

Parking Matters: The 14% Tenant

Managing Your Parking Asset to Boost Revenue, Save Money and Serve Your Customers

By Barbara Chance, Ph.D.,
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MANY BUILDING OWNERS AND MANAGERS literally sit atop one of their best revenue sources. Commercial parking facilities are hidden assets that often receive minimal attention until a maintenance crisis hits or someone wants to increase fees.

Parking facilities typically supply 10 to 14 percent of a building's total annual revenue if there is paid parking, but building owners and managers can lose up to 28 percent of this revenue due to deficient contracts with

private operators, inefficient operations, maintenance lapses, employee theft and financial irregularities. Beyond its revenue benefits, a well-run parking operation can significantly enhance your building's appeal to current and prospective tenants.

What can you do to maximize both revenue and customer service?

Review and Update Contracts with Private Operators

If you contract with a private company for parking operations and management, perhaps the single most important step is to review and update

your contracts with your private operator. Far too often, contracts consist of a single-page agreement that fails to specify performance standards, responsibilities for each party, penalty clauses for non-performance, maintenance and capital improvement requirements and reporting and audit obligations.

Deficient contracts provide an opportunity for operational inefficiencies, theft and lost revenue. In one multi-building complex, each owner's agent had a different agreement with each tenant for parking spaces. There was no consistency to the agreements, nor was there accounting for the number of contract parking leases or a record of how many parking cards were issued. In another facility, the contract with the operator lacked terms covering how often the facility had to be cleaned (it never was) or how the operator was to handle abandoned vehicles left on-site (more than 100 discarded vehicles occupied parking stalls that could have been producing revenue). New contracts remedied the deficiencies and resulted in an instant increase in revenue.

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Consider a Comprehensive Parking Audit

Periodic audits, which should be included in all contracts with private operators, are designed to reveal irregularities and inefficiencies in operations and financial management. These audits also provide important revenue control information, such as an accounting of the number of spaces given out "free" and the number of paid monthly parking leases. Audits also determine whether the operator is complying with Payment Card Industry (PCI) regulations, including staff access to credit card information. Once, a parking operator kept customer credit card numbers on index cards in a small box—a clear PCI violation and an invitation to theft.


When you consider the value of a well-run parking operation to your bottom line, you may want to re-evaluate the expertise and pay scale of your parking operations manager. Should a multi-million dollar asset be the responsibility of a \$30,000-a-year employee with no parking experience?

Take Advantage of New Technologies

Parking technologies are advancing rapidly, with several offering new efficiencies, better revenue control, energy savings and improved customer service. Radio Frequency Identification (RFID) tags or key cards used for entrance to parking facilities, Smart cards and other e-payment devices, high-speed doors and self-service payment are all ways to improve customer service and operational efficiencies. Energy-efficient lighting, such as LED or fluorescent lights, has the potential to lower operating costs and provide tax credits. Fluorescent lighting consumes between 30- to 85-percent less energy than incandescent and high-intensity discharge (HID) lighting at equal or greater light levels.

Add a Parking Professional to Your Team

Parking professionals have the skills and expertise to consult on the designs for exits, entries, circulation patterns

and parking capacity. They can also provide advice on facility lighting, energy efficiencies, parking rates, new technologies and PCI regulations. Finally, they are able to assist in developing Requests for Proposals and contracts with private operators. Their services are a smart investment that can boost revenue through new efficiencies and reduced expenses. And, best of all, this investment usually more than pays for itself, turning the "14-percent tenant" into a consistent profit center. 

About the Authors: *Barbara Chance, Ph.D.*, is a member of the International Parking Institute's Alliance for Advancing the Parking Profession and IPI's Advisory Council. She is president of CHANCE Management Advisors, Inc., which provides consulting services for owners in the areas of transportation, parking and access management. *Clyde Wilson* is president and CEO of The Parking Network, Inc., a company that audits millions of dollars in parking income for owners each year. Visit the International Parking Institute's Web site at www.parking.org to learn more.



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