

# Memorandum



CITY OF DALLAS

DATE August 13, 2010

TO Members of the Economic Development Committee: Ron Natinsky, Chair; Tennell Atkins, Vice-Chair; Jerry R. Allen; Dwaine R. Caraway; Sheffie Kadane; Linda Koop; Ann Margolin; Steve Salazar

SUBJECT Love Field Public Parking Rate Adjustment

Attached is the briefing entitled "Love Field Public Parking Rate Adjustment" that will be presented to you on August 16, 2010.

Please contact me if you need additional information.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez'.

A.C. González  
Assistant City Manager

c: Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Thomas P. Perkins, Jr., City Attorney  
Deborah Watkins, City Secretary  
Craig Kinton, City Auditor  
Judge C. Victor Lander, Administrative Judge  
Ryan S. Evans, First Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Helena Stevens-Thompson, Assistant to the City Manager - Council Office  
Daniel T. Weber, Director, Department of Aviation

# Love Field Public Parking Rate Adjustment

Briefing for the  
Economic Development Committee

Department of Aviation  
August 16, 2010



# Purpose of Briefing

- Discuss the background and objectives of the parking rate strategy
- Describe the current status and performance of the parking garages
- Discuss the proposed new parking rates

# Background

- 2006 City agreement to repeal the Wright Amendment
  - City embarked on a program of managing, funding and financing the modernization of Love Field (LFMP)
- City Council actions approved the following:
  - 2007 Airport Rates & Charges Study to recommend the foundation of a financing structure
  - 2008 agreements with Southwest Airlines to manage and finance the LFMP
  - 2009 Airport Use & Lease Agreements to implement the cost-recovery methodology of airline rates & charges
  - 2010 approval of Love Field Airport Modernization Corporation bonds to finance the LFMP
- Parking is a major revenue source for this program
  - Increasing parking rates toward market levels is a key assumption in the Plan of Finance

# Background:

## Rates & Charges Study Recommendations

(Economic Development Committee briefing 8/15/08)

- **Parking Rates**
  - 2008 Love Field daily rates: Garage A - \$10; Garage B - \$7
  - 2008 benchmark rates: Short term - \$19; Long term - \$8
  
- **Study recommendation:**
  - Review rates every 18-24 months
  - Gradual increase over several years toward “market”
  - Increase spread between Garages A & B to shift more use to B
  
- **Recommended implementation:**
  - Initial adjustment to daily rates effective 10/1/08:
    - Garage A - \$12
    - Garage B - \$8
  - Continued periodic adjustments toward market rates

# Background:

## LFMP Financing Feasibility Study



(Budget, Finance & Audit briefing 1/11/10)

- Airport Consultant's Report – Bond Feasibility Study
  - Primary Purpose
    - Assess capability of the Airport Use & Lease Agreement to generate revenues needed to
      - Fund City operation and development of Dallas Airport System, **AND**
      - Reimburse Southwest Airlines for its Debt Service payments in accordance with the Special Facility Agreement and Revenue Credit Agreement provisions
  - Assumptions
    - LFMP budget - \$519M
    - People Mover & CIP will be developed as preliminarily scheduled
    - Southwest will maintain Love Field as a principal station in its system
    - Federal grant funding will be approved at \$60M
    - Airline rates & charges remain set per Airport Use & Lease Agreement
    - **Public parking rates increase every 18-24 months to market rates**
    - No air service disruptions from unforeseen events

