

ANNUAL REPORT

& Semi – Annual Report

For 2009-10 & 2010-11 Fiscal Year

**Parking Revenue Bonds
2002 Series A**

South Tahoe Joint Powers Parking Financing Authority

Completed in March 2011

For March 31, 2011 Filing Period – Annual Report

For September 30, 2010 Filing Period – Semi Annual Report

Section A - Introduction

In July 2002, the South Tahoe Joint Powers Parking Financing Authority (Authority) issued its Parking Revenue Bonds Series A in the amount of \$9,000,000. The Bonds are secured by and payable from Gross Revenues and amounts held in certain funds and accounts established by the Indenture dated June 1, 2002, that was entered into as part of the issuance of the Bonds. Gross Revenues include:

1. Revenues from operation of the parking garage;
2. Surplus Special Tax Revenues from Community Facilities District No. 2001-1 that are available after debt service on the District's Series 2001 Special Tax Bonds.

As part of the issuance of the Bonds, the Authority executed a Continuing Disclosure Certificate. The Disclosure Certificate was executed and delivered by the Authority for the benefit of the holders and beneficial owners of the bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

The Disclosure Certificate for the Bonds requires the Authority to file both a Semi-Annual and an Annual Report with each National Repository and each State Repository (if any) no later than September 30 (Semi-Annual Report) and March 31 (Annual Report) of each year. At this time there are no State Repositories in California. With the filing of this Annual Report, the Authority will meet this obligation. The Authority did not complete an Annual Report or a Semi-Annual Report for the March 31, 2010 and September 30, 2010 filing period. In order to provide bond holders with the most accurate and up to date information, the Authority is filing this Annual Report to meet the March 31, 2011 requirement.

The following terms are defined as follows:

"Annual Bond Service" means, as of any date of calculation, the sum of (1) the interest falling due on Bonds then Outstanding (assuming that all Serial Bonds then Outstanding are retired on their respective maturity dates and that all Term Bonds then Outstanding are retired at the times of and in the amounts provided for by Mandatory Sinking Account Payments), (2) the principal installments for Serial Bonds then Outstanding falling due by their terms, and (3) the amount of all Mandatory Sinking Account Payments required.

"Gross Revenues" means (i) Operating Revenues; and (ii) so long as it is pledged under the Indenture, Surplus Special Tax Revenues.

"Maintenance and Operation Expenses" means necessary operating expenses, maintenance charges, expenses of reasonable upkeep and repairs, a properly allocated

share of charges for insurance, direct or special administrative expenses directly chargeable to the Project and all other expenses incident to the operation of the Project, but shall not include debt service, depreciation or any general administrative expenses of the Authority, the City or the Agency.

“Maximum Annual Bond Service” means as of any date of calculation, an amount equal to the Annual Bond Service for that Bond Year in which such Annual Bond Service shall be the largest.

“Net Maximum Annual Bond Service” means as of any date of calculation, an amount equal to (a) Maximum Annual Bond Service for such date minus (b) the quotient derived from dividing (i) the amount of Surplus Special Tax Revenues deposited by the Agency with the Authority pursuant to the Parking Facilities Agreement during the preceding Bond Year, by (ii) 1.10.

“Operating Revenues” means any and all income, rents, rates, fees, charges, insurance and condemnation proceeds or other moneys received or receivable in connection with, or derived by the Authority from the ownership or operation of, or arising from, the Project, including without limitation any such revenues or moneys received by the City or the Agency pursuant to the Parking Facility Agreement, but excluding any refundable deposits or fines and forfeitures.

“Project” means, collectively, (1) the approximately 420-space parking facility more fully described in Exhibit A to the Indenture and (2) any Completion Project.

“Prospective Coverage Test” means Operating Revenues at least sufficient (i) to pay all Maintenance and Operation Expenses in such Fiscal Year, and (ii) to provide Net Operating Revenues (Operating Revenues less Maintenance and Operation Expenses) in such Fiscal Year equal to at least 1.3 times Net Maximum Annual Bond Service.

“Renewal and Replacement Annual Contribution” means, as of any date, the amount that, in the opinion of the City Engineer of the City or a Parking Consultant, should be set aside in each Fiscal Year in order to provide for the Renewal and Replacement Requirement, and which amount shall be set forth in the current annual budget for the Project filed by the authority with the Trustee in accordance with the Indenture.

“Renewal and Replacement Requirement” means, as of any date, the amount that is necessary, in the opinion of the City Engineer of the City or a Parking Consultant, to provide during the next five years (or such longer period not to exceed ten years as such City Engineer or Parking Consultant may specify) for the reasonably anticipated costs of repair, replacement and renewal of the Project in order to maintain the Project in good repair, working order and condition, as required by the Indenture, and which amount shall be set forth in the current annual budget for the Project filed by the Authority with the Trustee in accordance with the Indenture.

