

T&E COMMITTEE #3
June 15, 2009

Worksession

MEMORANDUM

June 11, 2009

TO: Transportation, Infrastructure, Energy & Environment Committee

FROM: Amanda Mihill, Legislative Analyst *A. Mihill*
60 Glenn Orlin, Deputy Staff Director

SUBJECT: **Worksession:** Expedited Bill 17-09, Parking Lot Districts – Use of Revenue

Expedited Bill 17-09, Parking Lot Districts – Use of Revenue, sponsored by Councilmembers Floreen, Knapp, Elrich, and Leventhal, and Council President Andrews, was introduced on April 14, 2009. A public hearing was held on May 5 at which speakers testified both in support and opposition to Bill 17-09 (see selected correspondence beginning on ©6).

Expedited Bill 17-09 would expand the use of Parking Lot District revenues for transit service serving the Parking Lot District, and generally amend the law regarding the use of parking lot district funds.

Issue for Committee Discussion

Should parking lot districts funds be used to provide transit service to the parking lot district?

This is the central question that the Committee must answer. The Council has heard from several speakers and organizations urging that the Council not use funds derived from a parking lot district to fund activities outside of the parking lot district, including transit service. Speakers, including the County Executive, and those who corresponded with the Council made the following arguments:

- Bill 17-09 would fundamentally change how parking lot district revenues are used and allow parking lot district revenues to be used for services that do not contribute directly to the function of the parking lot districts.
- Using funds from the parking lot districts may put needed repair and maintenance of facilities in jeopardy and may result in fewer services to the urban districts.
- Parking lot district revenues are already transferred to the mass transit budget.
- Diverting funds may jeopardize the financial health of the parking lot district.
- There are no limits in the legislation regarding how much revenue can be transferred or whether the revenue would be repaid.
- As drafted, Bill 17-09 does not require the transferred revenues to be used for bus service that directly serves the district that the revenues derive from.

As an initial matter, Council staff notes 2 important points. First, allowing parking lot districts to be used to fund bus service that would directly serve the district that the revenues originate from

does benefit the parking lot district and urban district by providing the residents, customers, and workers a reliable mode of transportation to access the district. This is particularly true if the funds are used to fund bus service that would otherwise be cut.

Second, Bill 17-09 would not require funds to be transferred to fund bus service; it merely authorizes them to be transferred. The Council would make the decision about how much, if any, revenue would be transferred in the annual operating budget.

To address the concerns raised, **Council staff recommends** 2 amendments to Bill 17-09:

1. Council staff agrees that the language of Bill 17-09 should be tightened so that revenues generated in a parking district can only fund bus service that serves that particular district. Council staff recommends the following amendment (©2, lines 25-26):

(D) fund bus service provided by the Department of Transportation that directly serves [a] the parking lot district from which the revenues are derived.

2. To address the concerns that Bill 17-09 may weaken the financial health of the parking lot district, put maintenance and repair or other services in jeopardy, and divert funds that could otherwise be used for the urban districts, the Committee could limit the amount of funds that could be transferred. For instance, Bill 17-09 could be amended to allow revenue to be transferred only if the end-of-year reserves as a percent of resources are projected to be above, and not drop below even if funds are transferred, a certain percentage (e.g., 25%). For instance, if a district's end-of-year reserves are projected to be 27%, then the amount transferred from the district could be no more than 2%.

Council staff recommends approval of Bill 17-09 with these amendments.

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Expedited Bill No. 17-09
Concerning: Parking Lot Districts – Use of Revenue
Revised: 3/31/2009 Draft No. 2
Introduced: April 14, 2009
Expires: October 14, 2010
Enacted: _____
Executive: _____
Effective: _____
Sunset Date: _____
Ch. _____, Laws of Mont. Co. _____

COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

By: Councilmembers Floreen, Knapp, Elrich, and Leventhal, and Council President Andrews

AN EXPEDITED ACT to:

- (1) expand the use of Parking Lot District revenues for transit service serving the Parking Lot District; and
- (2) generally amend the law regarding the use of parking lot district funds.

By amending

Montgomery County Code
Chapter 60, Parking Lot Districts
Section 60-16

Boldface	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

The County Council for Montgomery County, Maryland approves the following Act:

LEGISLATIVE REQUEST REPORT

Expedited Bill 17-09, *Parking Lot Districts – Use of Revenue*

DESCRIPTION:	Expedited Bill 17-09 would expand the use of Parking Lot District revenues for transit service serving the Parking Lot District.
PROBLEM:	Current law does not allow parking lots district revenues to be used to fund transit service that serves the district.
GOALS AND OBJECTIVES:	To allow revenues raised from parking lot districts to fund transit service that serves the parking lot district.
COORDINATION:	Department of Transportation.
FISCAL IMPACT:	To be requested.
ECONOMIC IMPACT:	To be requested.
EVALUATION:	To be requested.
EXPERIENCE ELSEWHERE:	To be researched.
SOURCE OF INFORMATION:	Amanda Mihill, Legislative Analyst, (240) 777-7815.
APPLICATION WITHIN MUNICIPALITIES:	To be researched.
PENALTIES:	N/A



OFFICE OF MANAGEMENT AND BUDGET

Isiah Leggett
County Executive

Joseph F. Beach
Director

MEMORANDUM

May 5, 2009

TO: Phil Andrews, President, County Council

FROM: Joseph F. Beach, Director, Office of Management and Budget

SUBJECT: Expedited Bill 17-09, Parking Lot Districts – Use of Revenue

The purpose of this memorandum is to transmit a fiscal and economic impact statement to the Council on the subject legislation.

LEGISLATION SUMMARY

The proposed legislation would expand the use of Parking Lot District revenues for transit service serving the Parking Lot District and generally amend the law regarding the use of parking lot district funds.