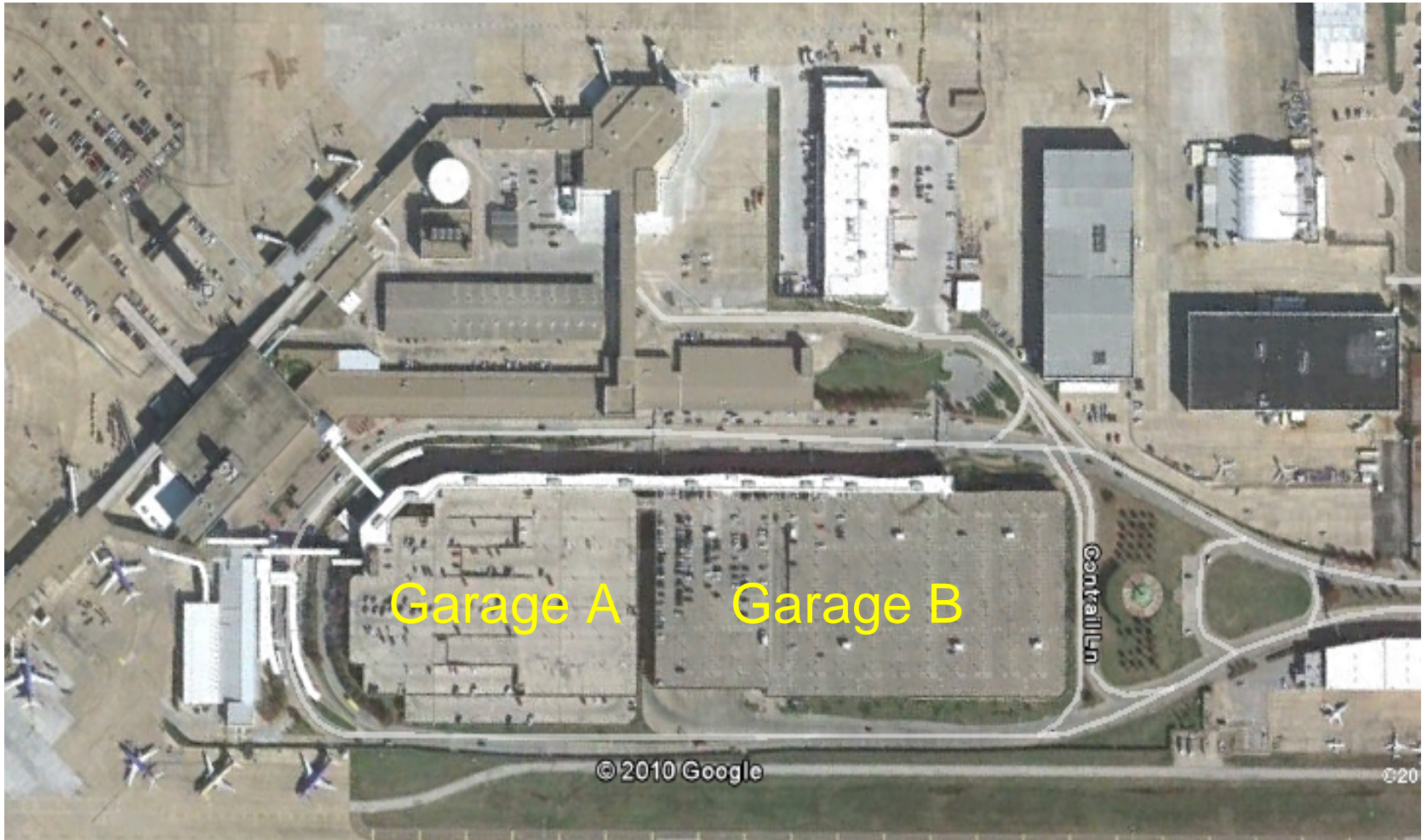
# Objectives of Parking Rate Adjustment

- To continue implementation of 2008 recommendations of Rates and Charges Study
- To support the financial structure of the \$1 Billion Capital Development Program for the Dallas Airport System
- To enhance customer service capabilities of Love Field parking facilities

# Current Status & Performance of Parking



# Current Garage Layout



# Garage A – Current Description

- Current rates (effective 10/1/08)
  - \$12.00 per day
  - Per Hour Charge:
    - 0.0 - 0.5 Hours      Free
    - 0.5 - 1.0 Hours      \$2.00
    - 1.0 - 2.0 Hours      \$4.00
    - 2.0 - 3.0 Hours      \$6.00
    - 3.0 - 5.0 Hours      \$8.00
    - 5.0 - 24 Hours      \$12.00

# Garage A – Current Description (continued)



- Closest to the Terminal
  - Managed for Short Term Use
    - Higher rates than Garage B
      - Emphasize value of “in & out” convenience of close-in parking
      - Encourage use of Garage B for longer term needs
        - » To enable improved customer service for those with short term needs by making space available in Garage A
- Capacity & Peak Utilization
  - 3,079 parking spaces
    - Peak periods – 80% full (approx)
      - Tuesdays & Wednesdays, 10:00 AM – 1:00 PM
    - Off-peak – avg 50% (approx)
  - Gross revenue per transaction
    - \$10.7M / 712,865 transactions = \$15 / transaction
    - 1.25 X daily parking rate
      - The average user parks 1.25 days

# Garage B – Current Description

- Current rates (effective 10/1/08)
  - \$8.00 per day current rate
  - Per Hour Charge:
    - 0.0 - 0.5 Hours      Free
    - 0.5 - 1.0 Hours     \$1.00
    - 1.0 - 2.0 Hours     \$2.00
    - 2.0 - 3.0 Hours     \$4.00
    - 3.0 - 5.0 Hours     \$6.00
    - 5.0 - 24 Hours      \$8.00

