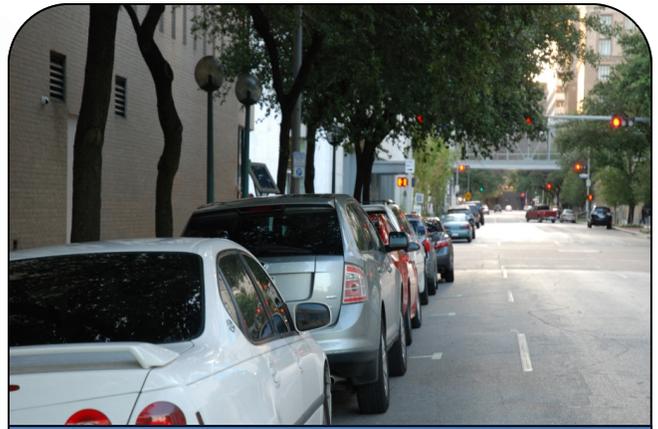


Fiscal Year 2009 Annual Report



City of Houston Public Parking Commission





Houston Skyline view from Lee and Joe Jamail Skatepark

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Message from the Chair

The Public Parking Commission is pleased to present the Fiscal Year 2009 Annual Report highlighting parking management improvements that enhance the City's infrastructure, while supporting improvements to the quality of life for citizens and visitors to our great city.

In August 2008, the Commission was charged with addressing the booting of vehicles by private parking lot owners. Some parking lots in downtown Houston use the honor box system, which does not provide a receipt for the customer. Working with citizens, stakeholders and the City Council, the Commission championed the Booting on Private Parking Lots Ordinance. On June 19, 2009, Gov. Rick Perry signed Senate Bill 2153 that mirrored our ordinance and enacted statewide regulations.

Understanding that parking problems may affect an entire community, a residential permit parking designation was recommended

for the Crosby Square Community in the Fourth Ward. Rather than address the issue block by block, a holistic solution was applied that greatly improved the quality of life, safety and mobility of a community.

The meter project continues to demonstrate its value to Houston. There has been an 18 percent decrease in meter service requests. Over one third of the meter revenue is from credit card transactions reducing collection costs and the need to manually count coins. This savings is even more significant considering that meter revenue exceeded the proposed budget by more than 40 percent.

This year revealed that the effective management of parking can protect the property rights of vehicle owners, promote public safety and mobility and lead to unprecedented revenue growth and cost savings. We will continue to work with the administration to provide safe and convenient parking.



M. Marvin Katz Chair

Renowned Houston real estate, probate and estate planning attorney Marvin Katz has practiced law for over 50 years. He currently practices with the firm of Mayer Brown LLP. A graduate of Texas A&M University, Katz received his law degree from the University of Texas School of Law and has since been featured in articles in *Texas Law Review* and *Southwestern Law Journal*.

He has been a frequent lecturer in real estate programs sponsored by the Texas Bar Association, the University of Texas School of Law, Georgetown University School of Law, South Texas School of Law and the City of Houston. He also serves as an Adjunct Professor of Law at the University of Houston Law School. Katz has served on numerous committees and task forces involving City of Houston matters, including chairman for the City of Houston Planning Commission for approximately 14 years.

Parking Commissioners



Ricardo Baca Mares

Ricardo Baca is the CEO/Founder at RAB Law Firm, P.C. where his practice focuses on corporate and construction law issues. Prior to starting his own law practice, Mr. Baca was an associate with the law firm Coats Rose Yale Ryman & Lee, P.C. Before joining such firm, Mr. Baca worked with several architectural firms around Texas, where he focused on commercial, industrial, and higher education projects. He successfully completed the Internship Development Program as monitored by the National Council of Architecture Registration Boards. Mr. Baca's legal practice focuses on all aspects of commercial and residential construction litigation as well as international corporate law issues.



Marcus L. Davis

Marcus L. Davis, president and CEO of *tbk* Holding, Inc. – parent company of *the breakfast klub* and the Reggae Hut – has more than 20 years food service experience as the guiding force behind two of Houston's hottest eating establishments. Receiving his early training working with his father's catering business, Davis worked his way through the ranks with Chick-fil-A and became a field general manager for franchises in Florida, Georgia and Texas. After a three-year tenure as a history teacher, Davis opened *the breakfast klub* in 2001. A native Houstonian, Davis is a graduate of Kashmere High School and an alumnus of Texas Southern University with a Bachelor of Arts degree in Political Science.