FISCAL AND ECONOMIC SUMMARY

The policy used within the Executive Branch for several years is that the unrestricted fund balance should be maintained at a level that is at least 50 percent of the projected operating expenses for the subsequent fiscal year. This policy has served the County well in ensuring that parking districts satisfy, and will continue to satisfy, operating and capital obligations and maintains certain levels of transfers to other funds. In addition to meeting the Parking Districts' financial obligations, the Parking Districts have financially supported transportation management programs and urban maintenance activities. The policy also has provided adequate time to identify the need for and to analyze changes in the rate structure for parking fees, fines, and taxes.

To ensure compliance with the foregoing policies, the Department of Transportation and the Office of Management and Budget use a six-year planning horizon to identify emergent issues in the Parking Districts, some of which do not require immediate solutions. These issues can include identifying projected trends in declining fund balances, the potential need for rate adjustments or expenditure reductions to maintain adequate fund balance, and continued future compliance with local law, bond covenants, and internal policies.

These policies have served the County well and will continue to do so, as evidenced by the financial health of the parking lot districts and maintaining the AA revenue bond rating.

Office of the Director

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The table below lists the projected ending unrestricted fund balance for each PLD and the coverage percentage for the next year's operating expenses, assuming existing transfers.

End of Year Unrestricted Fund Balance and Coverage of Operating Expenses for Following Fiscal Year						
	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>
Bethesda	\$ 12,720,760 153%	\$ 18,009,180 211%	\$ 10,053,500 105%	\$ 7,430,680 75%	\$ 4,973,560 49%	\$ 3,108,480 31%
Silver Spring	\$ 4,541,580 41%	\$ 3,067,370 27%	\$ 1,809,320 16%	\$ 2,155,340 18%	\$ 2,830,460 23%	\$ 6,531,850 54%
Wheaton	\$ 57,950 4%	\$ 83,160 6%	\$ 83,300 6%	\$ 82,500 6%	\$ 85,650 6%	\$ 81,750 5%
Montgomery Hills	\$ 261,180 217%	\$ 303,910 244%	\$ 350,910 274%	\$ 401,200 303%	\$ 452,880 332%	\$ 506,910 371%

For FY10, Bethesda and Montgomery Hills achieve the 50 percent target. However, Bethesda's balance is projected to decline starting in FY12 due to major obligations from the Garage 31 project. Silver Spring's balance is projected to be below the 50 percent target for five of the next six years. Wheaton is far below the 50 percent target and is unable to fully support its related Urban District (unlike Bethesda and Silver Spring). Additional draws on Wheaton will make it impossible to reach the 50 percent target and could result in a negative fund balance.

There is no economic impact according to the Department of Finance.

The following contributed to and concurred with this analysis: Stephen Nash, Department of Transportation; Mike Coveyou, Department of Finance; Brady Goldsmith, Office of Management and Budget

JFB:bg

- c: Kathleen Boucher, Assistant Chief Administrative Officer
- Dee Gonzalez, Offices of the County Executive
- Art Holmes, Director, Department of Transportation
- Stephen Nash, Department of Transportation
- Jennifer Barrett, Director, Department of Finance
- Mike Coveyou, Department of Finance
- Brady Goldsmith, Office of Management and Budget

TESTIMONY BEFORE THE MONTGOMERY COUNTY COUNCIL

Expedited Bill 17-09, Parking Lot Districts – Use of Revenues

May 5, 2009

Good evening. My name is Jennifer Barrett, Director of Finance. I appreciate the opportunity to testify before the Council on behalf of County Executive Isiah Leggett on Expedited Bill 17-09, Parking Lot Districts – Use of Revenues. The budget before the Council is indeed a difficult one, reflecting the reality of these economic times and many difficult choices that must be made, including cuts to important services that our citizens rely upon. While the County Executive understands the bill sponsors' goals of identifying a funding source for restoring service cuts in transit, he is opposed to the legislation because it represents a fundamental change in the authorized use of Parking Lot District fees. Expedited Bill 17-09 would, for the first time, allow PLD fees to be siphoned off for services that do not contribute in a direct way to the function of the Parking Lot Districts nor would these services provide or enhance parking services or manage parking demand.

The County's Parking Lot Districts are an important part of not only our transportation system, but also our economy. They have a clearly defined mission of supporting economic development, by providing not only parking supply, but also parking and transportation management. In FY10, as recommended by the County Executive, the PLDs will provide over \$7.6 million to support Transit's efforts, and \$5.2 million in support of our urban centers. Financially sound PLDs ensure that the costs of important parts of the infrastructure supporting our central business districts are borne by the business property owners and parking users in the PLDs. These costs are paid by the business owners through property taxes, and by the users of the parking facilities through parking fees and fines. The Parking Lot Districts were created to ensure that these costs are not borne by the general taxpayers of the County. The County Executive believes that it is prudent and appropriate to ensure that continues to be the case, and believes that this legislation puts that very goal at risk.

Structured parking in the PLDs has historically cost in the range of \$20,000 per space. Current cost estimates have skyrocketed to \$30,000 per space for structured above ground parking. Because of the goals of maximizing land area for mixed-use development, which benefits not only our Central Business Districts but also the County's overall economy, the trend now and into the future is for below grade parking, which can cost upwards of \$65,000 per space.

We need to have healthy Parking and Central Business Districts to meet future development costs and revitalization goals in Bethesda, Silver Spring and Wheaton. To divert funds from the Parking Lot Districts to pay for direct bus service, which this bill enables, is to put in jeopardy needed projects for repair and maintenance of aging facilities, and new projects that will contribute to economic growth in our vital core business areas. Examples of such projects include the rehabilitation of Garage 21 in Silver Spring, which is anticipated to cost \$10 million, the construction of Garage 31 in

Bethesda which will cost \$85 million, and work on Garage 16 in Silver Spring at \$3 million, and Garage 5 in Silver Spring at \$2 million.

