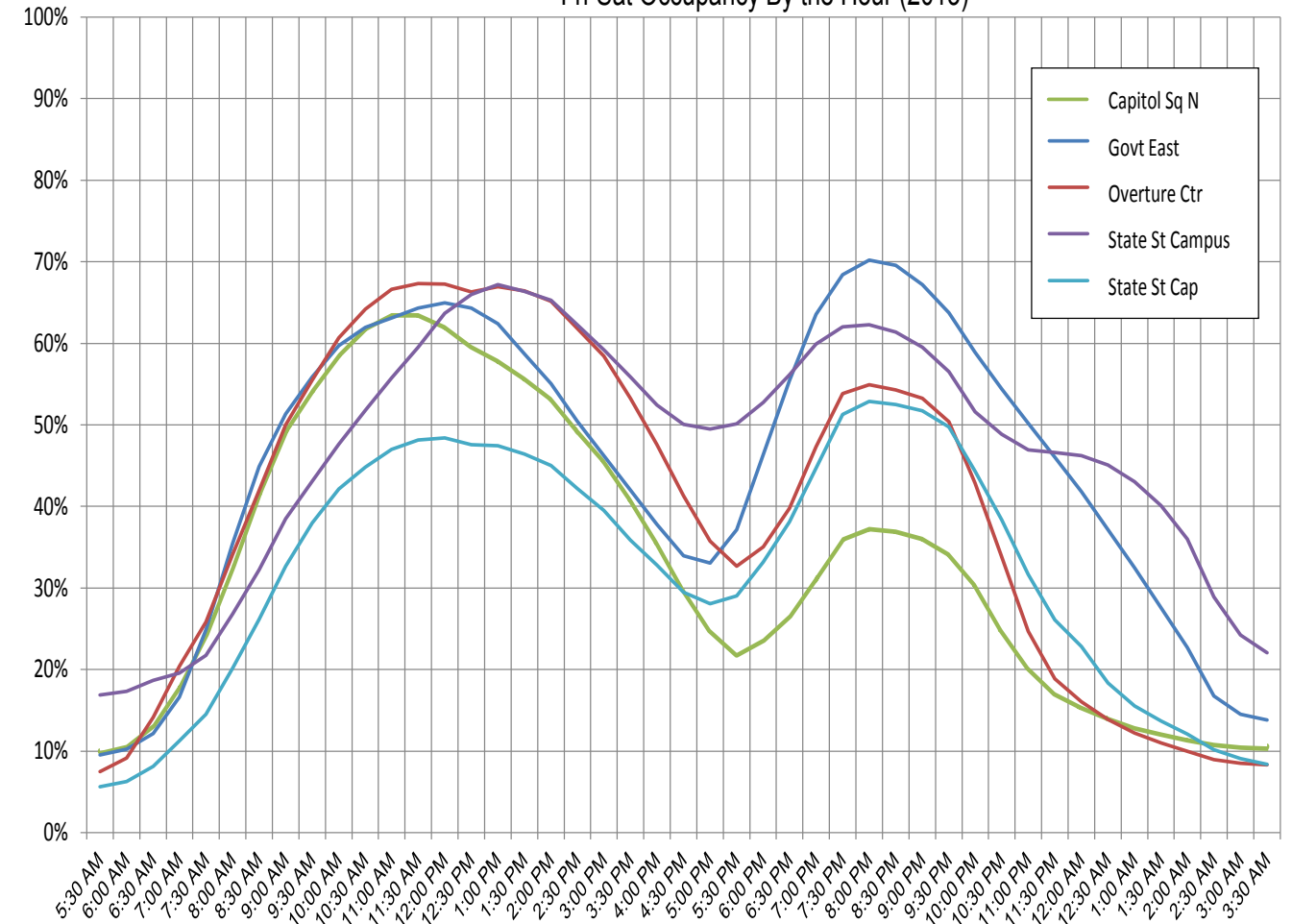
Average hourly occupancies from 2013, which show typical use patterns, are separated into two graphs to highlight the occupancy trends that serve the differing uses between weekday and weekend parking of a robust central business district.

Mon-Thu Occupancy By the Hour (2013)



Weekday demand is driven primarily by workday commuters, meeting the needs of a dense employment district. These elements are critical to the vitality of a city, and to attain the realization of Madison's vision to be a safe and healthy place to live, work, learn, and play.

Fri-Sat Occupancy By the Hour (2013)



The majority of use on weekends is driven by visitors to the downtown area, meeting the needs of a thriving retail/entertainment district.

Mission and Value of the Parking Utility

Madison Measures is a compilation of key benchmarks that provide City of Madison residents, laypersons and decision-makers with a framework and context for policy discussions and budget deliberations. The framework of Madison Measures for the Parking Utility is:

Mission

It is the mission of the Parking Utility, through the efforts of well-trained conscientious employees, to provide safe, convenient and affordable parking to the City's citizens and visitors, consistent with City Transportation policies.