“Surplus Special Tax Revenues” means the special tax revenues on deposit in the Community Facilities Fund under the CFD No. 2001-1 Indenture and paid by the Agency to the Authority pursuant to the Parking Facility Agreement, which payment shall be subordinate in all respects to the use of the proceeds of the Special Tax as defined in and required by the CFD No. 2001-1 Indenture, and shall not exceed the maximum annual amount, and otherwise subject to the terms and conditions, set forth in the Parking Facility Agreement.

The Annual Report needs to contain or incorporate by reference the following information and data:

- (a) The Authority’s audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Authority’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Authority, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

- (b) The following additional items:
 - (1) Principal amount of Bonds outstanding
 - (2) Balance in the Revenue Fund.
 - (3) Balance in the Bond Interest Account, and any sub account therein.
 - (4) Balance in the Bond Principal Account, and any sub account therein.
 - (5) Balance in the Bond Reserve Account.
 - (6) Balance in the Supplemental Reserve Account.
 - (7) Balance in the Bond Redemption Fund, and any sub account therein.
 - (8) Annual operating budget of the Project for the current fiscal year including analysis of whether the Prospective Coverage Test is satisfied by such budget. Such budget shall describe for each month during the Fiscal Year the anticipated receipts of Gross Revenues, costs and expenses for the Project and such other matters as the Authority shall deem necessary or appropriate, and shall include all anticipated Gross Revenues, Maintenance and operation Expenses, Annual Bond Service Payments, the Renewal and Replacement Requirement and the Renewal and Replacement Annual Contribution for such Fiscal Year.
 - (9) Status of any significant legislative, administrative and judicial challenges to the construction of the Project known to the Authority’s Executive Director, without independent inquiry, for any year in which construction activity has occurred in the Project Area.
 - (10) To the extent not otherwise provided pursuant to the preceding items 1-8, annual information required to be filed by the Authority with the

California Debt and Investment Advisory Commission pursuant to Sections 50075.1, 50075.3, 53359.5(b), 53410(d) or 53411 of the California Government Code.

- (11) An analysis of the Authority's financial statements showing whether the Actual Coverage Test has been satisfied during the fiscal year presented in such financial statements.
 - (12) An explanation of any variance between the operating budget provided in the prior year's Annual Report and actual operating results, as reflected in the Authority's audited financial statements, if such variance (i) equals or exceeds 5% of aggregate Gross Revenues or Maintenance and Operating Expenses or (ii) equals or exceeds 10% of any individual operating budget line item.
- (c) The Annual Report of the South Tahoe Redevelopment Agency required by the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) Special Tax Bonds, Series 2001 Continuing Disclosure Agreement dated December 19, 2001.

The Semi-Annual Report needs to contain or incorporate by reference the following information and data:

- (a) Unaudited actual operating results for the Project through the prior June.
- (b) An explanation of any variance between the operating budget provided in the prior year's Annual Report and actual operating results, if such variance (i) equals or exceeds 5% of aggregate Gross Revenues or Maintenance and Operating Expenses or (ii) equals or exceeds 10% of any individual operating budget line item.
- (c) The annual operating budget of the Project for the fiscal year beginning October 1st of the current year. Such budget shall describe for each month during the Fiscal Year the anticipated receipts of Gross Revenues, costs and expenses for the Project and such other matters as the Authority shall deem necessary or appropriate, and shall include all anticipated Gross Revenues, Maintenance and Operation Expenses, Annual Bond Service payments, the Renewal and Replacement Requirement and the Renewal and Replacement Annual Contribution for such Fiscal Year.

All capitalized terms shown above that are not otherwise defined herein have the meaning found in the Indenture.

This Annual Report provides the required information for the Authority's 2009/10 fiscal year and budget estimates for the 2010/2011 fiscal years. The balance of this Report shows the required information and data. The revenue and expense estimates contained in the following sections of this Report are based upon information and data which we believe to be reasonable and accurate. To a certain extent, the estimates of revenue and expenditures are based on assumptions that are subject to a degree of

uncertainty and variation and therefore are not represented as results that will actually be achieved.

Information and Data

The following is the information and data required by this report. The italic section is the information required by the Indenture with the information following.

