THE PORT OF LOS ANGELES

Executive Director's Report to the Board of Harbor Commissioners

DATE: **JANUARY 24, 2019**

FROM: **WATERFRONT AND COMMERCIAL REAL ESTATE**

SUBJECT: **RESOLUTION NO. _____ PERMANENT ORDER AMENDING THE PORT OF LOS ANGELES TARIFF NO. 4, SECTION THIRTEEN – PARKING CHARGES, ITEM NO. 1300**

SUMMARY:

Staff requests amending Port of Los Angeles Tariff No. 4 (Tariff No. 4) Section Thirteen – Parking Charges, Item 1300 (a) and (c), to reflect a proposed increase to parking rates effective June 1, 2019 and June 1, 2020 (Amendment). The Amendment provides for a one-dollar increase in the maximum daily rate at the World Cruise Center for regular-sized vehicles from $18 to $19 effective June 1, 2019, and from $19 to $20 effective June 1, 2020. In addition, the maximum daily rate for oversized vehicles will be increased by two dollars from $36 to $38 effective June 1, 2019, and from $38 to $40 effective June 1, 2020. The Amendment also provides for a one-time increase in the monthly rates from $80 to $90 for regular-sized vehicles, and from $160 to $180 for oversized vehicles effective June 1, 2019. Parking for the first hour will continue to remain free of charge, with each subsequent hour also continuing to be charged two dollars until the maximum daily rate is achieved.

Based on recent cruise terminal throughput, and the proposed escalations in maximum daily and monthly rates, it is anticipated that for the Fiscal Year (FY) 2019-2020 and FY 2020-2021 periods, net receipts to the City of Los Angeles Harbor Department (Harbor Department) will increase by approximately $137,000 to $205,000, respectively. Total net receipts to the Harbor Department are expected to grow from $2,614,302 to approximately $2,785,381 to $2,956,459 for FY 2019-2020 and FY 2020-2021, respectively.

The Ordinance implementing the Permanent Order provides that a violation of the provisions of Item No. 1300 shall be an infraction under the Tariff.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is categoricaily exempt from the requirements of the California Environmental Quality Act (CEQA) under Article III Class 1(31) of the Los Angeles City CEQA Guidelines;

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2. Approve the Amendment to Port of Los Angeles Tariff No. 4, Section Thirteen - "Parking Charges", Item No. 1300 (a) and (c), subject to the California Association of Port Authorities' review and approval, and authorize the Executive Director to work with California Association of Port Authorities to secure this approval or proceed to take independent action in accordance with California Association of Port Authorities procedure;

3. Adopt Permanent Order No. _____ to amend Section Thirteen of the Port of Los Angeles Tariff No. 4, Item No. 1300, "Charges for Designated Paid Parking Areas on Harbor Department Premises";

4. Direct the Board Secretary to transmit to the City Council for approval the Permanent Order and the Ordinance approving and authorizing the amendments to the Port of Los Angeles Tariff No. 4 pursuant to City Charter 653(a);

5. Authorize the Board Secretary to execute the Permanent Order and Ordinance amending Tariff No. 4 as stated above and, upon its publication, transmit the Order and Ordinance to the Chief Wharfinger for implementation and posting to the City of Los Angeles Harbor Department's website; and

6. Adopt Resolution No._____.

DISCUSSION:

Background – Daily parking charges currently in Tariff No. 4 (Transmittal 1) are for designated areas at the World Cruise Center at Berths 87-95, serving the USS Iowa, the Cruise Terminals, Catalina Express, Avalon Freight Services, and Island Helicopter.

On February 19, 2015, the Board approved a series of parking rate increases for the three-year period of 2015 to 2017, as well as a provision allowing a flat fee for special events in lieu of the Tariff No. 4 parking rates with authorization from the Executive Director.

The World Cruise Center includes two parking lots with 1,954 spaces serving the cruise passenger terminal and the USS Iowa and an additional 736 spaces serving the Catalina Terminal, Avalon Freight Services, and Island Helicopter. The World Cruise Center is the only secured parking facility within the San Pedro waterfront area, and therefore, the only parking area where the Harbor Department charges for parking. Parking revenues in the last two years are primarily generated by daily and long-term parking users, with 98 percent of revenues generated from daily and monthly charges as opposed to hourly charges. The proposed rate increase is only for daily and long-term parking rates, with hourly rates proposed to remain at current levels.

Considering the length of stay for most cruise passengers, secured parking is ideal and there is less likeliness for these users to park in the approximately 3,600 additional unsecured parking spaces on Harbor Department property that are available free of charge. Hourly users are much more likely to seek out free parking in close proximity to the World Cruise Center parking lots, making hourly parking users more vulnerable to rate increases until hourly parking fees are charged at other close proximity locations. The Harbor Department will review hourly rate charges in the next two years based on the rates that will be established for the San Pedro Public Market development and at other Harbor Department parking lots.