Let me remind the Council of what happens when we do not attend to the fiscal needs and health of our PLDs. In the early 1990s, Silver Spring was declared an urban renewal area. The County and State pumped \$189 million into the Silver Spring Redevelopment project including \$59 million for the Town Square and Wayne Avenue garages, because the Silver Spring PLD did not have the financial capacity to pay for the garages. The debt service on those garages is costing the County's general fund about \$5.6 million a year. I want to note for Council that this amount of general taxpayer's money would have paid for the bus service reductions currently contemplated nearly three times over. This example clearly highlights the importance of maintaining the fiscal integrity and independence of the PLDs.

Finally, in addition to the potential fiscal draining of healthy PLD fund balances that this bill will allow, the bill has the additional detrimental effect of substantially diluting the financial strength and credit structure of the PLDs, which is so critical to financing their future infrastructure needs. This bill allows PLD revenues to be spent on services that are completely outside the parking system -- services that would otherwise be paid for with property taxes levied countywide. Future PLD bond issues are unlikely to merit the stellar double A rating achieved for Silver Spring and Bethesda PLD bonds just a few years ago. Lower ratings will certainly result in higher cost of debt for the PLDs well into the future.

The Executive understands that there are arguments in defense of this bill -- specifically, that it provides only for the possibility of a transfer of PLD revenues and that making such a transfer is or would be a separate decision. I need to make it clear that in the case of the PLDs, the legal and security structures and therefore ratings and costs for debt are based on what is possible, not just what is current. This bill increases the competition for funds that have been pledged for debt service or are required to meet bond covenants, and will have a certain detrimental effect on this credit and our ability to meet future financing needs.

While we recognize that both the County Executive and the County Council are wrestling with difficult budgets this year and next year, Expedited Bill 17-09 is an imprudent short term solution for funding transit that would need to be replaced once healthy fund balances have been drawn down, and that would have long term negative financial effects on the important structure and credit of the County's Parking Lot Districts.

Thank you for your consideration.

THE GREATER BETHESDA-CHEVY CHASE CHAMBER OF COMMERCE
TESTIMONY REGARDING BILL 17-09
BEFORE THE MONTGOMERY COUNTY COUNCIL – MAY 5, 2009

Good evening President Andrews and members of the County Council. My name is Patrick O'Neil and I am the Vice President for Economic Development and Government Relations for The Greater Bethesda-Chevy Chase Chamber of Commerce. On behalf of the Chamber and its 800 members representing over 40,000 employees, I am here to oppose Bill 17-09, which seeks enabling authority to use Parking Lot District revenue to "fund bus service that directly serves a parking lot district". Diverting Parking Lot District funds for use outside the PLD is contrary to the longstanding objective of using fees raised in the PLD to support infrastructure and services in the applicable PLD. It also sets a dangerous precedent.

First, the businesses whose employees and customers are paying the parking fees should not have to experience a decline in the level of their services because the Council has decided to raid the PLD fund in order to move dollars elsewhere. Second, the diversion of funds that were previously dedicated to specific geographic locations undermines County long-term objectives to incorporate creative infrastructure funding mechanisms in growing areas. If Bill 17-09 is adopted, the Council risks sending the wrong message that such a funding mechanism in White Flint, for example, can be diverted to general funds in the future. We need our PLDs and other funding mechanisms to be predictable and secure.

The Chamber understands and appreciates that the intent of Bill 17-09 is fund the restoration of service cuts to certain bus lines outside of the Bethesda PLD. However, in this case, the cure is worse than the problem. We should not weaken our County's Parking Lot Districts in order to address an otherwise short-term problem.

Incidentally, the County's PLDs already contribute significantly to transit initiatives by funding the Fare Share and Super Fare Share programs. PLDs also contribute directly to mass transit through the transfer of 75% of revenues from parking fines. This year, the Bethesda PLD expects to transfer as much as \$3.6 million in fine revenue. In addition, the Bethesda and Silver Spring PLDs invest heavily in free shuttle services to, among other things, encourage the use of mass transit by providing easy accessibility within the applicable business district for people who use mass transit to commute to the PLDs.

Please join us in supporting our PLDs by opposing Bill 17-09. On behalf of The Greater Bethesda-Chevy Chase Chamber of Commerce, thank you for the opportunity to present these comments.



**Testimony of
 The Greater Silver Spring Chamber of Commerce
 Public Hearing on Bill 17-09 – Parking Lot Districts – Use of Revenue
 Montgomery County Council
 Tuesday, May 5, 2009**

President Andrews, members of the Council. Good evening. My name is Jane Redicker and I am president of the Greater Silver Spring Chamber of Commerce, a membership organization representing more than 400 businesses, small and large, which together form the backbone of the economic renaissance in Silver Spring and whose owners, employees and customers fund the Silver Spring Parking Lot District. I am here on behalf of the Chamber to express our strong opposition to Bill 17-09, which would essentially raid the Silver Spring Parking Lot District revenues to fund Ride On bus service throughout Montgomery County.

First, it is important to point out that the Greater Silver Spring Chamber is a strong supporter of public transit. We have been a vocal proponent of the Purple Line and have advocated for dedicated funding to the Transportation Trust Fund. However, we cannot support diverting funds from the Parking Lot Districts to subsidize services that are not specifically related to the operation, maintenance, and construction and security of facilities within those PLDs. This proposal runs contrary to the very foundation of the existence of Parking Lot Districts. Our understanding is that Parking Lot District taxes were levied as a special tax in the County's more urban areas, along with fees and fines to help fund the parking facilities and special needs of those areas, not to fund county-wide services.

As you know, the Silver Spring Parking Lot District (PLD) receives income from three sources -- taxes, parking fees, and fines. Revenue in FY10 is projected to be about \$18 million. Expenses are projected to be about \$15.8 million. Per the Montgomery County Code, income from the PLD must be used first to make any necessary bond payments; and second to fund the operation, maintenance and construction of parking facilities within the PLD. Monies may also be allocated to fund the urban district in which the money is collected, including funding the county maintenance of the urban district, and to fund activities of the Department of Transportation that promote transit and ridesharing.