(a) The Authority's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board, and as further modified according to applicable State law. If the Authority's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the usual format utilized by the Authority, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

The Authority's audited financial statements for fiscal year ending September 30, 2009 and September 30, 2010 are attached as Exhibit A. The information is in a summarized format. Attached as Exhibit B is the Parking Garage Operations, Parking Enforcement and Parking Authority Debt Service Financial Analysis for Fiscal Year 2009/10. This includes a budget to actual comparison.

Please note that these statements include parking enforcement revenues and expenditures. As discussed below in the Operations Update section under Parking Enforcement, the Authority is obligated to implement parking controls within the area of the garage. This is not only to protect the parking resources of others, such as the Village Center and the Laurel Avenue business community, but also to protect the Authority's revenue stream. In preparing the Prospective Coverage Test and the Actual Coverage Test shown later in this Report, we have excluded enforcement revenues and operating expenses that are paid from enforcement revenues.

The Authority contracts with Standard Parking to operate and maintain the garage. At the end of each fiscal year Standard Parking is required to submit an Annual Financial Report of the preceding fiscal year to be prepared by a certified public accountant. A copy of the report is attached as Exhibit D.

The following items are for (b) (1) through (7) as of October 1, 2010, which represents the start of the Authority Fiscal Year.

Table 1

(1) Principal amount of Bonds outstanding	\$8,030,000
(2) Balance in the Revenue Fund.	\$ 357,913
(3) Balance in the Bond Interest Account, and any sub account therein.	\$ 0
(4) Balance in the Bond Principal Account, and any sub account therein.	\$ 95
(5) Balance in the Bond Reserve Account.	\$ 802,500
(6) Balance in the Supplemental Reserve Account.	\$ 76,513
(7) Balance in the Bond Redemption Fund, and any sub account therein	\$ 2,286*

*The balance in the Redemption Fund reflects money in the Maintenance & Operation Fund .

(8) Annual operating budget of the Project for the current fiscal year including analysis of whether the Prospective Coverage Test is satisfied by such budget. Such budget shall describe for each month during the Fiscal Year the anticipated receipts of Gross Revenues, costs and expenses for the Project and such other matters as the Authority shall deem necessary or appropriate, and shall include all anticipated Gross Revenues, Maintenance & Operation Expenses, Annual Bond Service Payments, the Renewal and Replacement Requirement and the Renewal and Replacement Annual Contribution for such Fiscal Year.

Attached as Exhibit C is the Parking Garage Operations Budget and Parking Enforcement Budget for Fiscal Year 2010-11 as approved by the South Tahoe Financing Authority on August 3, 2010.

	2010-11 Approved Budget
Operating Revenues	\$705,554
Less: M&O Expenses (1)	353,820
Net Operating Revenues	351,734
Maximum Annual Bond Service	802,500
Less: Special Tax Revenue	300,000
Net Maximum Annual Bond Service	502,500
Prospective Coverage Test	70%
<u>Cash Flow Coverage</u>	
Beginning Balance (2)	191,948

Net Operating Revenues	351,734
Total Resources	543,682
Coverage on Net Maximum Annual Bond Service	108%

- (1) Operating expenses per Exhibit C, reduced by enforcement revenues.
- (2) From ending balance on Exhibit C.

As shown above the adopted budget does not meet this test. For 2010/2011, the Authority has carry over funds available to meet Annual Bond Service payments. When these are included, there is coverage of 108 percent for 2010/2011 on Net Maximum Annual Bond Service.

It should be noted that a portion of the cash balance of \$76,513 consisted of the Supplemental Reserve. As allowed under the Indenture, the Authority will use the amount in the Supplemental Reserve during 2010/2011 to pay for Maintenance & Operation expenses. It is expected that the Supplemental Reserve Fund will be depleted during 2010/2011.

Although not required as part of the Annual Report, the Authority is providing projections for the Garage for 2011/2012 on Exhibit C. The estimate of Operating Revenues for FY 2011/2012 are the same as the projections from FY 2010/11. Operating expenses are projected to be the same as well. Surplus Special Tax Revenues have been estimated by the City's Finance Department at \$330,000. If current revenue and expense patterns continue, it is estimated that the Gross Revenues will be just short of meeting all costs for both Maintenance & Operation and Annual Bond Service through 2011/2012. The Authority anticipates that the Bond Reserve Account may need to be partially drawn to make the Annual Bond Service due in 2012/2013 and future years once the level of Special Tax Revenue falls back to the \$190,000 level.

(9) Status of any significant legislative, administrative and judicial challenges to the construction of the Project known to the Authority's Executive Director, without independent inquiry, for any year in which construction activity has occurred in the Project Area.

The Authority is not aware of any significant legislative, administrative or judicial challenges to the construction of the Project. Construction of the garage is complete.