Brian Jackson

Brian Jackson is Manager of Technical Services for Campus Services & Operations at Texas Southern University which oversees parking facilities for the University. His responsibilities include serving as computer administrator and creative agent for various computer service systems. He also creates and maintains six departmental websites. Mr. Jackson brings more than 15 years of computer graphics, animation, video production, GIS and database management to the Commission. He holds a Bachelors degree in Television and Radio Production from Prairie View A&M University.



Dallas Jones

Dallas Jones brings several years of government experience to the Parking Commission. In his current position as District Director for Senator Rodney Ellis. Jones' responsibilities include constituent services, community relations and communications. He has worked under Congresswomen Sheila Jackson Lee and Representative Garnet Coleman as well as serving as a Regional Field Director for the NAACP. Jones is extremely active in the community and participates on the boards of Express Children's Theater, Fourth Ward Redevelopment Authority, and the Exceptional Men of The Talented Tenth, Inc.



Evalyn L. Krudy

Evalyn Krudy serves as principal for Civic Associates which provides assistance for homeowners groups and nonprofit organizations. Krudy served as executive director for University Place Association and Super Neighborhood Council, and now serves on the Council and Board of these organizations. She was actively involved in the development of the Residential Parking Permit ordinance. Since 1989 she has served as chairwoman or co-chairwoman of Trees for Boulevard Oaks. She also served on the executive and bylaws committees for Blueprint Houston and was a cofounder of B. I. R T. H (Bringing Information and Resources to Houston).



Andrew J. Layden

Andrew Layden is Director of Business Development for Standard Parking covering all Texas cities and New Orleans, Louisiana. His responsibilities include developing relationships, creating business partnerships and procuring new business. Mr. Layden brings more than twenty years of parking experience to the Commission. He also serves on the Parade Committee for the Houston Livestock Show and Rodeo. He holds a bachelors degree in business administration from the University of Texas in Austin.



Charles D. Reedstrom

A Certified Administrator of Public Parking (CAPP), Reedstrom serves as Senior Practice Builder for Kimley-Horn & Associates, Inc. He is responsible for projects that include the design and implementation of parking revenue control systems, ground transportation systems, parking analysis and studies, feasibility studies and site selection for new parking facilities.

A graduate of the Leadership Houston Class of XX, Reedstrom also serves on the Advisory Council for the International Parking Institute (IPI), and has served as director of the Texas Parking Association. He has been published in various trade publications, including the IPI parking handbook, "*Parking 101: A Parking Primer.*" Reedstrom serves as Vice-Chair of the Parking Commission.

Ex-Officios

Issa Dadoush, P.E., Director, General Services Department, City of Houston

Bob Eury, Executive Director, Houston Downtown Management District

Marlene Gafrick, Director, Planning and Development Department, City of Houston

Mike Marcotte, Director, Department of Public Works and Engineering, City of Houston

José Ramirez, Jr., LCSW, Houston Commission for Disabilities Representative

Dawn Ullrich, Director, Convention and Entertainment Facilities Department, City of Houston

Barron Wallace, Partner, Vinson & Elkins, Harris County Commissioner's Court Representative

Frank Wilson, President & CEO, METRO





Issa Z. Dadoush, P.E.
Director
General Services Department

Message from the Director

The fundamental charge of the General Services Department (GSD) is to support the core functions of our customers. A core element to our City's well-being is effectively managing parking for both the general public and our employees.

Parking Management officially became a division of GSD in July 2009 and this gave us the opportunity to consolidate existing GSD parking functions from the Security Division to the Parking Management Division. The consolidation allowed Security to focus resources on their core function thereby eliminating duplication of efforts in the department. This also strengthened our ability to effectively manage the parking facilities.

The Department's expertise in facility maintenance, construction and fleet management improved the administration of the City's parking resources and increased its ability to implement parking capital improvement projects. We look forward to working with the Parking Commission as we seek improvements in the public parking arena.