Objectives

1. To constantly pursue exceptional customer service.
2. To maintain downtown vitality.
3. To provide safe, clean, and easy-to-use parking facilities.
4. To sustain a self-financing operation which maintains accurate, timely financial records to meet the agency's long-term financial goals, which includes the proper maintenance of current facilities and the financing of new parking infrastructure.
5. To improve parking opportunities by encouraging greater use of underutilized facilities.

Strategies

1. Market parking to diminish the perception of a lack of parking availability.
2. Establish pricing and other strategies to better employ underutilized facilities.
3. Modify parking garage operations and physical layout to promote efficient use during special events.
4. Update signage in parking garages to provide customers better guidance.
5. Modify street operations to encourage the use of structures for long-term parking.
6. Implement technological advancements to provide customers with timely parking availability information and convenient payment options.

Parking Utility Programs

1. The Residential Permit Parking Program establishes a mechanism whereby area residents will be afforded an opportunity for the limited storing of vehicles on public streets to the partial exclusion of commuter vehicles. It is intended that this will reduce automobile commuting and its accompanying energy waste and air pollution. The Parking Utility serves thousands of Madison residents each year, with the issuance of approximately 7,500 permits per year.
2. The Parking Utility serves commercial business areas and their parking needs by implementing on-street parking restrictions, providing metered spaces, and through the availability of surface lots. On-street parking restrictions and metered spaces create turnover, which increases the availability of short-term, convenient parking for access to area establishments. Likewise, the Utility's surface lots service the business community by providing short to medium-term parking with convenient access and ease of use, similar to the on-street parking experience.
3. Through the issuance of meter hoods and 'no parking' signs, the Parking Utility serves the community's needs for reserving specific on-street spaces, which include special event, construction, and moving-related parking.
4. Construction and repair-related parking needs are served by the Parking Utility through the issuance of hangtags and contractor permits, which allow contractors to park beyond restricted time limits.

Value to the City of Madison

1. The Parking Utility provides over \$1.5 million per year to the City's General Fund in PILOT and meter occupancy fees. The Parking Utility also provides funds to the Police Department to support their enforcement efforts.
2. The Parking Utility is publicly owned and locally controlled, answering directly to the Transit and Parking Commission and Common Council. The Parking Utility exists solely to serve the public via the direction of the City. This allows the City to balance transportation modes - mass transit, bicycles, pedestrians, and private automobiles, and to enact policies that address transportation in a comprehensive manner.
3. In communities where parking is primarily a private service, typically, the objective is to maximize revenue. This favors parking rates for all-day parkers. This works contrary to objectives and policies which seek to maximize use of mass transit and encourage turnover of parking spaces to serve businesses. By having parking publicly owned, revenue needs are balanced with other community needs and goals.
4. The Parking Utility helps to ensure access to businesses, services, facilities, and special events, which drive the economy and define the character of the city.
5. All funds that the Parking Utility receives stay in the community, profits are not taken by a private entity.

