

## **AUTOMOBILE PARKING COMMISSION MINUTES**

**May 14, 2009**

**Call to Order:** Chairperson Haynes called the meeting to order at 8:00 am.

### **Attendance:**

Members Present: Lisa Haynes (Chairperson), Commissioner Lumpkins, Monica Sekulich, Gerald Schildroth, David Leonard, John Tully, Mike Ellis, and Dwayne Moore.

Members Absent: Joan Rosema-David

City Staff Present: Pam Ritsema, Kim Miller, Henry Bouman, and Todd Tofferi

Visitors Present: Kyla King (Grand Rapids Press), Kevin Wissenlink (ITP-Rapid), Greg Gilmore (Partner at 20 Monroe, LLC), Albert Bogaard (Parkmobile North America), and Akeram Suleiman (Creston High School Student).

### **I. Review and Approval of April 16, 2009 Minutes:**

**Mr. Schildroth moved for the approval of the Minutes of April 16, 2009 and Mr. Tully supported. Motion carried unanimously.**

### **II. New Commissioner:**

Chairperson Haynes explained that there is a new member to the Automobile Parking Commission. Joan Rosema-David is unable to attend today's meeting but will be introduced next month. There is a letter included in the packet from Ms. Rosema-David expressing her feeling regarding the parking rates for Fiscal Year 2010.

### **III. Office of Film, Music, and Special Events:**

Director Ritsema reported that in 2006 the Parking Commission agreed to provide support for the Office of Film, Music, and Special Events. At that time, a three year agreement of \$80,000 per year was agreed upon. Director Ritsema introduced the Coordinator of the Office of Film, Music, and Special Events – Mr. Todd Tofferi.

Mr. Tofferi thanked the Commission for their support over the past three years. He explained that the role of the Office has changed since the restructuring in April/May 2006. Currently the Office has the task of issuing film permits and is the primary contact for film/television/commercials coming into Grand Rapids. Recently the film "The Chaos Experiment" brought over \$1 million in local spending to Grand Rapids. The Office also processes, creates barricade lists, and issues permits for all Block Party

requests. The Office also oversees all Pedicabs as well as the developing of new events such as the recent New Years Eve event and the Cinco de Mayo event. There are over 100 days of events throughout the year and the events are brought before the Merchants Council and the DDA. The request today is for an additional three year commitment with a funding increase of 5% annually.

Mr. Tully expressed that with the current instability in the budget, it might be difficult to increase a commitment in funds. The Office is doing a terrific job with the events. The reluctance is in increasing funding and committing to multiple years.

Chairperson Haynes asked if the 5% annual increase is the main issue of concern.

Mr. Tully explained that with other City departments taking cuts, it is difficult to agree to increases in funding for one department.

Commissioner Lumpkins explained that there is a projection of \$3 million in deducts. More cuts will be necessary.

Director Ritsema added that the New Years Eve event put on by the Office more than covered the 5% increase being asked for.

Mr. Tully again expressed his hesitation in granting a multiple year agreement.

Commissioner Lumpkins inquired where – on the spreadsheet- is the income generated by the film industry located.

Mr. Tofferi explained that the film revenue is listed under Miscellaneous Permits. The permits themselves are the lowest priced permits available, adding to the attractiveness of the City of Grand Rapids as an affordable place to shoot films. The film industry brings in money to the City in other forms than the permits.

Director Ritsema added that film companies also use and pay for parking. The top level of a parking ramp has been an interesting place requested for shooting film. In that case, the top level is closed and the film company pays the all-day rate for the spaces.

Commissioner Lumpkins asked how well the City of Grand Rapids compares - in terms of incentives - to other cities.

Mr. Tofferi explained that Detroit charges \$100 per day compared to Grand Rapids, where the charge is \$20 per day. The cost is set as low as possible to be attractive to film companies. The 42% tax break has been a very good incentive for film studios to shoot in Michigan. If a film studio is built locally, the thinking may change but at this point there has been no increase in permit fees in the past three years. There will most likely be a permit fee increase in FY10.

Mr. Leonard asked what the impact would be if the current contract was renewed without the 5% increase annually in funding.

Mr. Tofferi explained that the Office would be able to continue operations. It was decided to ask for the increase do to inflationary reasons. The Downtown Development Authority recently agreed to a new three year commitment with the 5% increase.

Director Ritsema explained that the size of the budget for the Office of Film, Music, and Special Events is very small and there is not much area to cut from.