We will continue to identify innovative ways to leverage our core competencies and fulfill our motto of **Pursuing Customer Satisfaction...Always Responsive.**



Texas Avenue in the Theater District

Statement of Revenue and Operating Expenses

(in thousands)

	FY2008 Actual	FY2009 Adopted Budget	FY2009 Estimated Projection	FY2010 Proposed Budget
Operating Revenues				
Parking Violations	7,581	7,600	6,952	7,300
Residential Permit Parking	25	27	36	33
Boot Fees	126	140	119	133
Metered Parking	3,670	3,131	4,461	3,800
Surface Lot Parking	1,255	1,200	1,102	1,200
Contract Parking Fees	539	400	624	400
Valet Parking Fees	28	25	42	34
Commercial Vehicle	265	225	219	236
Newsrack Permit Fees	9	10	11	2
Total Operating Revenues	13,498	12,758	13,566	13,138
Operating Expenses				
Personnel	3,074	3,174	2,765	3,062
Supplies	129	302	265	528 ^a
Services	765	2,381	1,144	3,160 ^b
Total Operating Expenses	3,968	5,857	4,174	6,750
Operating Income	9,530	6,901	9,392	6,388
Non-operating Revenue Expenses	(24)	(374)	5	(1,251) ^c
Income Before Operating Transfers	9,506	6,527	9,397	5,137
Operating Transfers				
Transfers for Interest	67	396	183	639 ^d
General Fund Transfers	6,000	6,500	6,500	7,000
Special Fund Transfers	1,107	553	553	144
Total Operating Transfers	7,174	7,449	7,236	7,783
Net Income (Loss)	2,332	(922)	2,161	(2,646)

^a Increase in supplies expenditures due mostly to maintenance and parts for new pay stations.

^b Increase in services includes development of a master citywide parking plan, data conversion fees, increased maintenance for new pay stations, increased fees for credit card processing and relocation costs.

^c Increases in non-operating revenue expenses is related to annual costs for maintenance and licensing agreements for the new parking management system.

^d The City has deployed about 750 new pay stations which is reflected in the increase in debt service transfers for FY10.

FY 10 One-Time Expenditures

The following table details one-time expenditures in FY10 contributing to a deficit for the budget year. Of the total expenditures, \$1.05M is associated with the implementation of the T2 system. The FY09 fund balance will cover the required costs.

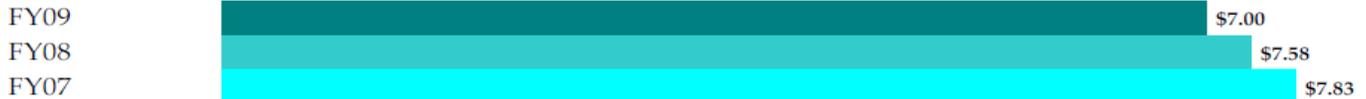
Description	Amount
Software/Professional Services	\$620,182
Data Conversion	\$70,000
Hardware for T2 system	\$45,223
Salary Recovery & Support to MCAD	\$20,000
Handheld Devices	\$289,634
POS Hardware Bundles	\$3,514
SAP Interface—Third Party	\$7,500
Citywide Parking Study	\$200,000
Real Estate Lease	\$250,000
Total one-time costs	\$1,506,053
FY09 fund balance	\$2,161,000
Projected FY10 fund balance	\$654,947

Fund Performance Analysis

Metered Parking*



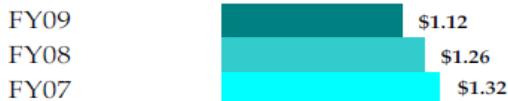
Parking Violations*



Permits



Surface Lot*



Contract Parking



* Listed in millions

Metered Parking: There has been a 70 percent increase in meter revenue from FY07 - FY09. This is partially due to the pay station's ability to accept bills and credit cards along with coins.

Parking Violations: There has been a decline in parking violation revenue as new pay stations are implemented in the CBD. Pay station reliability has led to a significant increase in meter uptime which supports compliance with paid parking.

Permits: A significant increase in permit revenue from FY07 to FY08 was due to the addition of the Commercial Vehicle Loading Zone, Valet, and Newsrack permits. A decrease of 4.48 percent for FY09 is attributed to a change in Commercial permit preferences.

Surface Lot: Parking Management assumed full management of surface lots in FY09. Enforcement was relaxed at the Municipal Court from July through mid-August to familiarize customers with the new pay stations. Enforcement was also relaxed to allow for a recovery period after Hurricane Ike. Additionally, Municipal Courts was also closed for almost two weeks due to a computer virus.