The Silver Spring PLD already supports efforts to encourage use of alternative transit by providing funds to the Silver Spring Transportation Management District (TMD) for the Fare Share and Super Fare Share programs. The PLD's contribution to the TMD will increase by almost \$700,000 in FY10 to take over funding for the VanGo bus service. For the record, we would submit that the VanGo is the only bus service that unquestionably "directly serves" the Silver Spring PLD. Expansion and enhancement, as of Van Go, desired by the PLD customers, is a logical use and reinvestment of PLD fees to serve the PLD.

In addition, beginning in FY10, 75 percent of the revenue from fines collected in the Silver Spring PLD, estimated to total just more than \$1.9 million, will be transferred to the Mass Transit Fund. While this transfer has long been County policy, the financial situation of the Silver Spring PLD has not been such that it could afford this transfer until now.

With these two transfers in FY10, the Silver Spring PLD will contribute an additional \$2.6 million more toward mass transit than ever before.

It's important to point out that only recently did the Silver Spring PLD become self sufficient enough not to require operational subsidies from the General Fund. Likewise, the Silver Spring Urban District has matured to the point that it no longer receives baseline transfers from the General Fund.

That said, both the Silver Spring PLD and the Silver Spring Urban District need the fee revenues generated by the PLD in order to operate and maintain the level of service the residents and businesses in Silver Spring deserve, and have come to expect. The current operating costs of the Silver Spring PLD, \$10.7 million, exceed the total tax revenues collected (just more than \$6 million); therefore monies from the parking fees must continue to be used to fund the costs of the PLD.

Diverting fees to subsidize Ride On bus routes will hinder the ability of the PLD to make much needed improvements to existing parking facilities and can also impact ongoing maintenance of the parking facilities. Specifically, a portion of the FY10 and future year budgets includes money that was put aside to renovate County Garage 21 at the corner of Spring Street and Colesville Road, and for Lot 16 in South Silver Spring. The six-year budget moving forward includes money to do needed repairs and renovations in the Bonifant Street garage. What isn't even on the books is a consideration of what to do about the garage off Fenton Street, in which only the lower two floors are currently available for parking because the elevators don't work, the lighting and wiring needs to be completely replaced, and the decks are deteriorating. From where will the resources come for that work? From the Chamber's perspective, assuring that there is sufficient working capital in the PLD to make these repairs, and plan for others needed throughout Silver Spring should be a priority for monies collected in the PLD.

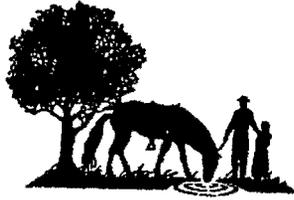
Diverting parking fee revenues out of the PLD will effectively take money out of the Urban District budget that is necessary for the Silver Spring Clean and Safe Team that handles security, trash removal, and general maintenance, as well as contracts for landscaping, grass cutting, and the like in the Silver Spring Urban District. At this time in Silver Spring's development, these services are crucial. The PLD revenue accounts for approximately 70 percent of the funds needed for these functions. Already, the FY10 budget reflects a 10 percent cut in monies from this source allocated to the Urban District.

The PLD can support only so much. The businesses that, directly or indirectly through their employees, are paying the parking fees should not have to experience a decline in the level of services in the PLD because the Council decided to raid the fund to move dollars elsewhere. A better approach to restoring and maintaining the Ride On bus service that benefits the general public would be to look for the additional monies from the general public.

We have heard it suggested that the Silver Spring PLD has "reserves" and could therefore afford to contribute to subsidizing the Ride-On service. However, our understanding is that both the County Executive and the County Council have previously agreed that good fiscal planning policy dictates the need to maintain a year end fund balance of at least 50 percent operating costs in reserves. Projected "end of year" reserves for FY10 are less than half that goal. And, because of much-needed repairs and renovation necessary in the garages and lots in the Silver Spring PLD, the six-year fiscal plan projects even a smaller percentage of reserves will remain in the years going forward. Now is not the time to divert funds from these projects. I indeed, Council should not adopt a policy under which PLD funds can be raided without having a mechanism in place to make sure that sufficient funds remain to pay for long and short term expenses of the PLDs and the Urban Districts from which those funds are collected.

We reject the notion that this is simply "enabling" legislation, given the "expedited" nature of the Bill. We see it as an open ended and slippery slope that will hurt not only the Silver Spring PLD, but all Parking Lot Districts. It will harm the continued operation and viability of those PLDs that already exist and will discourage the creation of other PLDs.

On behalf of the Chamber, I urge you to oppose or withdraw your support for this Bill and I thank you for your consideration.



LDG INC

LEE DEVELOPMENT GROUP

Lee Plaza, 8601 Georgia Avenue, Suite 200, Silver Spring, MD 20910

April 28, 2009

Montgomery County Council
Montgomery County Council Office Building (COB)
100 Maryland Avenue
Rockville, MD 20850

RE: Opposing Legislation (Bill 17-09)

Dear Council Members:

We are writing to you today in opposition to Bill 17-09 that would take money generated in the Silver Spring Parking Lot District and use it to fund bus service throughout the County. As a long standing Silver Spring business which has been active in the community through the Greater Silver Spring Chamber of Commerce (GSSC) and Silver Spring Urban District Advisory Committee (SSUCAC) we feel this bill is unfair to the businesses, employees, and citizens of Silver Spring who contribute to the parking lot district. Like the GSSC and the SSUDAC we strongly oppose the legislation because money generated in Silver Spring should stay in Silver Spring to continue supporting the long term economic viability that the county has so carefully invested in.

We oppose the legislation based on the following factors:

- Diverting Parking Lot District monies for use outside the PLD is contrary to the longstanding objective of using fees raised in the PLD to support the served Central Business District. Under the PLD system, revenue collected in the PLD is supposed to be used to fund the operation, maintenance and construction of parking facilities within the PLD to support area businesses and residents. Fundamentally, that is the reason visitors and property owners pay for a PLD.
- With the arrival of the Fillmore Music Hall and other public investments and county approved Silver Spring development, the need for a well-maintained and functioning PLD is greater than ever before.