(10) To the extent not otherwise provided pursuant to the preceding items 1-8, annual information required to be filed by the Authority with the California Debt and Investment Advisory Commission pursuant to Sections 50075.1, 50075.3, 53359.5(b), 53410(d) or 53411 of the California Government Code.

Enclosed as Exhibit E is a copy of the Continuing Disclosure Report of the South Tahoe Redevelopment Agency, dated March 2010, relating to the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) Special Tax Bonds, Series 2001. This additional Continuing Disclosure Report contains additional operating and financial data with respect to this District and the special tax revenues, including the Surplus Special Tax Revenues pledged to secure the Bonds and, together with this Report provides all material information described in the forgoing sections of the California Government Code.

(11) *An analysis of the Authority's financial statements showing whether the Actual Coverage Test has been satisfied during the fiscal year presented in such financial statements.*

The Actual Coverage Test has been derived from data shown on Exhibit B:

Table 3 Calculation of Actual Coverage Test	
	2009-10 Actual
Operating Revenues	737,788
Less: M&O Expenses	338,716
Net Operating Revenues	399,072
Maximum Annual Bond Service	802,500
Less: Special Tax Revenue	300,000
Net Maximum Annual Bond Service	502,500
Actual Coverage	79%
<u>Cash Flow Coverage</u>	
Beginning Balance (1)	249,911
Net Operating Revenues	399,072
Total Resources	647,983
Coverage on Net Maximum Annual Bond Service	129%
(1) Includes Beginning Balance from 10/1/09, less bond reserves.	

Because the Authority has not been meeting the Actual Coverage Test in the past, the bond documents required the South Tahoe Parking Financing Authority to manage the garage according to the recommendations of a third party parking consultant. At the December 8, 2009, City Council meeting the Parking Authority adopted Resolution No. 2009-1 amending rates for vehicle parking in the parking garage. The rate recommendations were made by Standard Parking. It was recommended these rates remain consistent for at least two years in order to provide consistency. An updated analysis will be completed in September 2011.

(12) An explanation of any variance between the operating budget provided in the prior year's Annual Report and actual operating results, as reflected in the Authority's audited financial statements, if such variance (i) equals or exceeds 5% of aggregate Gross Revenues or Maintenance and Operating Expenses or (ii) equals or exceeds 10% of any individual operating budget line item.

The tourist industry is very cyclical, based on changes in the economy and weather conditions. Because of this it is difficult to project revenues for a business dependent on tourism. In addition, the national economy has undergone a major recession, which has affected tourism in the south shore and the use of the parking garage.

(c) The Annual Report of the South Tahoe Redevelopment Agency required by the South Tahoe Redevelopment Agency Community Facilities District No. 2001-1 (Park Avenue Project) Special Tax Bonds, Series 2001 Continuing Disclosure Agreement dated December 19, 2001.

A copy of this report is attached as Exhibit E.

Operations Update

Operations Report:

Parking Management Request for Proposal (RFP)

The Parking Authority went through a length RFP process Standard Parking was awarded the contract to manage the garage. The contract began July 1, 2009 and the term of the contract is for three years with up to two (2) one-year extensions.

Pay on Foot Automation Conversion

Staff worked with the Purchasing Division to prepare a Request for Proposal for the Pay on Foot Automation conversion. The RFP was awarded to William D. White Co., Inc. in the amount of \$176,235. The funds used for this project were remaining Park Avenue bond monies. The installation and transition to the Pay on Foot Automation system is complete. Over time the conversion has the potential to be a cost savings project.

An additional surveillance camera was installed to cover the pay station area and additional lightings will be installed at that site as well.

Signage

With the automation system being installed it was necessary to have the appropriate signage installed at the parking garage. The larger signs incorporate the "Ticket Man" symbol which brands the Pay on Foot system, the Park Smart Bear logo and the City Seal. There were a total of 73 signs installed. Installation is complete. The funds for this project were also being paid out of the remaining Park Avenue bond proceeds.

Park Smart Campaign

The Parking Authority (High Sierra Patrol) created the idea of starting a campaign that would be designed to be a "Park Smart" Campaign. The campaign is designed to inform our visitors and locals about parking in our community. The program is intended to get the word out to our visitors that our parking regulations are strictly enforced and to educate them about appropriate parking options. Our efforts are directed toward reducing the number of unnecessary citations written in the community and ultimately enhancing the guest's experience in the Stateline area. The campaign appears to be working successfully and efforts to continue spreading the word are ongoing.

