

AGENDA REPORT

Ordinance: Adopt an Ordinance to Amend Port Ordinance No. 2610, as Amended, To Establish Employee Tenant Parking Rates January 1, 2020 through December 31, 2023 at Oakland International Airport. **(Aviation)**

MEETING DATE: 10/24/2019

AMOUNT: Additional Average Annual Revenues of \$125,000 (FY 2020-FY 2023)

PARTIES INVOLVED: Tenant Employees (Airlines, concessions, and TSA)

SUBMITTED BY: Bryant L. Francis C.M., Director of Aviation

APPROVED BY: Danny Wan, Acting Executive Director

ACTION TYPE: Ordinance

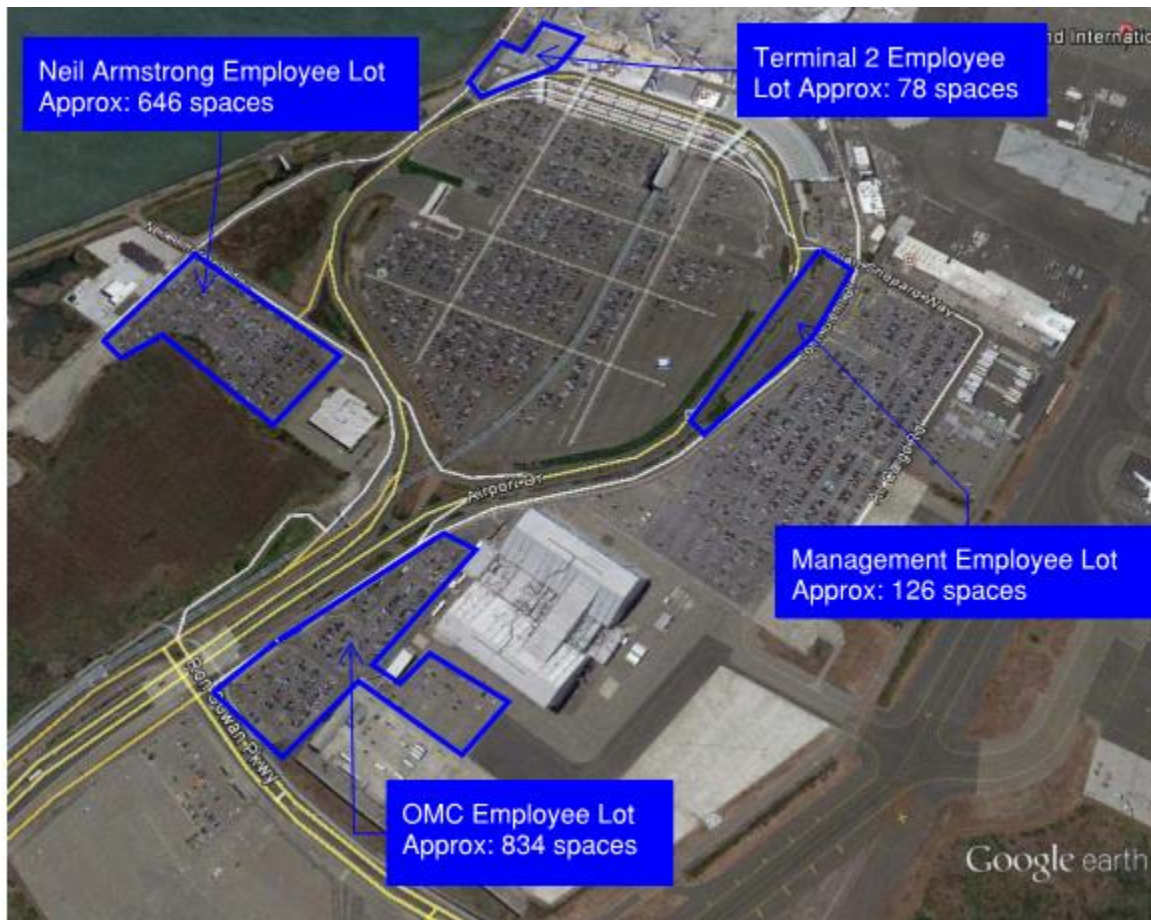
EXECUTIVE SUMMARY

The current rate for tenant Employee Parking Permits within the employee parking lots at Oakland International Airport (“OAK” or the “Airport”) is \$32 monthly and has been in effect since 2008. This action would adopt an ordinance to increase the Employee Parking Rate gradually commencing January 1, 2020 through December 31, 2023 from \$32 per month to \$47 per month.

BACKGROUND

Oakland International Airport offers on-site parking for some tenant employees (e.g., airlines, concessions, and TSA employees) who work at the Airport. Other employees park on their employers’ leaseholds (e.g. FedEx and UPS) or use other means of transportation. Employee Parking is available at a discounted rate compared to passenger parking at OAK. The on-site Employee Parking Lots are located in four separate parking locations, where

there are approximately 1,650 parking spaces. Neil Armstrong Employee Parking Lot and OMC Employee Parking Lot are served by regular shuttle bus service.



The current rate for Employee Parking Permits is \$32 monthly and has been in effect since 2008. This rate is equivalent to \$1.52 per day if an employee works an average of 21 days per month. Note that while the primary purpose of the parking program is to provide employees parking during work, they can use their parking permit 24/7 and over extended periods as many employees are flight crew. As a practical matter this means all employees also enjoy the benefit of free parking even if on personal travel. When administering this Employee Parking Program, OAK offers tenants the flexibility to purchase Permits on a Quarterly, Semi-Annual, Annual, or Biennial basis. Approximately 30% of employees have their parking paid for by their employers and approximately 70% pay out of pocket.

