

DRIVING BUSINESS ~ Parking by the Numbers: The Finances of Public Parking



Few people think about how public parking is funded and all that is involved to operate a public parking system. Most folks focus on access to a convenient space but little on how the space was created or is even maintained. In many cities, parking is a part of governmental operations – meaning taxpayer generated revenues are used to provide parking services. Currently, best practices in the industry suggest parking should be self-funded – meaning all revenues generated from parking fees are used to pay for the expenses of operating parking, and to fund the cost of adding more off-street parking as demand may dictate. The City of Roanoke has followed this model for several years by carving out a “Parking Fund” Enterprise Fund as a self-contained business unit to operate its off street parking system. The goal of the Fund is to operate as a self-sustaining business model, free of taxpayer support.

For the last two years, the City has been working to incorporate its on-street parking management, enforcement and administration under this same type of model. This Best Practice is increasingly being used in the parking industry and by governments to vertically align similar business units in order to gain efficiencies and economies of scale. With the single goal of operating parking to best serve the customer, this alignment provides opportunities to improve services while reducing costs.

Each year a balanced budget is developed based on anticipated operational expenses, debt service payments, and forecasted revenues from parking operations. Should these operations generate revenues above expenses, those funds become “retained earnings” only to the Parking Fund and may be used for capital improvements, scheduled upgrades in the garages or for equipment needs. In any given year, the wish list of capital projects and equipment replacement is often greater than the Fund’s resources, making wise capital planning a strategic component of budgeting for the Parking Fund.

Parking Fund revenues are generated from the off-street system through long-term monthly parking fees, daily or short-term parking fees, parking validation sales, special event rentals and violation fees from the 7 garages and 5 surface lots operated by PARK Roanoke, as well as parking ticket revenues generated from on-street parking violations. With a maximum rate of \$6 per day per vehicle for short-term daily parking in the off street parking system, it takes a great amount of parking activity to fully fund a parking system! In addition, revenues from on-street parking enforcement also flow into the Fund as a revenue source. The Parking Fund has a forecasted budget for Fiscal Year 2014 for revenues totaling \$3.3M.

Expenses are on the other side of the equation. Parking Fund expenses are comprised of maintenance, operations, and the staffing component. There are also costs for utilities such as electricity, water, sewer, lighting, heating, and telephone lines that connect to operate the access control equipment. Other expenses include pressure washing, window cleaning, painting, elevator inspections, and preventative maintenance work, landscaping, and operating sweeper/scrubber machines. Expenses to operate on-street enforcement include staffing, ticket printing, mailing notices, along with equipment costs inclusive of software licenses and vehicular expenses. The final and largest single expense today to the Fund is “debt service” which is the repayment of bonded debt issued by the City of Roanoke to construct parking facilities.



The City of Roanoke carries debt on three of its seven garages. Since the entire system’s revenues are marshaled to make these payments, there are decks that rely on this pooled revenue to keep all payments current. Typical debt service must be repaid over 20-30 years of repayment scheduling. As of July 1, 2013, the total outstanding long term debt liability of the Parking Fund was \$13.2 million in principal and \$5.2 million in interest. The amount of debt service required annually to amortize these outstanding long-term liabilities is \$1.3 million. Currently, the Parking Fund is paying debt service for Gainsboro Garage, Market Garage, and Campbell Avenue Garage. Repayment of this debt comprises nearly 40% of the Parking Fund’s annual revenues.

Why is the City of Roanoke in the public parking business? The simple answer is that this infrastructure investment strengthens efforts to attract businesses and employers into Roanoke, supports tour groups and constituents visiting its diverse cultural experiences and festivals, as well as residents enjoying downtown

Roanoke shopping and dining. Public parking supports commerce and retail activity and increases property value. As the front door to our downtown, parking is the first and last experience many visitors will have. That’s why so much care is taken to ensure the City of Roanoke’s parking resources are financially sound, properly budgeted, and well managed.