Striping in the Parking Garage

The lower level of the parking garage has been re-striped and all levels have the handicapped parking areas re-striping complete. After the other levels in the parking garage were power washed, it was determined that the re-striping wasn't necessary this year. This cost was included in Standard Parking's budget.

Garage Rates

Because the Authority has not been meeting the Actual Coverage Test in the past, the bond documents required the South Tahoe Parking Financing Authority to manage the garage according to the recommendations of a third party parking consultant. At the December 8, 2009, City Council meeting the Parking Authority adopted Resolution No. 2009-01 amending rates for vehicle parking in the parking garage. The rate increase recommendations were made by Standard Parking. It was recommended the rates remain consistent for at least two years to provide consistency. An updated analysis will be completed in October 2011.

Cinema

At the December 12, 2006, City Council Meeting, the South Tahoe Joint Powers Parking Financing Authority considered recommendations on findings of the Parking Garage Fee Structure Analysis and Operations Analysis prepared by Standard Parking. The Authority made a motion to change the cinema validation rate in the Parking Garage from two and one-half (2 ½) hours to four (4) hours for a six (6) month experimental period. On June 19, 2007, the Authority extended this rate for an

additional six months ending January 31, 2008. It was felt that increasing the validation time up to four (4) hours would be of particular benefit to the local community to allow time for parking and possible shopping, eating, etc. in the Village. This will be re-evaluated with the garage rate analysis.

Deferred Maintenance: The Garage Budget has not included a Renewal and Replacement Annual Contribution line item. Since the Garage is not making excess revenue to establish a renewal and replacement account a detailed analysis has not been completed. An annual cost estimate of \$20,000 is incorporated into the Monthly Cash Flow Projections to cover potential large capital expenses.

Reimbursement Agreements: On December 9, 2003, a Reimbursement Agreement was entered into between the South Tahoe Redevelopment Agency and South Tahoe Joint Powers Parking Financing Authority. This obligation of \$585,000 is subordinate to payments required to be made under the Indenture, including bond payments and the operations and maintenance of the Garage. A copy of this Agreement was provided in previous Annual Reports.

Attachments

- Exhibit A: Audited Financial Statement for Fiscal Year 2008/2009
Audited Financial Statement for Fiscal Year 2009/2010

- Exhibit B: Parking Garage Operations, Parking Enforcement and Parking Authority
Debt Service Financial Analysis for Fiscal Year 2009/2010.

- Exhibit C: Budget for Fiscal Year 2010/2011.
Monthly Cash Flow Projections FY 2010-2011

- Exhibit D Standard Parking Financial Statement September 30, 2009.
Standard Parking Financial Statement September 30, 2010.

- Exhibit E: The Annual Report of the South Tahoe Redevelopment Agency required
by the South Tahoe Redevelopment Agency Community Facilities
District No. 2001-1 (Park Avenue Project). 2009/2010

The Annual Report of the South Tahoe Redevelopment Agency required
by the South Tahoe Redevelopment Agency Community Facilities
District No. 2001-1 (Park Avenue Project). 2010/2011

- Exhibit F: Resolution 2009-1 of the South Tahoe Joint Powers Parking Authority
Amending Rates for Vehicle Parking in the Public Parking Garage:
Includes Resolution, Minutes and Staff Report.

EXHIBIT A

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

Transit Fund – Established for the activities associated with the operations and maintenance of the City's public transit activities and has particular emphasis on serving the elderly and the handicapped.

Airport Fund - Established for the operation, development and maintenance of the South Lake Tahoe Airport.

Parking Garage Fund – Established for all activities necessary to provide administration, operations, capital improvements, maintenance, financing and related debt service of parking garages.

CITY OF SOUTH LAKE TAHOE
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 September 30, 2010

