

July 7, 2005

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
July 12, 2005

PARKING CASH KEY PROGRAM-RESIDENTIAL DISCOUNT

Recommendation:

That the City Council provide direction to staff regarding initialing a resident discount for the Cash Key Program.

Background:

At its meeting of September 28, 2004, the City Council provided direction to staff to report back on a cash key program that allows for resident discounts. The present cash key program is available to anyone. We have a total of 259 cash keys in use now. Of the total number, residents have purchased 153.

The cash keys are sold at face value, meaning that there is no discount offered to the person purchasing the cash key. The cash key program is strictly an over-the-counter operation now, which means that staff does not have to check any program requirements before selling the cash key to the person wishing to buy the cash key. The cash key system is working well and is growing slowly in use. The cash key is sold in increments as requested by the purchaser.

A discounted resident cash key program would result in some changes in how the cash keys are sold to residents. The suggested process would use the same residency requirements that we use for parking permits. A copy of requirements is attached. It would seem that it would be best to only sell the discounted residency keys at the Finance Office, as we have to be able to make sure that all of the requirements are met. It is suggested that off-site sales be considered later rather starting off with that program due to the need to verify the residency requirements. It is also important to point out that once sold, the cash keys can be used by anyone. No limit on the number or amount has been set so far however, so that may be something that the City Council would have to consider should it be abused in the future.

The revenue that we have been receiving from the present residential users will drop by the amount of the discount. For example a 10% discount on a \$50.00 cash key will result in \$45.00 to the city. We are selling 153 cash keys to residents and this type of a discount would result in \$765.00 less when they refill their cash keys ($153 \times \$50 = \7650 vs. $153 \times \$45 = 6885$ or \$765 less). If the program were successful, the difference would grow to some larger amount. Reducing revenue at this particular time does not seem like a good idea considering that we are in the process of increasing a number of fees for service.

The program could be implemented in fairly short order if the City Council wished to proceed with changing the program to add a resident discount component to the cash key program.

Respectfully submitted,

Stephen Burrell
City Manager