



DATE: December 16, 2016
TO: South Hayward BART Station Access Authority
FROM: Co-Executive Director

SUBJECT
 Approval of Operating & Maintenance Subsidy Convention

RECOMMENDATION

That the Access Authority Board approves the attached resolution establishing the convention for reimbursing agency Operating and Maintenance (O&M) costs.

BACKGROUND

In November 2012, the JPA hired Nelson Nygaard to complete a Parking and Access Study to provide an action plan for the JPA to complete. The report includes recommendations for capital improvements within the district as well as a financial analysis. The financial analysis (Attachment III) identifies anticipated capital costs (completely reimbursed at this time) and ongoing O&M costs. The report identifies the following as O&M Costs for the ongoing operation of the Access Authority:

<i>Enforcement Officer</i>	\$85,000 to \$105,967
<i>Monthly Reserved Parking Program Administration</i>	\$2,353 to \$2,934
<i>Residential Parking Program Administration</i>	\$1,187 to \$1,480
<i>Parking Space Maintenance (BART)</i>	\$309,865 to \$376,951
<i>Parking Space Maintenance (City)</i>	\$43,554 to \$52,984
<i>Ticket Processing</i>	\$21,754 to \$22,282
<i>Other Unforeseen O&M Costs</i>	\$11,082 to \$56,207
Total	\$389,295 to \$663,809

The report also anticipated daily parking rates increasing to a daily fee of \$3.00 by the third year of existence (2015). This model forecasted annual revenue to range from \$553,741 to \$1,162,739.¹ Under these assumptions, the JPA would have a sizeable amount remaining for access improvement projects.

DISCUSSION

During the past two fiscal year budget discussions, BART and the City had difficulty reconciling differences over budgeting for BART PD costs (which were estimated at \$217,000). While BART wanted to fully recover their entire costs for the station, there was a concern for equity as the City would not be reimbursed for their policing costs for the on-street parking. Furthermore at the time, the City was the only one contributing parking citation revenue to the JPA and the addition of the BART PD costs would leave only \$37,000 annually for Access Improvements.

¹ Revenue for FY16 was \$522,848.22 not including BART annual citation revenue which is forecasted at \$25,000.

At the September 15, 2016 JPA Board meeting, the Board Members directed staff to identify an equitable convention for determining how much each agency would be reimbursed for O&M Costs annually.

The staff recommendation in this report bases each agency subsidy on the total number of available parking spaces each agency oversees (e.g. on-street vs. off-street/lot parking). That figure for each agency is then multiplied by the Adjusted BART System-wide O&M Per Space Allocation Model.² The resulting figure of these calculations would then be multiplied by an Allocation Percentage (percentage multiplied the per space rate) to determine the bottom line subsidy amount. This framework preserves equity by establishing a uniform formula for the subsidies of both agencies based proportionately on each entity's contribution of parking spaces to the JPA. Attachment IV breaks down this methodology.

BART requests that they recover 100% of their O&M costs while the City contends to identify a lower allocation ratio to preserve funding levels for capital projects within the district. To bridge this discrepancy, staff recommends a phased in approach where the Allocation Ratio is increased by 10% year over year, beginning with a base percentage of 50% in FY18 increasing to full BART O&M cost recovery in FY2023.

By utilizing the Phased-In Approach, the JPA will be able to develop a larger fund balance while allowing time for increased parking demands associated with nearby projects in South Hayward which may result in a potential increase in parking prices and a concurrent increase in JPA revenues. However, if the JPA were to keep parking prices the same, by the end of the phase-in, the fund balance would only increase by \$1,000,000 (barring no capital expenditures).

Additionally, under this convention, the JPA Board will have the ability to adjust the Allocation Ratio on an earlier schedule if revenues for the JPA increase quicker than anticipated.

NEXT STEPS

If the Board approves this convention, staff will prepare the FY18 budget accordingly for adoption in the Spring of 2017.

Prepared by: John Stefanski, Management Analyst, City of Hayward

Recommended by: Stacey Bristow, Deputy Director of Development Services, City of Hayward

Approved by:



Kelly McAdoo, Co-Executive Director

² Under this convention, if the allocation were to be 100% of O&M costs, the residual balance available for access improvements would be \$62,000 annually.