Mr. Tofferi agreed that the main portion of his budget goes directly to personnel. Overtime is limited and there are a very limit number of staff positions.

Chairperson Haynes asked what happened at the recent meeting with the DDA.

Mr. Tofferi replied that the DDA approved an additional three years of funding with a 5% increase annually.

Mr. Ellis asked why the line item cost for Computer Services was so high in recent years.

Mr. Tofferi explained that there was some cost sharing with another department and the cost is not reflective of the actual money spent on computer services. That cost has been removed and was never intended to be reflected on the Office's budget.

Mr. Ellis asked if all events go through the Office.

Mr. Tofferi agreed that all events are arranged through his office. Jazz night is coming soon and will be a nice compliment to Blues on the Mall.

**Mr. Leonard Moved to renew the financial commitment for one year with no change in the commitment amount, due to the uncertainty of the budget for upcoming years. Motion supported by Mr. Tully. Motion carried unanimously.**

Mr. Tully apologized to the Commission and explained that he had an 8:30 am appointment that he needed to attend. He commented briefly on the three remaining agenda items before he left.

Mr. Tully expressed that he is in favor of "No increase" in the FY10 parking rates.

Mr. Tully also expressed that he "Supports" the Parking Operation and Maintenance Agreement.

Mr. Tully further expressed that he feels the Pay by Cell Phone program is fantastic and he "Supports" continuing advancement in the technology.

#### **IV. Annual Parking Rate Review:**

Director Ritsema reported that she has looked into the questions that were raised at the last meeting in April. The impact of a five-cent increase in half-hourly rates would equate to an increase in revenues to the General Fund of \$17,000 and an additional \$37,000 to the Parking System. It has been a while since the half-hourly rate has been increased but it is not the recommendation of Parking Services to raise it at this time. The daily maximum rate has recently been increased. The more there is automation, the more there will be credit card payments and the easier the transition from \$1.00 will be. There has also been a switch to “No signature required” credit card payment transactions recently. The payments are processed in real-time when the card is swiped. An increasing percentage of credit card transactions will make the change in half-hourly rate easier.

Director Ritsema also spoke to the rate at Cherry/Commerce. It was proposed to raise the rate. Joan Rosema-David included some comments in her letter to the subject. The ramp competes with adjacent surface parking that is considerably less expensive. Cherry/Commerce does have the lowest occupancy of any parking ramp in the City. The recommendation is to leave the rate at Cherry/Commerce unchanged.

The North Monroe lot has very low occupancy as well. North Ionia is full, with much of the occupancy being construction workers. Due to the negative CPI and the poor economic climate it is the recommendation to not raise the North Monroe lot rates either.

A letter has been included in the packet from Parking staff. In the past 30 days there have been 77 ramp card cancelations. That amount of decline is unheard of in recent memory.

Mr. Leonard asked if there are any ideas where the change is coming from.

Director Ritsema suggested that increased layoffs, additional competition from other non-City-owned lots, or customers transferring to less expensive surface lots may all be contributing factors.

Chairperson Haynes asked who has lowered their rates in the City.

Director Ritsema explained that there are reports that the 5<sup>th</sup>/3<sup>rd</sup> lot near the Government Center, the Hinman near Pearl/Ionia, and the J. W. Marriot near Louis Campau have all lowered their rates recently.

Commissioner Lumpkins asked what the Monthly rate is at the J. W. Marriot.

Director Ritsema explained that the last she heard the rate there was \$125 in February/March of 2009. A \$5 a month change in cost may now be enough to encourage customers to leave for another parking facility.

Mr. Ellis asked how many have cancelled in the past month.

Director Ritsema restated that 77 cards have been cancelled since the April meeting with 25 being from one large employer. Banks are supporting fewer monthly parking cards for employees as well.

Mr. Schildroth asked if the decrease in parking cards has lead to an increase in Dash lot numbers.

Director Ritsema agreed that there is a slight increase.

Kim Miller added that VIP cards are being turned in from local Colleges as well as Grand Rapids Gryphons supporters. It appears more and more of the cards are results of layoffs.

Chairperson Haynes asked if the request is for approval of the rate review.

Director Ritsema assented that she would like approval of the rate review.

