



**Memorandum**

**To:** Gary McGuigan, Maryland Stadium Authority (MSA)  
 Terry McGean, Town of Ocean City (TOC)  
 Rick Hamilton, Ocean City Convention Center (OCCC)

**From:** Susan Sieger, Crossroads Consulting  
 Karel Garside, Crossroads Consulting

**Date:** June 29, 2010

**Re:** OCCC Parking Analysis

At the direction of the TOC, OCCC management has been asked to consider charging for parking as an additional revenue stream. As such, Crossroads Consulting was asked to estimate the potential net revenue given the existing OCCC’s building program as well as with two expansion alternatives currently in the planning stages. The purpose of this memo is to provide an order-of-magnitude estimate of the potential revenue that could be generated by charging for parking to assist the MSA, TOC and OCCC with their on-going planning efforts.

**Summary of Potential Net Parking Revenue at the OCCC**

As shown in the following table, charging for parking with the current building program is estimated to generate approximately \$393,000 annually in net parking revenue. An expanded OCCC offering the existing building program along with a new 20,000 SF bayfront ballroom and a 1,200 fixed-seat auditorium is estimated to generate between \$534,000 and \$566,000 annually in net parking revenue.

Estimate of Potential Net Parking Revenue at the OCCC		
Scenario	Range	
	Low	High
Existing OCCC	\$393,000	\$393,000
Expanded OCCC		
With 20,000 SF Ballroom	79,000	99,000
With 1,200-Seat Auditorium	62,000	74,000
<b>Total With Potential Expansion</b>	<b>\$534,000</b>	<b>\$566,000</b>

Because this analysis is primarily based on the research and findings from previous studies conducted for the MSA and TOC, it is important to read those reports/memos in their entirety to gain a better understanding of the methodology and assumptions used to derive estimates of potential utilization.



## **Overview of Methodology**

The net parking revenue estimates are based on assumptions related to the event activity that could occur in the existing building and under each expansion scenario. The current building analysis is based on the five-year historical average of event activity from FY 2005 through FY 2009. This data differs from the OCCC expansion study completed in 2008 due to the addition of FY 2008 and FY 2009 actual event data since publication of that report. The expanded building with the ballroom is based on estimates of the number of events provided by Crossroads in June 2009 with revised average attendance figures made to match five-year historical actuals. The auditorium analysis is based on estimates of the total potential event activity (not incremental new) provided in the recent Economic and Fiscal Impact Analysis for a proposed auditorium. This assumed level of event activity for each scenario is combined with assumptions associated with parking operations outlined below to estimate the potential annual net revenue.

## **Parking Revenue Analysis and Related Assumptions**

Discussions were held with management of competitive and comparable convention centers as well as auditoriums/performing arts centers to gain an understanding of their parking charges and policies. The estimates are based on the following assumptions derived from these discussions with comparable facility management and input from OCCC management.

- This analysis assumes that all events will be charged for parking.
- The parking charge will vary by event type and range from \$1.00 to \$5.00 per car.
- There is an average of 2.5 people per car.
- The maximum number of available on-site spaces is 1,186.
- Expenses associated with parking operations are estimated to be 20% of gross revenues.

The table that follows illustrates that the OCCC hosted an average of 113 events and 417,425 total attendee days over the last five fiscal years. Assuming similar event activity in the future and the parking assumptions outlined above, the existing OCCC could potentially generate approximately \$393,000 in net parking revenue annually. This assumes a parking charge of \$3.00 per car for conventions/tradeshows, consumer shows and special events/competitions and a \$1.00 parking charge per car for meetings/food functions.

OCCC management has plans to implement a rental charge of \$5.00 per parking space for consumer shows using the parking lot. While this rate appears reasonable for use of the parking lot as additional exhibit space, it is not a realistic parking charge for attendees per car given that parking has historically been free and the existing competitive environment.



OCCC Historical Utilization										
Event Type	Actual Five-Year Average (No Range)						Charge Per Car	Range		
	Number of Events	Number of Event Days	Average Event Length	Total Attendee Days	Average Attendees/Event Day	Estimated Net Parking Revenue				
Conventions/Trade Shows	36 - 36	102 - 102	2.8	210,436 - 210,436	2,060 - 2,060	\$3.00	\$202,000 -	\$202,000		
Consumer Shows	36 - 36	81 - 81	2.3	149,009 - 149,009	1,840 - 1,840	\$3.00	143,000 -	143,000		
Special Events/Competitions	9 - 9	26 - 26	2.9	47,079 - 47,079	1,810 - 1,810	\$3.00	45,000 -	45,000		
Meetings	26 - 26	38 - 38	1.5	7,963 - 7,963	210 - 210	\$1.00	2,000 -	2,000		
Food Functions	6 - 6	8 - 8	1.3	2,938 - 2,938	370 - 370	\$1.00	1,000 -	1,000		
<b>Total</b>	<b>113 - 113</b>	<b>255 - 255</b>		<b>417,425 - 417,425</b>			<b>\$393,000 -</b>	<b>\$393,000</b>		