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Transit	Airport	Parking Garage		Totals
ASSETS					
Current Assets:					
Cash and investments available for City operations (Note 3)	\$262,770	\$60,323		\$323,093	\$5,462,280
Restricted cash and investments (Note 3)			\$1,239,307	1,239,307	19,552
Accounts receivable - net	324,019	470,886		794,905	597
Total Current Assets	586,789	531,209	1,239,307	2,357,305	5,482,429
Non-Current Assets:					
Prepaid net OPEB asset (Note 9C)					1,698,348
Advances to other funds (Note 4C)					321,351
Capital assets (Note 6):					
Nondepreciable	1,315,373	11,280,684	1,463,616	14,059,673	
Depreciable	4,861,566	3,671,769	6,504,701	15,038,036	
Total Noncurrent Assets	6,176,939	14,952,453	7,968,317	29,097,709	2,019,699
Total Assets	6,763,728	15,483,662	9,207,624	31,455,014	7,502,128
LIABILITIES					
Current Liabilities:					
Accounts payable		281,149	26,730	307,879	12,806
Due to other funds (Note 4B)			175,820	175,820	
Unearned revenue	265,459			265,459	11,260
Deposits		78,985		78,985	
Due to developers		1,352		1,352	
Current portion of long-term debt (Note 7)		146,845	235,000	381,845	
Compensated absences (Note 1G)		20,302		20,302	58,832
Uninsured losses payable (Note 10)					900,000
Total Current Liabilities	265,459	528,633	437,550	1,231,642	982,898
Long-Term Liabilities:					
Advance from other funds (Note 4C)			822,219	822,219	
Uninsured losses payable (Note 10)					920,650
Long-term debt (Note 7)		320,805	7,795,000	8,115,805	
Total Long-Term Liabilities		320,805	8,617,219	8,938,024	920,650
Total Liabilities	265,459	849,438	9,054,769	10,169,666	1,903,548
NET ASSETS (NOTE 8):					
Invested in capital assets, net of related debt	6,176,939	14,484,803	(61,683)	20,600,059	
Restricted for debt service and operations			1,239,307	1,239,307	
Unrestricted	321,330	149,421	(1,024,769)	(554,018)	5,598,580
Total Net Assets	\$6,498,269	\$14,634,224	\$152,855	\$21,285,348	\$5,598,580

See accompanying notes to financial statements

CITY OF SOUTH LAKE TAHOE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Transit	Airport	Parking Garage	Totals	
OPERATING REVENUES					
Charges for current services	\$313,078	\$44,787	\$1,093,049	\$1,450,914	\$4,736,328
Rental and reimbursements	36,000	592,421		628,421	469,553
Other income	30,000		29,402	59,402	
Total Operating Revenues	<u>379,078</u>	<u>637,208</u>	<u>1,122,451</u>	<u>2,138,737</u>	<u>5,205,881</u>
OPERATING EXPENSES					
Salaries and wages		334,435		334,435	568,714
Payroll expenses		240,781	10,387	251,168	287,172
Contracted services	623,456	96,417	301,847	1,021,720	3,838
Supplies	40,892	221,232	48,983	311,107	64,062
Communication		9,288	2,997	12,285	2,466
Repairs and maintenance		47,636		47,636	48,011
Advertising and printing		1,036	316	1,352	187
Insurance	71,953			71,953	
Claims					3,282,499
General expenses		29,610	14,231	43,841	1,810,827
Depreciation (Note 6)	323,484	408,557	234,365	966,406	
Total Operating Expenses	<u>1,059,785</u>	<u>1,388,992</u>	<u>613,126</u>	<u>3,061,903</u>	<u>6,067,776</u>
Operating Income (Loss)	<u>(680,707)</u>	<u>(751,784)</u>	<u>509,325</u>	<u>(923,166)</u>	<u>(861,895)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest expense		(30,288)	(629,652)	(659,940)	
Investment earnings	1,200	338	(1,160)	378	26,099
Local transportation funds	640,750			640,750	
State bond fund - Prop 1B	348,380			348,380	
Capital contributions to other agencies	(368,068)			(368,068)	
Total Nonoperating Revenues (Expenses)	<u>622,262</u>	<u>(29,950)</u>	<u>(630,812)</u>	<u>(38,500)</u>	<u>26,099</u>
Income (Loss) Before Contributions and Transfers	(58,445)	(781,734)	(121,487)	(961,666)	(835,796)
Capital grants and contributions		2,482,862		2,482,862	
Transfers in (Note 4A)	6,614	633,217		639,831	1,684,218
Transfers out (Note 4A)					(500,000)
Net Contributions and Transfers	<u>6,614</u>	<u>3,116,079</u>	<u></u>	<u>3,122,693</u>	<u>1,184,218</u>
Change in net assets	(51,831)	2,334,345	(121,487)	2,161,027	348,422
BEGINNING NET ASSETS	<u>6,550,100</u>	<u>12,299,879</u>	<u>274,342</u>	<u>19,124,321</u>	<u>5,250,158</u>
ENDING NET ASSETS	<u>\$6,498,269</u>	<u>\$14,634,224</u>	<u>\$152,855</u>	<u>\$21,285,348</u>	<u>\$5,598,580</u>