Revenues associated with the sale of Permits for FY 2018 was approximately \$1.3 million compared to direct operating expenses associated with operating the Employee Parking Program of approximately \$1.8 million creating an operating gap of approximately \$500,000 per year. An internal audit of the Employee Parking Program was conducted in 2017 by the Port Auditor. The Port Auditor report recommended Port staff review the employee parking

rates and increase them to better keep pace with costs and with the regional market for this type of parking.

ANALYSIS

As the Employee Parking Rate has not increased in over 10 years, Staff performed a market study comparing employee parking at other local airports. During this study, it was determined that the OAK Employee Parking Rate is below market for on-site airport employee parking in the region as shown in the table below:

Oakland International Airport - Employee Parking Rate Survey

	Airport	Rate (Monthly)	Multiple Lots	Garage / Surface	Shuttle Service
1	Oakland International Airport	\$32	Yes	Surface	Yes
2	San Jose International Airport	\$45	Yes	Garage / Surface	Yes
3	San Francisco International Airport	\$68/\$112	Yes	Surface / Garage	Yes/No

While the OAK Employee Parking Rate is currently below market, it is recognized that rate increases should be implemented with consideration of the employees and tenants who are responsible for payment. As such, Staff recommends phasing increases of the Employee Parking Rate in approximately 10% increments from the current rate of \$32 per month to \$35 per month, starting in January 1, 2020, up to \$47 per month starting January 1, 2023. It is likely that OAK may still have the lowest parking rate in 2023 but this will allow OAK to at least partially offset the ever-increasing costs of operating the Employee Parking Program.

Employee Parking Permit	Proposed January 1, 2020	Proposed January 1, 2021	Proposed January 1, 2022	Proposed January 1, 2023
Monthly Rate	\$35.00	\$38.00	\$42.00	\$47.00

Increasing the Employee Parking Rate would result in the below approximate annual revenues for the Employee Parking Program compared to projected direct operating expenses associated with running the Employee Parking Program, the most significant direct cost being the shuttle bus service.

	FY 2020	FY 2021	FY 2022	FY 2023
Est. Employee Parking Revenue	\$ 1.33 million	\$1.45 million	\$1.59 million	\$1.78 million
Est. Employee Parking Direct Costs	\$ 1.93 million	\$2.00 million	\$2.07 million	\$2.14 million
Est. Revenue Shortfall	0.60 million	0.55 million	0.48 million	0.36million

As part of rolling out the rate increase to the tenant employees, Staff will also be implementing and promoting an enhanced and more efficient payment platform and more flexibility of hours to obtain parking permits. Parkers will now be able to make payments on line and be able to quickly pick up parking stickers at the parking operation office 4 days a week instead of 2 without waiting in a long queue. These improvements should greatly improve the customer experience.

Port Outreach to OAK Tenant Employees

Per the Board's direction, staff has reached out to the OAK tenant employees who park in the Employee Parking Lots to request their feedback to the proposed phased-in rate increase. The outreach was conducted by posting a memo (see Exhibit A) on the Airport's website and by placing flyers with the memo on the vehicles parked in the Employee Parking Lots the week of October 7th. Staff will present the feedback received from this outreach at the October 24th Board meeting.

BUDGET & STAFFING

Compared to FY 2018 Employee Parking Revenues of \$1.3 million, future Employee Parking Revenues are estimated to increase by approximately \$500,000 by 2023, or \$125,000 on average per year. There is no impact to staffing.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters included in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

<https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

Goal: Grow Net Revenues

Goal: Improve Customer Service

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply because the requested action is not an agreement,

contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

SUSTAINABILITY

Port staff have reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that presents sustainability opportunities.

ENVIRONMENTAL

This ordinance is statutorily exempt pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15273 (a). CEQA does not apply to the establishment, modification, structuring, restructuring, or approval rates, tolls, fares, and other charges by public agencies which the public agency finds are the purpose of: (1) Meeting operating expenses, including employee wage rates and fringe benefits; (2) Purchasing or leasing supplies, equipment, or materials; (3) Meeting financial reserve needs and requirements; (4) Obtaining funds for capital projects necessary to maintain service within existing service areas; or (5) Obtaining funds necessary to maintain such intra-city transfers as are authorized by the city charter.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

This action is not subject to the Port's Owner Controlled Insurance Program (OCIP) as it is not a capital improvement construction project.

OPTIONS

- Adopt an ordinance amending Port Ordinance No. 2610 to establish the Employee Tenant Parking Rate of \$35 per month effective January 1, 2020, \$38 per month effective January 1, 2021, \$42 per month effective January 1, 2022, and \$47 per month effective January 1, 2023. This is the recommended action.
- Increase the Employee Tenant Parking Rate as instructed by the Board, less or greater than the Recommended Rates outlined in this Agenda Report.
- Keep the current Employee Tenant Parking Rate of \$32 per month. This option is not recommended as this will continue to increase the current gap between operating costs and revenue.

RECOMMENDATION

Adopt an ordinance amending Port Ordinance No. 2610 to establish the Employee Tenant Parking Rates of \$35 per month effective January 1, 2020, \$38 per month effective January 1, 2021, \$42 per month effective January 1, 2022, and \$47 per month effective January 1, 2023.