Alameda-Contra Costa Transit District

STAFF REPORT

TO: AC Transit Board of Directors  
FROM: Michael A. Hursh, General Manager  
SUBJECT: Board Policy 432 – District Operated Park and Ride Lot Pricing and Cost Recovery Policy

ACTION ITEM

RECOMMENDED ACTION(S):


BACKGROUND/RATIONALE:

Board Policy 317 has not been amended since its adoption in February of 2012. As part of the ongoing review of Board Policies, this policy was reviewed and staff proposes to update it by bringing it into the current format which all Board Policies are being drafted. In addition, the policy has been amended to add sections to address: Persons Affected, Fees, and Authority in keeping with the new format. The newly revised policy is provided in Attachment 1 of this report.

BUDGETARY/FISCAL IMPACT:

There is no known budgetary impact.

ADVANTAGES/DISADVANTAGES:

By utilizing the current format, the policy maintains the consistencies desirable for clarity and continuity. It further clarifies how pricing is determined and the authority for setting said pricing. There are no disadvantages associated with these minor amendments.

ALTERNATIVES ANALYSIS:

There are no practical alternatives to the course of action recommended in this report.

PRIOR RELEVANT BOARD ACTION/POLICIES:

None
ATTACHMENTS:

1. Revised Board Policy 432
2. Current version of Board Policy 432

Approved by: Claudia L. Allen, Chief Financial Officer
Reviewed by: Denise C. Standridge, General Counsel
Prepared by: Lois Rawlings, Real Estate Manager
I. PURPOSE

The purpose of this policy is to provide guidance on the pricing relative to District owned and/or operated Park and Ride facilities to ensure that budget and cost estimates for the construction/implementation and operation of Park and Ride facilities includes sufficient revenue to cover initial capital costs, recapitalization costs, maintenance costs, and operating costs. It is the intent of this policy to establish pricing considerations once the need for Park and Ride lots has already been determined.

II. PERSONS AFFECTED

Any employee, consultant or independent contractor who is involved in a business activity related to a District-operated Park and Ride Transit Center and all users of said facilities.

III. DEFINITIONS

“Park and Ride Facilities” include parking lots or structures that provide parking access adjacent to bus service over which the District has the discretion to set pricing levels, whether through direct ownership or through other designation.

“Operations and Maintenance” includes fee collection/enforcement, cleaning and maintenance of facility, and administrative oversight.

“Recapitalization” includes the costs of capital rehabilitation or replacement of the facility assets, separate from normal operations and maintenance costs. These costs can be amortized to determine the yearly amount required to fund the full cost.

IV. POLICY

A. Capital Costs

To the extent possible, capital costs for all Park and Ride infrastructure owned or operated by AC Transit will be funded by external capital sources or by fees collected at the Park and Ride facility.
B. Operating Costs

Operating costs of all Park and Ride infrastructure owned or operated by AC Transit shall be primarily funded by the users of the parking facility. Federal highway regulations clearly limit the fees that can be assessed at Park and Ride centers when federal highway funding has been used to construct that facility, such that the fees can only cover operating and maintenance costs; parking fees cannot be used to subsidize transit operations.

C. Fees

1. Parking fees should be sufficient to cover the normal operating and maintenance costs and the amortized costs of recapitalizing the facility, which shall be included in the long-range capital plan.

2. In the event that pricing for the lots decreases demand, the District shall seek non-District funds to pay for operations/maintenance and/or recapitalization of the facility. Notwithstanding grant requirements, in the event that funds are not available, the District should consider alternative operating scenarios up to and including decommissioning, unless a compelling business interest is established.

V. AUTHORITY

Budget for normal, on-going operations and maintenance and recapitalization of Park and Rider Transit Centers shall be acquired through the Operating and Capital Budget process.

Only the Board of Directors has the authority to set pricing. This includes any parking spaces designated as free or reduced pricing for carpools or vanpools. If appropriate, the Board may set pricing on a facility basis (Ref: PUC Sec. 24885).

The General Manager shall provide an annual report to the Board on the state of the District’s facilities, including Park and Ride Transit Centers.

Questions concerning interpretation of this Policy are to be referred to the General Counsel.
AC Transit

BOARD POLICY

Policy No. 317

Category: Financial Matters

DISTRICT OPERATED PARK AND RIDE LOT PRICING AND COST RECOVERY POLICY

I. PURPOSE:
The purpose of this policy is to provide guidance on the pricing relative to District owned and/or operated Park and Ride facilities to ensure that budgeting and cost estimating for the construction/implementation and operation of Park and Ride facilities includes sufficient revenue to cover initial capital costs, recapitalization costs, routine maintenance costs, and operating costs.

II. DEFINITIONS:
1. "Park and Ride Facilities" include parking lots or structures that provide parking access adjacent to bus service over which the District has the discretion to set pricing levels, whether through direct ownership or through other designation.
2. "Operations and Maintenance" includes fee collection/enforcement, routine cleaning and maintenance of facility, and administrative oversight.
3. "Forecast Recapitalization" includes amortized costs associated with the asset type (surface lot or structure).
4. "Incremental Capitalization" includes restriping, pot-hole repair, minor capital projects to ensure optimal useful life and safety.

III. RATIONALE:
Over the last 50 years, much of the District's efforts have been focused on providing fixed-route transit service and the infrastructure to support the service, such as at transit centers. But the major assumption is that passengers will access bus service either by walking/wheeling, bicycling or using other mass transit from their point of origin. While that assumption may be appropriate for the District's local service, it is necessary to consider other access modes when designing Transbay/express service. In the last decade, the District developed Park and Ride transfer centers to address those riders that use an automobile to access the Transbay service at certain locations. As a result, policies governing the operation and maintenance of park and ride lots are necessary to ensure that these assets are sustainable over time, and make sense from conception.

This policy assumes that the District's basic service model for local and East Bay Rapid service is on-street operation and pickup, reinforcing a walkable and pedestrian oriented urban design that supports transit-friendly development throughout the service area. This policy also assumes that the planning and development of Park and Ride lots is conducted through a thorough assessment of demand for such facilities, which includes a financial and operational evaluation to establish anticipated costs and benefits to both
the District and our riders. It is the intent of this policy to establish pricing considerations once the need for Park and Ride lots has already been determined.

IV. POLICY
The following policies include those suggested by the Board in 2003:

1. Capital costs for all Park and Ride infrastructure owned or operated by AC Transit will be funded by external capital sources.

2. Operating costs of all Park and Ride infrastructure owned or operated by AC Transit shall be funded by the users of the parking facility. Federal highway regulations clearly limit the fees that can be assessed at Park and Ride centers when federal highway funding has been used to construct that facility, such that the fees can only cover operating and maintenance costs; parking fees cannot be used to subsidize transit operations.

3. Parking fees should also include the amortized costs of recapitalizing the investment except where specifically prohibited by funding source. Prices should include forecasted annual recapitalization based on asset type (surface lot or garage) as well as incremental recapitalization needed to keep the facility in a state of good repair.

   a. A long range plan for all Park and Ride facilities will be established in order to forecast recapitalization costs when determining the price point for the parking fee. An amortization schedule will also be developed that is consistent with the element of the parking fee revenues collected for various capital elements in order to identify and secure revenues for future projects.

4. In the event that pricing for the lots suppress demand, the District shall seek non-District funds to pay for operations/maintenance or recapitalization of the facility. In the event that funds for these uses are not available, the District should consider alternative operating scenarios up to and including site abandonment unless a compelling business interest is established.