- The Silver Spring PLD already supports efforts to encourage use of alternative transit by providing funds for the Fare Share and Super Fare Share programs. In addition, monies have been set aside in next year's budget to take over funding for the VanGo bus service, which is more appropriate since it only serves Silver Spring.
- Silver Spring needs the dollars collected in Silver Spring to operate and maintain the level of service the residents and businesses in Silver Spring have come to expect in the parking lots and garages in Silver Spring. Diverting fees to pay for bus transit will hinder the ability of the PLD to make much needed improvements to existing parking facilities and can affect the ongoing maintenance of the parking facilities. Specifically the following renovations are needed; renovations to County Garage 21 at the corner of Spring Street and Colesville Road, to Lot 16 in South Silver Spring, and to the Bonifant Street garage. In the future, the garage off Fenton Street will need renovation, only the lower two floors are currently available for parking because the elevators don't work, the lighting and wiring needs to be completely replaced, and the decks are deteriorating.
- Furthermore, diverting parking fee revenues out of the Silver Spring Parking Lot District will effectively take money out of the Urban District budget that is necessary for the Silver Spring Clean and Safe Team that handles security, trash removal, and general maintenance, as well as contracts for landscaping, grass cutting, and the like in the Silver Spring Urban District. At this time in Silver Spring's development, these services are crucial.
- The PLD can support only so much. The businesses whose employees and customers are paying the parking fees should not have to experience a significant decline in the level of services in the PLD because the Council decided to shift those funds elsewhere, further burdening the general fund with future expenses, and not solving a fundamental deficit issue for the county.

Sincerely,



Bruce H. Lee
President



Neal L. Blake
Vice President of Finance
SSUDAC Board Member

**Montgomery County Council
Tuesday, May 5, 2009
Public Hearing Testimony**

**By
Gail Heath, Field Services Coordinator
UFCW Local 1994 MCGEO
in support of
Support of Bill 17-09**

Good evening members of the County Council and thank you for the opportunity to speak. My name is Gail Heath and I am the Field Services Coordinator for UFCW Local 1994 MCGEO. I am here tonight to speak in support of Bill 17-09 and the transfer of funds from the Bethesda Parking District to funding for transit operations. This year, the County Executive proposed extensive cuts to Ride-On services, which the Transportation Committee has recommended be put on the reconciliation list and funded. We want to thank the members of the Committee for their vote on funding the proposed Ride-On cuts.

Now we are tasked for paying to maintain the service. Moving money from the Bethesda PLD to help fund transit service makes sense for several reasons.

1. Many of the workers of the Bethesda business community who oppose this bill would be negatively affected if the Ride-On service cuts were made. A large percentage of the workers who are the workforce for the large hospitality and restaurant industries in the Bethesda area are dependant on Ride-On to get to and from work, and without the bus; the businesses won't have the staff they need to run their business.
2. The funding of transit will save jobs, the County Executive's proposed cuts would come in connection with the loss of 48 bus operators, the over whelming majority of those bus operators being part-time merit system employees who depend on this job to support themselves and their families, not just monetarily, but with health and retirement benefits they receive as well. Contrary to the opinion of some, these operators are not working part-time as their second job, this IS their job.
3. Funding the proposed cuts benefits both the business community and the community at large. Customers of businesses take buses, and many depend on buses to get to work, including Montgomery County Government employees.

4. Finally, the legislation is limited to the Bethesda PLD where there is a surplus, at a time when the County Government is suffering its largest budget deficit in history. It does not make sense to allow the PLD (which in essence is County-funded) to maintain a surplus while cutting Ride-On service because of an operating budget shortfall. While shifting the tax from the PLD to the mass transit tax would provide relief this year, what happens next year when the budget is potentially going to be worse? The money is restricted to funding transit, of which parking is a piece.

Thank you.

Monday, May 11, 2009

Dear County Executive Leggett and County Council,

We are writing to oppose Bill 17-09, which would allow Silver Spring parking lot district (PLD) revenues to be used to pay for bus service across the county. While we share council members' interest in finding creative ways to avoid cuts in bus service, we have serious concerns about this legislation.

We believe that

- The use of PLD subsidies for bus lines would negatively impact the Silver Spring urban district budget, which we need for security and maintenance. The urban district receives most of its funding through the PLD, and is critical to keeping our downtown area clean and safe.
- Redistributing PLD funds could reduce funding for other worthy programs, including the VanGo buses that circulate around Silver Spring and the Transportation Management District's Fair Share Program.
- The bill could imperil funding for important PLD activities – such as improving parking in our business district and repairing our currently-condemned parking facilities.
- This bill would unfairly allow use of funds from the Silver Spring parking lot district to fund bus lines that serve entirely other areas of the county.

We value public transportation as a critical part of our infrastructure, but do not believe that this bill is the right way to fund it. For these reasons, we recommend against adoption of the bill. Thank you very much for considering our opinion.

Sincerely,

Darian Unger
Chair, Silver Spring Citizens Advisory Board

BILL 17-09

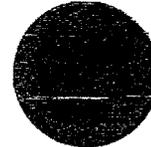


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SILVER SPRING URBAN DISTRICT ADVISORY COMMITTEE

May 5, 2009

042358



The Honorable Phil Andrews, President
Montgomery County Council
100 Maryland Avenue
Rockville, Maryland 20850

Dear Mr. Andrews:

The SSUDAC is in opposition to Bill 17-09 which would take revenue generated for the Silver Spring Parking Lot District to fund bus services throughout the county.

The Silver Spring PLD supports the use of alternative transit by providing funds to the Silver Spring Transportation Management District (TMD) for the Fare Share Program and Super Fare Share Programs. The PLD's contribution to the TMD will increase by almost \$700,000 in FY10 which will fund in full the VanGo bus service which serves the Silver Spring community. Also, in FY10 the Silver Spring PLD will contribute \$2.6 million towards mass transit. Until recently the Silver Spring PLD was not able to operate without subsidies from the General Fund.