Contract Parking: Sizeable meter bagging contracts due to construction in the CBD in FY08 increased revenue by 69 percent, however by FY09 most of these large projects were completed, resulting in a 20 percent decline in meter bagging contracts. Also, the slowing of construction due to economic conditions contributed to the decline in revenues.



The Gus Wortham Center in the Theatre District

Where Houston Stands

The following tables provide an overview of parking industry benchmarks and Houston's standing in comparison with other major metropolitan areas.

CITY	POPULATION (1,000)	ANNUAL PARKING REVENUE
Chicago	2,837	\$165,000,000
Philadelphia	1,450	\$165,000,000
New York City	8,275	\$120,000,000
San Francisco	765	\$120,000,000
Toronto	2,503	\$110,000,000
Los Angeles	3,834	\$89,000,000
Washington, DC	588	\$56,000,000
Denver	588	\$40,000,000
Miami	410	\$30,000,000
Houston*	2,208	\$14,000,000
Charleston, SC	110	\$13,000,000

*Includes spaces in city lots still considered on-street parking
Data provided by Who's Who in Parking 2009 and 2006, 2007 US
Census Bureau

CITY	Highest Hourly On-street Rate	No. of On-Street Spaces	Basic Overtime Fine	No. of Garages	No. of Surface Lots	Daily Parking Rate	Monthly Unreserved Parking Rate
Chicago	\$3.00	29,359	\$50.00	n/a	19	\$ 31.00	\$ 325.00
Philadelphia	\$1.00	25,900	\$26.00	7	47	\$ 26.00	\$ 314.00
New York City	\$2.00	71,400	\$55.00	10	43	\$ 38.00	\$ 500.00
San Francisco	\$2.00	24,807	\$35.00	19	21	\$ 25.00	\$ 350.00
Toronto	\$3.50	18,554	\$30.00	21	196	\$ 20.61	\$ 279.38
Los Angeles	\$2.00	38,930	\$30.00	5	115	\$ 28.20	\$ 205.00
Washington DC	\$1.00	70,000	\$30.00	n/a	n/a	\$ 14.00	\$ 215.00
Denver	\$1.00	4,300	\$20.00	9	14	\$ 16.00	\$ 175.00
Miami	\$1.25	8,200	\$18.00	11	78	\$ 17.00	\$ 134.12
Houston	\$1.50	6,300	\$25.00	2	13	\$ 12.00	\$ 140.00
Charleston, SC	\$0.75	5,821	\$8.00	11	12	\$ 12.80	\$ 107.25

Data provided by Who's Who in Parking 2009 and Colliers International CBD Parking Rate Survey, 2009

Industry Benchmarks

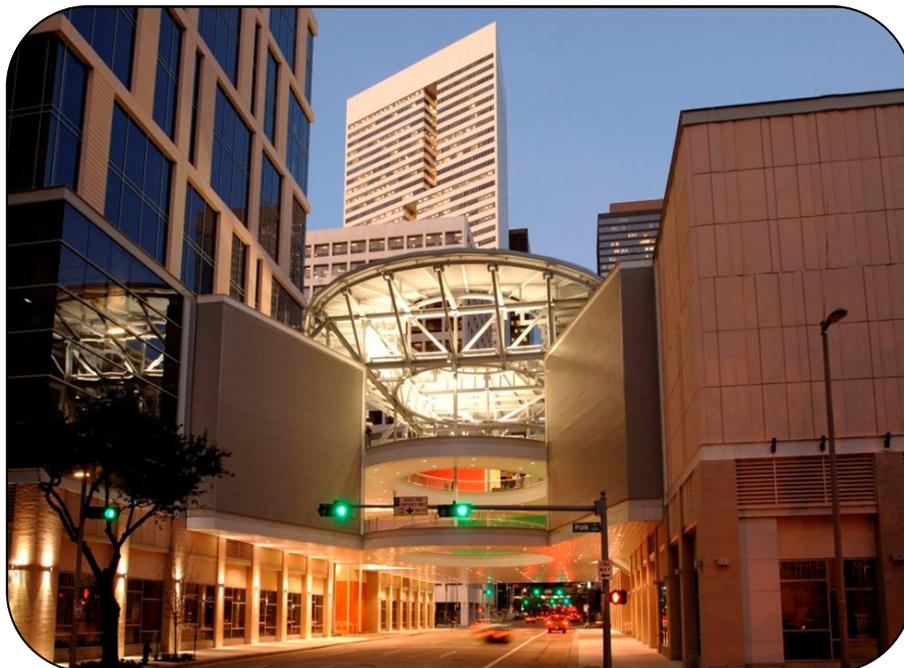
	Industry ⁽¹⁾	FY09	FY08	FY07	FY06	FY05
Metered Parking	17.3%	33.0%	27.3%	20.2%	23.2%	18.4%
Surface Lot	5.3%	8.3%	9.2%	10.7%	10.8%	11.8%
Garage	28.6%	-	-	-	-	-
Parking Violation	40.1%	52.2%	56.5%	65.7%	65.8%	69.7%
Permits	2.7%	5.7%	6.2%	3.4%	0.3%	0.1%
Other	6.0%	0.9%	0.8%	-	-	-
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