# Garage B – Current Description (continued)



- Further Distance from Terminal
  - Managed for Long Term Use
    - Lower rates than Garage A
      - Emphasize value for longer-term use
        - » “In & out” convenience less important
      - Longer distance to terminal mitigated by moving sidewalk
- Capacity & Peak Utilization
  - 3,965 parking spaces
    - Peak periods – 75% full (approx)
      - Tuesdays & Wednesdays, 10:00 AM – 1:00 PM
    - Off-peak – avg 60% (approx)
  - Gross revenue per transaction
    - \$5.35M / 319,035 transactions = \$16.77 / transaction
    - 2.1 X daily parking rate
      - The average user parks 2.1 days

# Observations of Current Conditions



- Revenue per transaction comparison between Garage A (\$15) & Garage B (\$16.77) suggests
  - Little distinction between short term and long term uses of either garage
- Better balance of short-term and long-term utilization between garages will result in improved customer service and value for parking

# Proposed Rate Adjustment Effective October 1, 2010



# Proposed Garage A Rate Adjustment



- From \$12.00 to \$14.00 daily

– Per Hour Charge:

0.0 - 0.5 Hours	Free
0.5 - 1.0 Hours	\$3.00
1.0 - 2.0 Hours	\$6.00
2.0 - 3.0 Hours	\$8.00
3.0 - 5.0 Hours	\$11.00
5.0 - 24 Hours	\$14.00



# Proposed Garage B Rate Adjustment



- From \$8.00 to \$10.00 daily
  - Per Hour Charge:

0.0 - 0.5 Hours	Free
0.5 - 1.0 Hours	\$2.00
1.0 - 2.0 Hours	\$4.00
2.0 - 3.0 Hours	\$6.00
3.0 - 5.0 Hours	\$8.00
5.0 - 24 Hours	\$10.00

# Proposed New Rates

- Place greater value on short term convenience for Garage A, to achieve better balance in utilization
  - Improved customer service
- Current rates are 37% lower than listed comparable airports average (see next page)
  - Proposed rates are still 26% lower
- Proposed rates are consistent with implementation of Rates & Charges Recommendations
  - Gradual rate increases every 18-24 months toward market levels
- Proposed rates support Plan of Finance for Capital Development Program

# Comparable Airport Comparison



- Proposed Love Field \$14 daily parking rate (short term) remains competitive
  - Houston Hobby: \$17/Daily rate
  - Austin Bergstrom: \$20/Daily rate
  - San Antonio: \$22/Daily rate
  - Dallas-Ft. Worth: \$17/Daily rate
- See Appendix A for further listing of other airport parking rates

# Pro forma Analysis of Proposed Rates



Parking Revenue Analysis					
	Actual				Projected
	FY 2007	FY 2008	FY 2009	FY 2010*	FY 2011
Parking Rates	\$10/\$7	\$12/\$8	\$12/\$8	\$12/\$8	\$14/\$10
Total Enplanements	3,911,000	4,068,268	3,871,687	3,901,983	3,901,983
Gross Revenue	\$15,236,190	\$16,126,069	\$16,046,666	\$15,845,405	\$18,301,975

FY 2011 enplanements and transactions projected to be flat

\*2010 Projected

# Recommendation and Next Steps



- Recommendation:
  - Authorize City Manager to increase daily parking rates to \$14 for Garage A and \$10 for Garage B, with hourly rates as proposed herein, effective 10/1/10
- Next Step
  - City Council consideration on September 08, 2010 agenda

# Appendix A



AIRPORT	Rate > 30 Mins	Rate = 1 HR	Rate > 2 HRS	Rate > 3 HRS	Rate > 5 HRS	Short Term Parking	Long Term Parking
Love Field (DAL)	Free	\$2	\$4	\$6	\$8	\$12	\$8
Albuquerque (ABQ)	\$1	\$3	\$4	\$4	\$5	\$7	\$6
Austin Bergstrom (AUS)	Free	\$2	\$4	\$6	\$8	\$20	\$10
Columbus (CMH)	\$2	\$2	\$4	\$6	\$10	\$17	\$9
Dallas-Fort Worth (DFW)	\$1	\$2	\$2	\$4	\$6	\$17	\$12
Houston Hobby (HOU)	\$2	\$2	\$3	\$5	\$7	\$17	\$8
Nashville (BNA)	\$1	\$2	\$5	\$8	\$14	\$22	\$10
Oklahoma (OKC)	Free	Free	\$1	\$2	\$4	\$24	\$7
Palm Beach (PBI)	\$2	\$4	\$7	\$10	\$16	\$30	\$17
Phoenix (PHX)	\$2	\$4	\$8	\$12	\$20	\$25	\$10
San Antonio (SAT)	Free	\$1	\$3	\$4	\$8	\$22	\$10
<b>Average Daily Rate of Comparable Airports</b>						<b>\$20</b>	<b>\$10</b>