Diverting revenue out of the PLD would impact the Urban District Budget that is crucial in funding the Silver Spring Clean and Safe Team responsible for security, trash removal, general maintenance and landscaping. With the economic downturn and continuing image problems, Silver Spring's need for a well-maintained Urban District is crucial. With the Fillmore's future home in Silver Spring it is imperative that we provide well-lighted and maintained parking garages. The PLD revenue accounts for 70 percent of the Urban District funding.

Diversion of funds from the PLD would also hinder much needed improvements to parking facilities. County Garage 21 at the corner of Spring Street and Colesville Road, Lot 16 in South Silver Spring and the Bonifant Street garage would be severely impacted. Garage 4 provides only two floors for parking because elevators do not work, the lighting and wiring needs to be completely replaced and the decks are deteriorating. Necessary repairs are estimated at over \$10 million.

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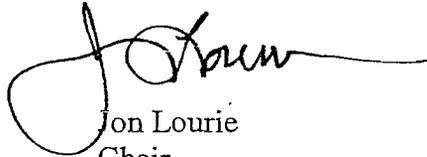
Silver Spring Regional Services Center

Mr. Andrews
May 5, 2009
Page 2

The businesses, employees, customers and residents paying the parking fees should not have to experience a significant decline in the level of services in the PLD. This bill would hurt not only the Silver Spring PLD but all Parking Lot Districts.

We urge you to oppose this bill.

Sincerely,



Jon Lourie
Chair

TRANSIT FIRST!

Coalition members: Action Committee for Transit, Amalgamated Transit Union Local 689, Audubon Naturalist Society, CASA de Maryland, Clean Water Action, Coalition for Smarter Growth, Crofton First, Greater Greater Washington, MCGEO — UFCW Local 1994, Prince George's Advocates for Community-based Transit, Progressive Maryland, Save Maryland Area Rail Transit

Testimony on Bill 17-09

May 5, 2009

The Transit First! coalition supports Bill 17-09, which will help protect the Ride-On bus service that so many county residents depend on. The plan to pay for this vital service by reducing parking subsidies in Bethesda is fair, and it is consistent with the county's long-term social and economic objectives.

The current economic crisis hits hardest at working people who are already squeezed by the high cost of housing in this county. Our transit system—one of the best of any suburb in the country—is essential to the financial survival of many households. Because of Ride-On, a middle-class life is possible with one car in most parts of the county. In the areas where bus service is best, families can live decently with no car.

The proposed cuts in Ride-On would create an impossible choice for many hard-working commuters whose budgets don't have room for another car. Buses serving many of the county's retail centers would no longer run on evenings and weekends. Workers on shifts would have to choose between giving up their job—at a time when it's almost impossible to get a new one—and long slow commutes with multiple bus transfers.

The proposed cuts would also be a step backward from meeting our transportation and environmental objectives. Despite our relatively good transit system, we have some of the worst traffic in the country. The only antidote for this congestion is to reduce single-occupant car travel.

The most difficult question before the council tonight is how new parking revenues can be transferred from the parking district to the mass transit fund. Two methods have been proposed: direct transfer, which Bill 17-09 would authorize, and a reduction of the parking tax accompanied by an increase in the county-wide mass transit tax.

We support both of these methods and endorse Bill 17-09. Both methods are justified because the districts are currently subsidized by both the general fund and by the parking tax. The parking tax subsidy is clear and explicit. The general fund subsidizes the districts through on-street parking revenues—streets are built and maintained by the general fund—and through the exemption of parking lot districts from the real estate tax that would be paid by commercial parking garages.

While we support transfer of funds by either mechanism, in this year's budget we prefer the parking tax reduction for the following reasons.

First, a restructuring of the parking tax is needed and is likely to occur soon. The Planning Board has recommended a revamping of the parking ordinance, which would necessitate a rethinking of the parking tax. The Office of Legislative Oversight's recent report on transportation demand management concludes that the fiscal structure of the parking districts undercuts the county's transportation goals.

The parking ordinance has required developers in at least one instance to build expensive underground parking spaces and then prove that no one parks there. Excessive parking requirements are wasteful, bad for our business climate, and create incentives for unnecessary driving. But with the current structure of the parking tax, reductions in minimum parking requirements reduce parking tax revenues. Financial dependence on parking tax revenues deprives the county of needed flexibility to craft policies that achieve our transportation goals. Reducing the parking tax will ease the transition to making the zoning ordinance more flexible, less onerous, and better for the environment.

Second, the increase in the mass transit tax would be small. A \$400,000 house would pay only \$4 a year. This is surely a reasonable amount to ask homeowners and businesses to pay for the benefits of county-wide bus service.

Third, the burden of the parking tax falls primarily on smaller, older buildings where locally owned businesses tend to be located. We all want these businesses to remain as Bethesda grows, and they need help in these difficult times.

In conclusion, the Council's main objective here should be to preserve bus service. We support both proposed methods of funds transfer, and urge the passage of Bill 17-09. For the FY10 budget, our preference is reduction of the parking tax, but we would happily support either method.

Testimony of Stephen E. Baldwin, Chair,

Western Montgomery County Citizens Advisory Board

Before the Montgomery County Council Transportation and Environment Committee

May 5, 2009

I am representing the Western Montgomery County Citizens Advisory Board (WMCCAB) to respectfully express its opposition to both the proposal to increase parking fees in the Bethesda Parking Lot District (PLD) and to Expedited Bill 17-09, which would extract revenue from the PLD. The PLD has contributed to the development of Bethesda as an economically vibrant downtown that provides residents with a great place to live, work and play. At the same time, the PLD has been self-supporting and sustainable. The Board believes that both proposals are short-sighted, and will impose long-term damage on the PLD.