See accompanying notes to financial statements

CITY OF SOUTH LAKE TAHOE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Transit	Airport	Parking Garage	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$364,694	\$277,596	\$1,122,451	\$1,764,741	\$5,211,834
Payments to suppliers	(910,853)	(455,151)	(417,581)	(1,783,585)	(1,922,366)
Payments to employees		(568,089)	(10,387)	(578,476)	(948,889)
Claims paid					(3,233,458)
	<u>(546,159)</u>	<u>(745,644)</u>	<u>694,483</u>	<u>(597,320)</u>	<u>(892,879)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Repayment of interfund balances			(390,761)	(390,761)	
Collection of interfund balances			39,152	39,152	22,111
Transfers in	6,614	633,217		639,831	1,684,218
Transfers out					(500,000)
Grant revenues	640,750			640,750	
State bond fund - Prop 1B	348,380			348,380	
Capital contributions to other agencies	(368,068)			(368,068)	
	<u>627,676</u>	<u>633,217</u>	<u>(351,609)</u>	<u>909,284</u>	<u>1,206,329</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital grants		2,482,862		2,482,862	
Capital asset additions	(382,449)	(2,163,891)	(405)	(2,546,745)	
Principal payments on debt		(140,427)	(215,000)	(355,427)	
Interest paid		(30,288)	(629,652)	(659,940)	
	<u>(382,449)</u>	<u>148,256</u>	<u>(845,057)</u>	<u>(1,079,250)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	1,200	338	(1,160)	378	26,099
	<u>1,200</u>	<u>338</u>	<u>(1,160)</u>	<u>378</u>	<u>26,099</u>
Net Cash Flows	(299,732)	36,167	(503,343)	(766,908)	339,549
Cash and investments at beginning of period	562,502	24,156	1,742,650	2,329,308	5,142,283
Cash and investments at end of period	<u>\$262,770</u>	<u>\$60,323</u>	<u>\$1,239,307</u>	<u>\$1,562,400</u>	<u>\$5,481,832</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	(\$680,707)	(\$751,784)	\$509,325	(\$923,166)	(\$861,895)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	323,484	408,557	234,365	966,406	
Change in assets and liabilities:					
Receivables, net	(14,384)	(360,964)		(375,348)	(145)
Other assets					(108,324)
Accounts payable and other accrued expenses	(174,552)	(41,453)	(49,207)	(265,212)	77,485
Cash Flows from Operating Activities	<u>(\$546,159)</u>	<u>(\$745,644)</u>	<u>\$694,483</u>	<u>(\$597,320)</u>	<u>(\$892,879)</u>

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

Transit Fund – Established for the activities associated with the operations and maintenance of the City's public transit activities and has particular emphasis on serving the elderly and the handicapped.

Airport Fund - Established for the operation, development and maintenance of the South Lake Tahoe Airport.

Parking Garage Fund – Established for all activities necessary to provide administration, operations, capital improvements, maintenance, financing and related debt service of parking garages.

CITY OF SOUTH LAKE TAHOE
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2009

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Transit	Airport	Parking Garage	Totals	
ASSETS					
Current Assets:					
Cash and investments available for City operation	\$562,502	\$24,156	\$48,718	\$635,376	\$5,080,375
Restricted cash and investments (Note 3)			1,693,932	1,693,932	61,908
Accounts receivable - net	309,635	109,922		419,557	452
Total Current Assets	872,137	134,078	1,742,650	2,748,865	5,142,735
Non-Current Assets:					
Prepaid net OPEB asset (Note 9C)					1,590,024
Advances to other funds (Note 4C)					344,319
Capital assets (Note 6):					
Nondepreciable	1,315,373	9,116,793	1,652,273	12,084,439	
Depreciable	4,802,601	4,080,324	6,550,004	15,432,929	
Total Noncurrent Assets	6,117,974	13,197,117	8,202,277	27,517,368	1,934,343
Total Assets	6,990,111	13,331,195	9,944,927	30,266,233	7,077,078
LIABILITIES					
Current Liabilities:					
Accounts payable	91,631	377,375	75,937	544,943	5,781
Due to other funds (Note 4B)			566,581	566,581	857
Unearned revenue	348,380			348,380	5,162
Deposits		31,337		31,337	
Due to developers		1,352		1,352	
Current portion of long-term debt (Note 7)		140,427	215,000	355,427	
Compensated absences (Note 1G)		13,175		13,175	43,511
Uninsured losses payable (Note 10)					900,000
Total Current Liabilities	440,011	563,666	857,518	1,861,195	955,311
Long-Term Liabilities:					
Advance from other funds (Note 4C)			783,067	783,067	
Uninsured losses payable (Note 10)					871,609
Long-term debt (Note 7)		467,650	8,030,000	8,497,650	
Total Long-Term Liabilities		467,650	8,813,067	9,280,717	871,609
Total Liabilities	440,011	1,031,316	9,670,585	11,141,912	1,826,920
NET ASSETS (NOTE 8)					
Invested in capital assets, net of related debt	6,117,974	12,589,040	(42,723)	18,664,291	
Restricted for debt service and operations			1,693,932	1,693,932	
Unrestricted	432,126	(289,161)	(1,376,867)	(1,233,902)	5,250,158
Total Net Assets	\$6,550,100	\$12,299,879	\$274,342	\$19,124,321	\$5,250,158