Proposed Expanded OCCC - With 20K SF Ballroom										
Event Type	Range						Charge Per Car	Range		
	Number of Events	Number of Event Days	Average Event Length	Total Attendee Days	Average Attendees/Event Day	Estimated Net Parking Revenue				
Conventions/Trade Shows	6 - 8	17 - 22	2.8	34,600 - 46,100	2,060 - 2,060	\$3.00	\$34,000 -	\$44,000		
Consumer Shows	7 - 8	16 - 18	2.3	29,600 - 33,900	1,840 - 1,840	\$3.00	29,000 -	33,000		
Special Events/Competitions	2 - 3	6 - 9	2.9	10,500 - 15,700	1,810 - 1,810	\$3.00	10,000 -	15,000		
Meetings	6 - 9	9 - 14	1.5	1,900 - 2,800	210 - 210	\$1.00	1,000 -	1,000		
Food Functions	30 - 36	39 - 47	1.3	14,400 - 17,300	370 - 370	\$1.00	5,000 -	6,000		
<b>Total</b>	<b>51 - 64</b>	<b>87 - 110</b>		<b>91,000 - 115,800</b>			<b>\$79,000 -</b>	<b>\$99,000</b>		

Proposed Expanded OCCC - With 1,200-Seat Auditorium										
Event Type	Range						Charge Per Car	Range		
	Number of Performances	Average Event Length	Total Attendee Days	Average Attendees/Event Day	Estimated Net Parking Revenue					
Performing Arts	20 - 24	1.0	19,000 - 22,800	950 - 950	\$3.00	\$18,000 -	\$22,000			
Concerts/Entertainment	16 - 20	1.0	16,000 - 20,000	1,000 - 1,000	\$5.00	26,000 -	32,000			
Other	36 - 42	1.0	18,000 - 21,000	500 - 500	\$3.00	18,000 -	20,000			
<b>Total</b>	<b>72 - 86</b>		<b>53,000 - 63,800</b>			<b>\$62,000 -</b>	<b>\$74,000</b>			

<b>Grand Total Assuming Both Expansion Options</b>	<b>414 - 451</b>		<b>561,425 - 597,025</b>			<b>\$534,000 -</b>	<b>\$566,000</b>
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An expanded OCCC with a 20,000 SF bayfront ballroom is estimated to generate approximately \$79,000 to \$99,000 annually in net parking revenue given the assumptions shown above and previously discussed. The development of a 1,200-seat auditorium at the OCCC is estimated to generate between \$62,000 and \$74,000 annually in additional net parking revenue assuming a charge per car of \$3.00 for performing arts/other events and \$5.00 for concerts/entertainment acts. Assuming both expansion options are developed, the OCCC could potentially generate between \$534,000 and \$566,000 annually in net parking revenue.

## **Other Factors for Consideration**

Industry-wide parking fees are growing in their popularity as an additional revenue stream to help fund facility development, operations and/or repairs and maintenance. Viewed as a ‘user tax’, a parking fee is often preferred so that local residents who do not attend events are not asked to support it financially.

Common methods used to collect a parking fee include the following:

- A flat rate charged per car upon entrance or exit of the lot(s)
- A flat fee per ticket sold
- A fee per attendee charged to the event producer/promoter

In general, the parking policies and charges vary among the facilities we interviewed. Virginia Beach Convention Center and Myrtle Beach Convention Center do not charge for parking; however Myrtle Beach recently presented a proposal to their City Council to institute a flat parking charge per car of \$3.00. North Charleston Convention Center & Performing Arts Center charges \$5.00 per car with exceptions made for consumer shows who wish to buy out the lot for \$1,000 per day and smaller meeting/banquet planners who have the option to purchase parking on behalf of their event for \$1.00 per attendee. Hampton Roads Convention Center charges a parking fee per ticket purchased that typically ranges from \$1.00 to \$2.00; management has flexibility in the rate to allow for negotiating overall contract terms with event planners. Other destinations such as Wildwood, New Jersey operate their convention center lots more like public parking lots given their location on the beach; charging \$15 per day during the peak season.

More traditional entertainment/cultural venues such as the Wicomico Youth & Civic Center, Sandler Center for Performing Arts in Virginia Beach and the Carolina Theatre in Greensboro, North Carolina do not charge for parking.

As indicated by this sample of venues, parking charges and policies vary. Benefits of charging a flat rate per car include the ability to capture revenue for every car, perceived fairness by charging for all users and establishing a consistent policy for residents and visitors alike particularly in an existing facility where parking has historically been free. This method will require labor to staff the lot and process payments.

However, many event promoters/producers prefer not to have their attendees subjected to any additional fees beyond their registration or entry fees and, as such, request that facilities allow them to collect parking charges as part of those fees or through an optional parking charge paid by the promoter or an event sponsor (either per attendee or per lot). It is important to provide appropriate signage noting this to avoid confusion and to adequately manage the lot to ensure attendees associated with those events are not double charged.



Cost is typically an important factor event promoters/producers consider when selecting a venue. Given the supply of public assembly facilities and the overall competitiveness of the industry, an additional charge for parking could potentially negatively impact the OCCC's overall marketability and attractiveness to some event promoters/producers and patrons. As such, it will be important for OCCC management to establish parking policies that are fair, controllable and flexible and clearly convey these policy changes to existing and potential user groups in order to try and mitigate any negative impacts initially and maintain marketability for a variety of event types.

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If you have any questions regarding this memorandum or require additional information, please call me at 813.281.1222.