We oppose an increase in parking fees in the PLD for the following reasons:

- A parking rate increase, especially in the current uncertain economic conditions, will negatively affect patrons of local businesses, employees who are not receiving raises and often experiencing pay or benefit cuts, those who use parking facilities to get to their jobs, and the residents of Bethesda.
- A parking rate increase could push members of the Bethesda workforce, especially lower-paid employees, out of jobs in Bethesda, which would negatively affect both workers and businesses.
- A parking rate increase could push cars out of public garages into neighborhoods and private garages, with a potential loss of revenue to the PLD.
- A parking rate increase used to generate revenue for subsidizing public transportation in other parts of the County, as proposed in Expedited Bill 17-09, would be at the expense of workers, employers and residents of the Bethesda area.

We also oppose Expedited Bill 17-09 for the following reasons:

- The funds generated by parking fees and fines generated within the Bethesda PLD are needed to support parking maintenance and improvements within the PLD; they should be reinvested within PLD projects. There are a number of critical parking investments that will be needed in the PLD, both in the short term, such as mitigating the impact during the replacement of Lot 31, and in the long term, such as the need to improve

technology in lots and garages to bring them up to the standards of facilities in Rockville and Silver Spring.

- The Bethesda PLD has become a finely-tuned organization that is self-sustaining; it receives no dollars from the County General Fund. Tampering with it, especially in these uncertain economic conditions, could seriously damage its ability to achieve its goals.
- The Bethesda PLD already contributes approximately \$3.8 million for general funding of mass transit County-wide. No other PLD is able to do this. In addition, PLD revenues support the operation of the Bethesda Urban Partnership, a model of private-public cooperation, as well as the Bethesda Circulator.
- This is not a case of turning our backs on other parts of the County. Bethesda supports mass transit. An example is the success of Bethesda Transportation Solutions in supporting the modal split, which we understand to be the highest of any Transportation Management District in the County.

The WMCCAB and its Transportation Committee would be happy to discuss in further detail our findings and thoughts on either the proposed parking rate increase or Expedited Bill 17-09. Our opposition to these proposals is based on our desire to maintain Bethesda as a great place for businesses to locate, for everyone to enjoy the arts, shopping and dining, and, at the end of the day, a place to call home.

Thank you.

Public Hearing Testimony before the County Council – May 5, 2009
Expedited Bill 17-09 – Parking Lot Districts- Use of Revenue

Thank you Council President Andrews and the Members of the County Council for the opportunity to testify before you tonight on this matter. For the record, my name is Anne Martin and I am testifying tonight as an individual and Bethesda resident. As you know from my typical role before you, my business is located in downtown Bethesda and I am past Chair of the Greater Bethesda-Chevy Chase Chamber of Commerce and one of its current representatives to the Bethesda Urban Partnership. I also had the opportunity to serve six years on the Board for the Bethesda Transportation Solutions, the Transportation Management Organization for Bethesda, and chair the B-CC Chamber's Parking & Transportation committee.

Back in 1999-2001, the Bethesda business and residential community worked with the County for over two years with respect to the upcoming significant parking rate increase in 2001. The Bethesda community recognized that the increase was necessary to “fund the construction of new garages, refurbish existing parking garages”, and for “the operation and maintenance of the downtown's total public parking system”, as well as to support the efforts of Bethesda Transportation Solutions to reduce single-occupant auto trips for downtown Bethesda. This recognition and acceptance of the business community for extended hours and higher rates in 2001 was based on the premise that the

funds raised through the fees would support the facilities and services of downtown Bethesda.

While I respect the intent of the sponsors of Bill 17-09 to find funds for bus service in the County, I urge the Council not to jeopardize the Parking Lot Districts (“PLDs”) in the County by raiding the revenues generated from the parking fees for that PLD. While my previous comments are specific to the Bethesda PLD, it is a fundamental principle that the fee revenue collected in any PLD is intended to support the current and future operation, maintenance, construction and improvements of parking facilities within that PLD, the parking demand management for that PLD, and the Urban District services for that PLD.

The Expedited Bill 17-09 contradicts this fundamental principle. The language as drafted does not require the bus service funded from PLD fees to serve that PLD; does not provide a method of future repayment to the PLD to secure its financial strength and future parking facility needs; and does not include participation from the applicable TMO (in coordination with DOT) as to which bus service serves the PLD, has a cost-effective ridership and/or meets the objectives of transportation demand management.

As noted in the Council Memoranda and other testimony, the PLDs already provide over \$7.6 million to support transit services, as well as the monies to support the TMDs that promote alternative transit options, Fare Share programs and the downtown Circulator services. Further, the PLD has reduced its own

budget for urban district services for FY10, and I am concerned that an open-ended ability to divert fees raised in the PLD will deplete resources not only for the current and future parking and garage facilities, but the critical Urban District services such as trash removal, general maintenance, landscaping, security, community programs and transit promotion.

I will end on the note that although I also oppose the proposed unnecessary increase in the parking rates in the Bethesda PLD – as we are experiencing the same vacancy, significant decrease in retail activity, and employee impacts as the rest of the County- I do appreciate the efforts of Council member Berliner and the T&E committee (and Council Staff) to look at other more equitable options to address the Council’s concerns. I respectfully request that if the Council does not adopt the County Executive’s recommendations on this issue, that it seek such other alternatives as an equitable way to address the expressed intent of Bill 17-09.

Thank you for consideration of my comments.

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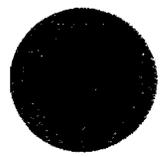
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BILL 17-09

Guthrie, Lynn

From: Andrews' Office, Councilmember
Sent: Friday, May 01, 2009 11:00 AM
To: Montgomery County Council
Subject: FW: Please keep Bethesda Parking revenues in Bethesda!