Tariff Increase - A recent survey of cruise terminal parking rates in the continental United States indicates that the Harbor Department daily secured parking rate of $18 per day for a regular-sized car is competitive with other cruise ports, with an average daily rate of $18.94 per day.

In September 2017, a new operating agreement was awarded to Parking Concepts, Inc. (PCI). PCI has provided new shuttles starting in 2018, and has recently completed installing pay-on-foot kiosks. Parking lot users at the Catalina Express site will also benefit from shade provided by carports upon which solar panels will be installed by 2019. These improved amenities further warrant the proposed increase of parking rates for the next two years.

Parking rates include the City of Los Angeles Vehicle Parking Occupancy Tax. The parking rate for the first hour is free and $2.00 for each subsequent hour for a regular-sized vehicle, but not exceeding the maximum daily rate. Currently, the maximum daily rate for regular-sized vehicles is $18.00 per 24 hours. For oversized vehicles, the rate is $36.00 per 24 hours. The monthly parking rate is $80 for standard sized vehicles and $160 for oversized vehicles.

Staff recommends a moderate increase in the maximum charge per 24 hours from the current rate of $18 to $19 per 24-hour time period starting June 1, 2019, and from $19 to $20 commencing June 1, 2020. Corresponding increases in the maximum charge for oversized vehicles for June 1, 2019 and June 1, 2020 are also recommended, from the current rate of $36 per 24-hour time period to $38 and $40, respectively. Also recommended is a one-time increase in the monthly charge, from $80 to $90 for regular-sized vehicles, and from $160 to $180 for oversized vehicles.

Despite the World Cruise Center parking lot being the only secured lot in the area to compete for cruise passenger business, passenger to parking day ratios have increased, which likely indicates increased use of ride share alternatives. Given these recent trends, staff is only proposing a moderate parking rate increase to allow continued analysis of passenger to parking day ratio trends that could be further negatively affected by a larger daily parking rate increase.

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The proposed increases for June 1, 2019 and June 1, 2020 are as follows:

Parking Rates				
Effective Date	Maximum Charge per 24-hour Day		Monthly Parking Charge	
	Regular-Sized Vehicle	Oversized Vehicle	Regular-Sized Vehicle	Oversized Vehicle
1/1/2017	$18.00	$36.00	$80.00	$160.00
6/1/2019	$19.00	$38.00	$90.00	$180.00
6/1/2020	$20.00	$40.00	$90.00	$180.00

It is anticipated that the proposed Amendment will increase annual gross receipts from $186,052 - $278,605, with annual net revenue increasing from $137,002 - $205,155. The mid-point of the aforementioned ranges were applied with gross and net receipts respectively growing by $232,329 and $171,079 annually, as indicated below.

Fiscal Year	Gross Receipts	Net Revenue
2018 (Actual)	$3,242,367	$2,614,302
2019-2020 (Estimate)	$3,474,696	$2,785,381
2020-2021 (Estimate)	$3,707,024	$2,956,459

With the completion of various improvements and developments in the area, most notably the San Pedro Public Market, paid parking will become the standard along the LA Waterfront. Maintaining competitive rates is important to bolster the Harbor Department's revenue and our private development partner's revenue, from which the Harbor Department will also receive a share.

ENVIRONMENTAL ASSESSMENT:

The proposed action is the approval of the amendment to Tariff No. 4 to increase parking rates, which is the modification of any rate, fee or charge for the use of existing municipal facilities and services involving negligible or no expansion of use. Therefore, the Director of Environmental Management has determined that the proposed action is categorically exempt from the requirements of CEQA in accordance with Article III Class 1(31) of the Los Angeles City CEQA Guidelines.

FINANCIAL IMPACT:

As a result of the proposed escalations in maximum daily and monthly rates, it is anticipated that for the FY 2019-2020 and FY 2020-2021 periods, the increase in gross receipts will range from $186,000 to $278,000. After reducing gross receipts by the 10 percent City of Los Angeles Vehicle Parking Occupancy Tax, as well as PCI's management fee, the Harbor Department's net revenue is anticipated to increase in the range of $137,000 to $205,000 annually. In FY 2017-2018, the Harbor Department received $2,614,302 from parking operations at the World Cruise Center.

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CITY ATTORNEY:

The Permanent Order (Transmittal 2) and Ordinance (Transmittal 3) have been prepared and approved as to form and legality by the Office of the City Attorney.

TRANSMITTALS:

1. Exhibit "A" - Port of Los Angeles Tariff No. 4
2. Permanent Order
3. Ordinance

FIS Approval: MB
CA Approval: MJ

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