From FY05 through FY09, **Metered Parking** as part of total revenue, increased from 18% to 33%. This was primarily due to installation of new pay stations and a decrease in out-of-service service meters. Houston's performance exceeds industry standards by 20 percent.

Surface Lot revenue showed much variance. Although the overall percentage of revenue decreased by 3.5 percent over the past five years, Houston still maintains above-average performance.

Parking Violation revenue as a percentage of total revenue, decreased 18 percent. This decrease is moving more in line towards the industry standard of 40 percent.

Due to new revenue sources managed by the Parking Management Division. (i.e. Contract Parking, Newsrack, Commercial Vehicle Loading Zone, and Residential permits.), **Permit** revenue increased from 0.1 percent in FY05 to 5.65 percent in FY09, more than doubling the national average.



Houston Pavilions

Parking Management Division



Liliana Rambo, CAPP
Director
Parking Management Division
General Services Department

The implementation of pay and display stations required a shift in our business processes - enforcement officers changed methods of identifying vehicles in violation and Meter Operations eliminated manual processes to utilize the pay station's software to increase productivity. Customer Service expanded money room operations to prepare for counting a sizeable increase in daily revenue. Administration was required to establish new audit procedures and financial reporting. All aspects of our operations were required to change but we lacked a system solution to manage the change.

Without an integrated solution to manage the different processes, information could not be easily shared, limiting our effectiveness. Working closely with the Parking Commission, a RFP was issued for a Parking Management System and City Council unanimously approved a contract with T2 Systems, Inc. in June 2009.



Parking Commission public session.

To further enhance our ability to manage our operations, a contract was approved for the collection of delinquent citations. Duncan Solutions will identify plate owners from 43 states and offer time payment plans to reduce a customer's risk of booting.

The upcoming fiscal year will be challenging. We are confident that once the system is stabilized, we will be equipped with cutting-edge technology to ensure we continue to provide citizens and visitors of Houston with safe and convenient parking.

Administration and Customer Service

In developing the RFP for the parking management system, Parking Management extensively detailed system requirements and determined how business processes may be impacted. The T2 Flex system offers online adjudication, online customer account management, electronic workflow for meter maintenance, bar-coded permits and robust reporting.

City Council also approved a contract for delinquent parking citation collections. Duncan Solutions manages a 43-state database of vehicle plate owners. They offer customized collection methods based on account scoring and time payment plans to customers to help them to avoid the hardship of a booted vehicle.

Working closely with the Police and Legal Departments, amendments were drafted for the booting on private parking lots ordinance. The amendments strengthen the ordinance and ensure that regulations are congruent with the new state law (SB2153).

When enforcing restrictions in residential permit parking (RPP) areas, issuing a parking citation to a vehicle does not provide relief for a homeowner who is denied a parking space. Parking Management worked with the Mayor's Office of

Government Affairs to develop legislation for Senate Bill 2346.

Effective Sept. 1, 2009, Parking

Enforcement Officers are authorized to tow illegally parked vehicles from RPP areas.

To increase training opportunities for parking professionals, staff members partnered with the Texas Parking Association to facilitate parking workshops across the state.



Enforcement

Realizing how the enforcement of parking regulations leads to improvements, civic leaders concerned about safety in their neighborhoods contact Parking Management and request presentations and enforcement. Our community outreach program conducted over 70 presentations this year bringing the total to 187.