042102



2009 MAY -1 PM 1:55
MONTGOMERY COUNTY
COUNCIL

-----Original Message-----

From: Barbara Rollins [mailto:broollins@ImaginationStage.org]
Sent: Friday, May 01, 2009 10:56 AM
To: Leventhal's Office, Councilmember; Ervin's Office, Councilmember; Andrews' Office, Councilmember; Berliner's Office, Councilmember; Elrich's Office, Councilmember; Floreen's Office, Councilmember; Knapp's Office, Councilmember; Trachtenberg's Office, Councilmember
Cc: gitaliano@bccchamber.org
Subject: Please keep Bethesda Parking revenues in Bethesda!

Please do not support legislation that would take money generated in the Bethesda Parking Lot District (and the Silver Spring and Wheaton Parking Lot Districts) and use it to fund other services in other parts of the county. This bill jeopardizes the funds currently used to both manage and improve the parking lots and garages in Bethesda and to operate the Urban District programs that keep Bethesda clean and safe – and generating tax revenue.

Please remember that the Bethesda Parking Lot District already transfers millions of dollars to the County's Transportation Fund annually through a majority of the revenue received from parking tickets in our district.

- Diverting Parking Lot District monies for use outside the PLD is contrary to the longstanding objective of using fees raised in the PLD to support the served Central Business District. Under the PLD system, revenue collected in the PLD is supposed to be used to fund the operation, maintenance and construction of parking facilities within the PLD to support area businesses and residents. That is fundamentally why visitors and property owners pay for a PLD.
- The Bethesda PLD already supports efforts to encourage use of alternative transit by providing funds for the Fare Share and Super Fare Share programs, as well as all costs to support the Free Circulator bus service.
- Bethesda needs the dollars collected in Bethesda to operate and maintain the level of service the residents and businesses in Bethesda have come to expect in their parking lots and garages. Diverting fees to pay for bus transit can impact ongoing maintenance of the parking facilities.
- Diverting parking fee revenues out of the Bethesda Parking Lot District will effectively take money out of the Urban District budget that is necessary for the Bethesda Urban Partnership to provide security, trash removal, general maintenance, landscaping, community programs, as well as the transit education programs provided by the Bethesda Transportation Solutions.
- The PLD can support only so much. The parking fees should be used to maintain services and parking access for the businesses whose employees and customers are paying them. Many of us have already suffered negative impacts from the current economy and public funding cuts, and asking our customers and employees to pay more for parking when they visit our business could have an additional negative impact on our sales and rates of visitors.

Money collected in the Bethesda Parking Lot District needs to stay in Bethesda. We urge you to oppose this legislation and find another way to provide the desired bus services.

Barbara Rollins

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5/1/2009

STATEMENT OF JON WEINTRAUB, May 5, 2009

Good evening, my name is Jon Weintraub. I chair the group of condominium Presidents in downtown Bethesda. I was President of the Edgemoor Condominiums for 3 years and have been a Board member for 5+ years. I serve on the Bethesda Urban Partnership board and the Bethesda Transportation Solutions Board. I am also a Democratic Precinct [7-04] vice Chair. I worked for the Budget Committee of the US House of Representatives for 6 years and the National Association of Counties for 12 years. I have seen many attempts to play games with federal budget and tax policy. This bill 17-09 under discussion clearly qualifies as "The Willie Sutton Option" [go were the money is] version of that game at the Montgomery County level. The County Council must have the courage approach county citizens to fund transit and propose to raise revenues or increase bus fares and not take funds raised for the Bethesda PLD.

I urge you oppose this expedited bill 17-09 for a variety of reasons:

1) Raiding the Parking Lot District funds for use outside the PLD is contrary to the County's longstanding objective to reinvest fees raised in the PLD to go back to support the PLD and the services and success of the PLD.

2] We, in downtown Bethesda, are facing the need for a major response from the PLD to the Lot 31 development. Several hundred parking places will be displaced for 2 years during construction. Woodmont Avenue will be blocked. The gridlock will be a mess. Bethesda needs these funds now to improve and upgrade our parking lot technology. European countries, Silver Spring parking lots, and BWI airport are examples of how this technology is used to direct auto traffic. This technology could direct drivers to where parking is available as they enter Bethesda as well as in individual public garages. This is just one example of how PLD funds can be used for their original purpose and not diverted for other purposes. We could use electronic signage to notify drivers where parking is available at any point in time.

3) PLDs already transfer significant funds into the Mass Transit budget from the fines collected in the PLD. In Bethesda, this is a transfer of \$35.00 per ticket, which is estimated to be \$3.8 Million for the fines transfer from the Bethesda PLD to Mass Transit for FY10.

4) This is not simply "enabling" legislation, given the "expedited" nature of the Bill. This proposal was not viewed by the Department of Transportation as critical to the FY10 budget.

5) As currently drafted, the Bill does not even propose that the bus service has to "directly serve" the PLD from which funds are collected, how it is determined that the bus service "directly serves" the PLD, or whether there is any participation or input as to the bus service from the urban district or transportation management district from which the Council is taking the funds. The Bethesda Circulator is the only bus service that unquestionably "directly serves" the Bethesda PLD. Its expansion and enhancement as desired by the PLD customers would be another more logical use and reinvestment of PLD fees to serve the PLD.

6) There is no clarification in the Bill as to how much can be taken from a PLD as a percentage of that PLD's balance while providing the same level of service to the PLD and the community. A more specific example, as of 5 years ago, Bethesda Urban Partnership receives no transfers from the General Fund with the caveat that the PLD would make up the difference. Even though BUP gets no funds from General Fund, BUP had to reduce its budget and services provided for FY10. The PLD can only support so much, and the businesses whose employees and customers are paying the parking fees should not have to experience a decline in the level of services in the PLD because the Council decided to raid the PLD fund to use elsewhere. This is a very open ended and slippery slope that impacts all Parking Lot Districts and is a discouragement to create other PLDs.

7) There is no clarification in the Bill as to when or if these funds would ever be repaid back to the PLD from which the fees were derived, even though we will experience a decline in PLD services.

Thank you for your consideration.