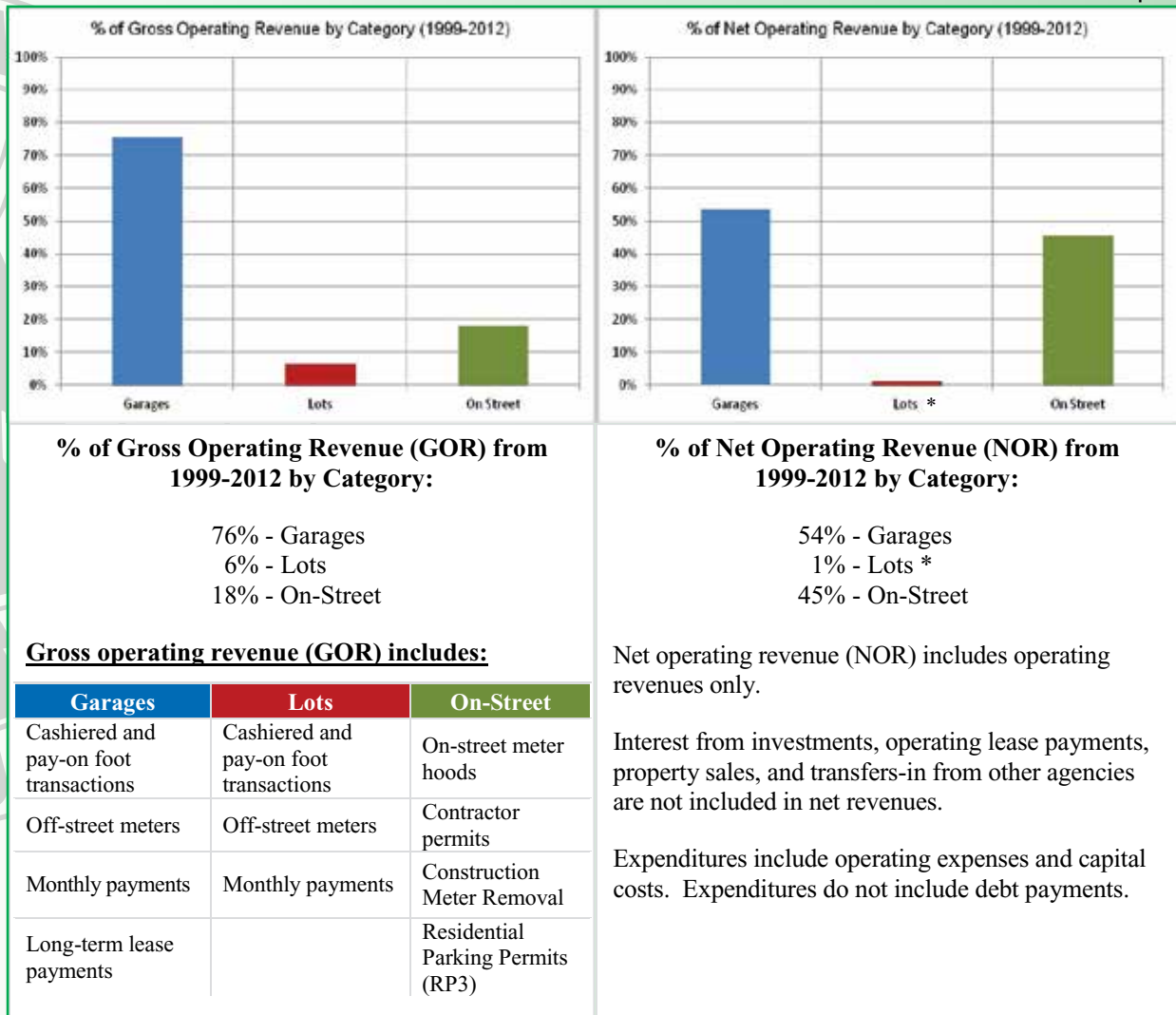
Financial Position

Revenues and Expenses

The Parking Utility’s six garages comprise the largest revenue source for the Utility, generating 76% of system-wide gross operating revenues (GOR) and 54% of net operating revenues (NOR) between 1999 and 2012. The percentage of NOR generated by on-street parking is higher than the percentage of GOR, due to significantly lower operating and capital expenses than off-street facilities. Although on-street parking revenues can generate a higher rate of return, the supply is relatively fixed and is impacted by city-wide planning and policy. See *Graph 4* and *Table 1* below for system-wide revenue and expenses by category.

System-Wide Revenue by Category (%)

Graph 4



System-Wide Revenue & Expenses by Category (\$)

Table 1

Category	Gross Operating Revenue (GOR) (1999-2012)	Operating & Capital Expenses (1999-2012)
Garages	\$ 95,369,196	\$ 86,120,439
Lots	\$ 8,042,240	\$ 7,858,050 *
On Street	\$ 22,880,673	\$ 15,032,768
TOTAL	\$ 126,292,109	\$ 109,011,258

* In the Lots category of Operating & Capital Expenses (1999-2012), shown in *Table 1*, and the % of Net Operating Revenue, displayed in *Graph 4*, the \$1.38 million purchase of the (previously) state-owned portion of the Brayton Lot is included.

Estimated Unrestricted Reserves Analysis

The Financial Operating Scenarios section of the report, which begins on page 61, provides six scenarios for consideration.

The Parking Utility has created an alternative scenario, for budgeting purposes, as part of the Capital Improvement Program. The projections of this scenario are based on the Parking Utility System's historical financial data between 2000 to present. These assumptions are shown in *Table 2* below and reflect the data used to generate *Graph 5*.

Table 2

Parking Utility Scenario (Based on Historical Data from 2000 – Present)	
Labor	Projections based on current and historical labor structure
Operating Expenses	2.9% growth/year
Operating Revenues	2.8% growth/year
Rates	See page 33 of Sustainability Report for historical parking rate adjustments.

Parking Utility Alternative Scenario for *Graph 5* reference.

See *Graph 5* for a graphical perspective of the Estimated Unrestricted Reserves Analysis. The two most urgent projects, which are the replacement of the Government East and State Street Campus-Lake Garages, will be included as part of the 2015 Capital Budget submission. The impacts on our unrestricted reserves, based upon the differences in cost between above-grade and below-grade parking, are also shown.

Estimated Unrestricted Reserves Analysis

Graph 5