**Mr. Schildroth moved to approve the rate review to reflect no change in rates for Fiscal Year 2010. Motion supported by Mr. Leonard. Motion carried unanimously.**

#### **V. Parking Operation and Maintenance Agreement:**

Director Ritsema reported the City has entered into an option with Mr. Greg Gilmore and 20 Monroe, LLC. The option was to purchase the Monroe Place parking lot. The option was exercised at the end of 2008. Since then, staff has been working on the Development Agreement related to the acquisition of the parcel. The City is allowed input in the type of development that will take place at the parcel. The Development Agreement has been completed and the intention is to bring it to the City Commission later this month. The Development Agreement calls for the sale closing on the property by June 30, 2009. The purchase price is \$1.9 million. There is a requirement from 20 Monroe, LLC for a minimum investment in the property of \$5 million, not including the land. There are several planning issues that have been brought before the Planning Commission including an extension of the existing Class-C alcohol license and also to expand the live entertainment permit. These issues were resolved with the Planning Commission in March 2009. There was also a neighborhood meeting that was fairly well attended by Plaza Tower residents. Noise issues have been raised in meetings. Overall, there appears to be good residential acceptance of the project. Construction is required to begin no later than October 1, 2011 and the construction is to be complete by no later than October 1, 2012. The lot in question is currently used for multi parking during the day and the City has an agreement with the "BOB" wherein the "BOB" operates the facility in the

evenings and on the weekends. There is another Operation and Maintenance Agreement that covers operation of the parking lot after it is purchased. The existing Agreement will then terminate at closing. Parking Services will operate and maintain the lot while it is owned by 20 Monroe, LLC but before construction commences. The City will continue to operate the facility in the same way it operates other City parking facilities. The rates will stay the same and the rate review process not only goes before 20 Monroe, LLC but also through Parking Services and the parking Commission. The City reimbursement is \$4,500 per month plus 5% of gross revenues.

Chairperson Haynes asked what the impact will be to monthly parking customers.

Director Ritsema replied that everything will be the same up until the time of construction. There will be no discernable change to the customer until that time.

Mr. Leonard asked what the projection is in terms of money to run the facility.

Director Ritsema replied that it is about \$150,000 less revenue annually to the City of Grand Rapids. The sale price of \$1.9 million goes to Parking Services though.

Mr. Leonard asked what the cost of maintenance is versus income.

Director Ritsema explained that the revenue should cover all expenses.

Mr. Ellis asked why the City is considering the agreement when the current agreement offers rental payment and no expenses.

Director Ritsema explained that, currently the agreement calls for \$5,000 a month or \$60,000 per year. The new agreement will be less money for the City but it will cover the expenses. The City will not own the property any longer - they will instead be operating it on the owners' behalf.

Mr. Ellis asked why the City does not continue with the current agreement.

Chairperson Haynes asked if the question is, "Why is there a change in agreement when there is more money for the City with the current agreement?"

Mr. Leonard expressed that –at close- the City will no longer own the property in question. Once the ownership is lost in June, the agreement cannot continue.

Mr. Ellis replied that this situation is no different than the Tall House.

Chairperson Haynes explained that at sale, Parking Services will make \$1.9 million.

Director Ritsema added that Mr. Gilmore is required to put up a letter of credit or performance bond at the time construction commences. If the project is not complete by

the October 2012 deadline, the City can draw on the letter of credit and use the funds in any way it sees fit.

There are 6 metered parking spaces in the right of way between 50 Monroe and the Monroe Place parking lot. The proposal is two sides of parallel parking with a drive-through lane.

Mr. Greg Gilmore added that there is the possibility that it might change but he believes it to be a parking/delivery/maintenance drive.

Director Ritsema added that this is a way to remove the delivery truck parking from Monroe Ave. Four metered parking spaces may be added across the street as an on-street recovery of public parking. Approval of the Parking Operation and Maintenance Agreement is being sought today.

Mr. Ellis asked if the project does not go through, can the City get the property back.

The Development Agreement allows for the City to draw from the letter of credit in case the project is not completed by the deadline.

Mr. Ellis asked why the Development Agreement was not returned to the Parking Commission for review. The parking Commission has yet to see the Development Agreement and it was told that they would have it brought to them for review in a previous meeting.

Chairperson Hayes suggested consulting previous Minutes to determine whether it was ever discussed.

Director Ritsema explained that since the Development Agreement does not require the City to build anything it is not required that it comes before the Parking Commission.

Ms. Sekulich asked if the Development Agreement requires the Operation and Maintenance Agreement be entered into as a condition.

Director Ritsema replied that it references the Operation Agreement and it is the intention to bring both – at the same time- to the City Commission.

Chairperson Haynes asked if there is a concern if the Parking Operation and Maintenance Agreement is not at the City Commission meeting. Would it impact the sale of the property?