Partnerships established with other agencies increased the City's ability to address parking violations. Training was provided for 32 officers with the Police Department's Mobility Response Team and three security agencies participated in the training program, including

Greenspoint Mall Security Officers.

The Volunteer program, which empowers citizens to issue citations to vehicles illegally parked in accessible parking spaces, grew by 139 volunteers. Volunteers issued over 4,100 citations for FY09. They also contributed articles for the quarterly newsletter *StreetBeat* and formed an advisory board to develop recommendations for program improvements.

Working with the Parking Commission, Police Department and stakeholders, a review of the Valet Parking Ordinance was conducted. Provisions are being drafted to strengthen the ordinance and ensure the safety of the valet parking customers.



Parking Management worked closely with the Discovery Green Conservancy to design a parking plan for downtown's new park.

Meter Operations

The Central Business District portion of the meter project was completed this fiscal year with the installation of approximately 750 pay and display stations. This enabled Meter Operations to implement on-demand collection. Rather than having a collector physically check each meter, back office reporting identifies when a pay station is ready for collection based on transaction history. This not only increases productivity and efficiency but provides more time for preventive maintenance, thereby, increasing meter uptime.

The proposed budget for Meter Revenue for FY09 was \$3.1 million which was a 30 percent increase over FY08. Parking Management surpassed the FY09 budget by 42 percent and brought in \$4.2M in Meter Revenue.

Credit card transactions generate 30 percent of meter revenue. Following the deployment there was not a need to fill vacant positions, payroll decreased by \$120,000 and productivity increased by 33 percent.

Capital improvements for the fiscal year included striping and lighting at the Pierce-Elevated lots and fencing to the parking lot adjacent to the Mexican Consulate. The public parking lot at Municipal Courts was upgraded from a single pay-on-foot system to multiple pay-and-display stations.

In a joint venture with the Traffic and Transportation Division, 65 new ADA compliant parking spaces were added in the CBD, increasing the total number to over 100.



Sixty-five ADA compliant parking spaces were added to on-street parking.

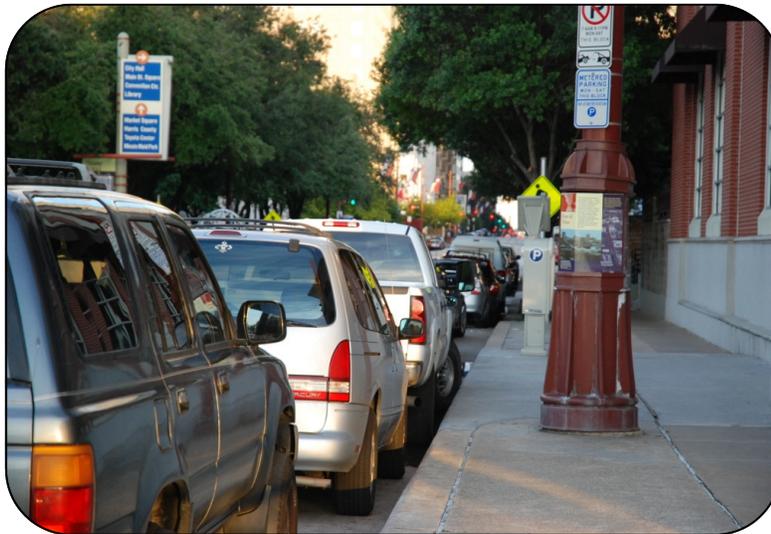
Contact Us

General Services provides a full range of services. The design and construction division is the city's in-house developer, managing the design and construction of most city facilities. Property Management operates and maintains more than 300 city facilities representing 7.3 million square feet of occupied space. Energy Management procures electricity and natural gas and implements conservation measures. Fuel Management works with department fuel operations to develop operational efficiencies. Real Estate negotiates lease space

for city departments, acquires real property and sells surplus city properties. Security Management oversees the physical security of 350 city facilities, including CCTV, access control and alarm systems. Parking management ensures convenient, affordable parking for residents, businesses and visitors of our city and establishes regulations to

enhance pedestrian safety, smooth traffic flow and emergency transportation needs.

GSD employees are accustomed to doing more with less. We're client-focused, customer-responsive, accept the responsibility to our clients and are committed to excellent customer service. At the forefront of our commitment is our motto:



Downtown Historic District

"Pursuing Customer Satisfaction. . . Always Responsive".



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