Director Ritsema replied that it would not impact the sale but it would impact what would happen the day after the sale.

Mr. Ellis added that this is no different than the North Monroe Lot.

Director Ritsema disagreed and explained that the City is not building public parking in this case.

Chairperson Haynes added that the City is only operating the lot.

Ms. Sekulich expressed that in **Section 10. Term and Termination**, “...**this Agreement shall terminate on the date, if any, that the Property is reconveyed by 20 Monroe to the City pursuant the terms of the Development Agreement.**” What are those terms?

Mr. Leonard added that section sounds like a window for reconveyance.

Chairperson Haynes asked if that is to mean that if the property is not developed, the City owns it.

Ms. Sekulich expressed that she does not know and she has not had the opportunity to read it.

Mr. Leonard expressed that the implication is there that the City would regain possession if the development did not take place.

Director Ritsema agreed that the Parking Commission could wait to vote on this issue and come back at the June meeting and still have time to go to the last City Commission meeting in June.

Mr. Gilmore added that there is an option for the City to repurchase the property. The development will have a net benefit to the City in the form of increased taxes, however.

Mr. Ellis asked to clarify his stance. He expressed that he feels this is a great project. The fear is that in two years the City will be losing money.

Chairperson Haynes reiterated that the City will not be losing money at any point.

Mr. Ellis responded that a \$60,000 profit versus breaking even is losing money.

Mr. Schildroth replied that decreasing revenue does not equate to losing money.

Chairperson Haynes further added that it shows as a decrease in revenues but with increased dollars in the bank from the sale.

Mr. Schildroth asked if there is a sunset Agreement.

Director Ritsema read, “Completion of Project. If construction of the project has not occurred by October 1, 2012 the City shall be entitled to draw on the letter of credit in the full stated amount. If the City draws upon the letter of credit the proceeds from the draw shall be used as the City shall solely determine.”

Chairperson Hayne stated that questions have been raised. Also there have been comments regarding the impact of the sale as well as the project itself.

Ms. Sekulich questioned the Development Agreement since she has not had the chance to review it. Could there be a summary of the Development Agreement? If there is a need to act more quickly on the matter, could a special meeting be called? The intention is not to hold anything up, rather to investigate the matter of reconveyance in the Development Agreement.

Mr. Leonard asked if it would be possible to vote on the matter over the telephone.

Chairperson Haynes suggested that a summary be brought before the Parking Commission to answer the issues raised at this meeting.

Commissioner Lumpkins asked if there needs to be mention of telephone voting in the Motion.

Chairperson Haynes replied that a Motion has not yet been made but if timing is an issue, either a special meeting or a telephone vote could be considered.

*Parking Director note: Subsequent to the meeting, the Development Agreement was distributed to Parking Commissioners. Sections 9.02 and 9.03 allow for repurchase of the property by the City if certain development criteria deadlines are not met. The Development Agreement has been included as part of the June Parking Commission Packet.*

## **VI. Pay by Cell Phone:**

Director Ritsema introduced the idea of pay-by-cell-phone as more of a pay-by-credit-card-by-cell-phone. The system allows for a customer to start and stop time in the system and have funds directly removed from a credit card. One can either establish an account ahead of time or have a one time transaction. The one time transaction would entail calling a phone number (supplied on the meter), providing the credit card number, the license plate number, and the meter number. Once it is time to leave the space, a return call to the company is made to complete the transaction. The pay-by-cell-phone company also charges a transaction fee of approximately 35 cents. In February, a request was made of seven pay-by-cell-phone companies. Four companies responded to the request. Parkmobile was designated as the best option at that time. Parkmobile is the largest pay-by-cell-phone provider in Europe but is fairly new to North America. Pay-by-cell-phone offers the flexibility for customers to not have to carry coins for on-street parking. There is also the possibility to pay by license plate in off-street parking facilities. In that scenario, license plate recognition software reads the license plate and cross references it with a database of users. The vehicle pulls into the ramp, a camera reads the plate, and the gate is raised if the plate is recognized. Businesses could see great convenience by setting up accounts with multiple license plates and the payment is taken from a company credit card.

Parameters have been set for the development of a pilot program. Parkmobile would provide the webhosted processing software. Customers would each be given a personal page where they can view their own parking transactions. The City would also have access to a limited amount of information for dispute resolution. Parkmobile will provide a toll free number for customers to call as well as 24/7 support for problems. Enforcement will require internet connectivity. This will require either additional handheld devices or different devices. Enforcement would require an additional step of calling or connecting to Parkmobile to see if vehicles are using the pay-by-cell-phone service. Equipment consolidation may require additional time and effort. Parkmobile will assist in the design of stickers for all meters that will have access to the program.

Customer acceptance and satisfaction are to be two of the criteria to determine a successful program. Parkmobile is to conduct customer satisfaction surveys of the pay-by-cell-phone customers. Marketing is also to be provided by Parkmobile. There will be no transaction fees from Parkmobile for the first three months. The City will be required to pay for all signage and stickers. Credit card transaction fees will also be paid by the City.

The enforcement system offered by Parkmobile has real-time connectivity and can process tickets immediately. With the current system, parking tickets are not in the Treasurers' system for hours. A one year pilot program is suggested with checkpoints throughout the year. Rate discounts are also something to consider. Pay-by-cell-phones tend to replace programs such as the Smart Auto Meters which are discounted by 30%. Would discounting be a good idea for this program, and how much of a discount would be appropriate? An option is to discount off-street parking versus on-street parking. The goal today is to get input on the pilot program as well as support for creation of the pilot program.

Chairperson Haynes asked if this would be the first pay-by-cell-phone program in Michigan.

Director Ritsema explained that Petoskey has a program but it is used mainly as an easy way for visitors and tourists to pay for parking at the very limited number of meters in the City. Petoskey's system is set up for the first usage to be free. Due to the number of visitors and tourists, Petoskey ends up writing a check to the pay-by-cell-phone company each month. That is not the intent in Grand Rapids.

Commissioner Lumpkins asked about the Boot and Tow management program.

Director Ritsema replied that City Treasurer Al Mooney requested money for a car boot. Right now the City uses the Clancy Enforcement System. Six unpaid parking tickets flags a person in the system as a "Scoff-Law". If parking enforcement encounters a "Scoff Law" they call Treasurers and the arrangement is made to have the car towed. The boot has been requested to hold the car until such time as towing is possible.

Parkmobile offers an enforcement module as well. Tickets will continue to go from the Clancy System during the pilot program.

Mr. Leonard expressed that there a number of interesting opportunities with the program.

Director Ritsema explained her reservations with her staff that, in turn, encouraged her to move forward with the pilot program. It is a very modern approach that makes the City friendlier.

Mr. Leonard added that it is great to explore new technologies and the pilot seems like a good idea.

Mr. Ellis asked what the expense is to move forward with the pilot program.

Director Ritsema explained that signage and credit card fees are the two main expenses. At this point the goal is support to move forward and bring back a proposal in June.

**Mr. Leonard moved to support the pilot program for review in June. Motion supported by Mr. Moore. Motion carried unanimously.**

## **VII. Other Business:**

Chairperson Haynes suggested that Director Ritsema take the time leading up to the next Parking Commission meeting to research the letter received from the tenants of 921, 923, and 925 Fulton SE.

Director Ritsema agreed that she would like some time to research the matter and report back in June.

Mr. Ellis asked to discuss a situation related to an earlier issue. He asked the following question of the Parking Commission. "Should the City be operating private facilities?"

Chairperson Haynes explained that it is a similar situation to Dash lots. The Dash lots are owned by the DDA. What would you like to investigate?

Mr. Ellis again asked if the City should be in the business of operating privately owned facilities, especially at a loss or at a breakeven point.

Mr. Leonard further questioned whether the City should be in competition with other businesses in this manner. The City should have its own lots but should they be in competition with other businesses while operating someone else's parking facilities?

Chairperson Haynes raised the question of creating unfair competition.

Mr. Leonard asked if Director Ritsema could consult with the City Attorney's Office regarding the matter.

Ms. Sekulich reiterated that if the property does come back to the City it is a very important point. Also, does the Development Agreement persist if the property is sold?

Mr. Leonard expressed that these are good questions to consider. In some situations it is appropriate for the City to operate business endeavors...is this one of those situations?

Chairperson Haynes suggested adjourning the matter to next month so some research can be done on the subject.

Mr. Ellis added that there is no hurry.

Chairperson Hayne suggested that either June or July would be a good timetable for discussion. Director Ritsema should pursue the matter without taking from other important tasks. Perhaps there can be some historical documentation provided as well.

Commissioner Lumpkins suggested consulting the City Attorney's Office on this matter.

**VIII. Public Comment:**

There was no Public Comment.

**IX. Adjournment:**

The May 14, 2009 Meeting of the Automobile Parking Commission was adjourned at 9:20 am.