See accompanying notes to financial statements

CITY OF SOUTH LAKE TAHOE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Transit	Airport	Parking Garage		Totals
OPERATING REVENUES					
Charges for current services	\$303,572	\$43,170	\$767,556	\$1,114,298	\$4,833,532
Rental and reimbursements	28,839	630,580		659,419	344,183
Other income	237,562		545,794	783,356	
Total Operating Revenues	569,973	673,750	1,313,350	2,557,073	5,177,715
OPERATING EXPENSES					
Salaries and wages		331,732		331,732	604,845
Payroll expenses	82,723	218,505	20,159	321,387	347,850
Contracted services	970,989	92,783	392,098	1,455,870	2,634
Supplies	21,830	252,433	48,200	322,463	68,318
Communication		8,989	2,144	11,133	2,712
Repairs and maintenance		60,397		60,397	39,081
Advertising and printing		2,699	220	2,919	148
Insurance	3,110			3,110	
Claims					4,311,887
General expenses	7	29,218	8,486	37,711	2,072,454
Depreciation (Note 6)	334,248	499,019	196,553	1,029,820	
Total Operating Expenses	1,412,907	1,495,775	667,860	3,576,542	7,449,929
Operating Income (Loss)	(842,934)	(822,025)	645,490	(1,019,469)	(2,272,214)
NONOPERATING REVENUES (EXPENSES)					
Interest expense		(37,880)	(627,900)	(665,780)	
Investment earnings	4,999	1,928	11,886	18,813	86,065
Local transportation funds	740,321			740,321	
Total Nonoperating Revenues (Expenses)	745,320	(35,952)	(616,014)	93,354	86,065
Income (Loss) Before Contributions and Transfers	(97,614)	(857,977)	29,476	(926,115)	(2,186,149)
Capital grants and contributions		3,204,922		3,204,922	
Transfers in (Note 4A)		538,219		538,219	1,258,083
Net Contributions and Transfers		3,743,141		3,743,141	1,258,083
Change in net assets	(97,614)	2,885,164	29,476	2,817,026	(928,066)
BEGINNING NET ASSETS	6,647,714	9,414,715	244,866	16,307,295	6,178,224
ENDING NET ASSETS	\$6,550,100	\$12,299,879	\$274,342	\$19,124,321	\$5,250,158

See accompanying notes to financial statements

CITY OF SOUTH LAKE TAHOE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Transit	Airport	Parking Garage	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$370,219	\$1,671,285	\$1,313,350	\$3,354,854	\$5,178,635
Payments to suppliers	(915,075)	(1,305,303)	(421,364)	(2,641,742)	(2,193,030)
Payments to employees	(82,723)	(549,000)	(20,159)	(651,882)	(574,376)
Claims paid					(4,040,278)
Cash Flows from Operating Activities	<u>(627,579)</u>	<u>(183,018)</u>	<u>871,827</u>	<u>61,230</u>	<u>(1,629,049)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Repayment of interfund balances			496,182	496,182	
Collection of interfund balances			37,289	37,289	30,027
Transfers in		538,219		538,219	1,258,083
Grant revenues	740,327			740,327	
Cash Flows from Noncapital Financing Activities	<u>740,327</u>	<u>538,219</u>	<u>533,471</u>	<u>1,812,017</u>	<u>1,288,110</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital grants		3,204,922		3,204,922	
Capital asset additions		(3,607,783)	(188,657)	(3,796,440)	
Principal payments on debt		(161,646)	(210,000)	(371,646)	
Interest paid		(37,880)	(627,900)	(665,780)	
Cash Flows from Capital and Related Financing Activities		<u>(602,387)</u>	<u>(1,026,557)</u>	<u>(1,628,944)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	4,999	1,928	11,886	18,813	86,065
Cash Flows from Investing Activities	<u>4,999</u>	<u>1,928</u>	<u>11,886</u>	<u>18,813</u>	<u>86,065</u>
Net Cash Flows	117,747	(245,258)	390,627	263,116	(254,874)
Cash and investments at beginning of period	444,755	269,414	1,352,023	2,066,192	5,397,157
Cash and investments at end of period	<u>\$562,502</u>	<u>\$24,156</u>	<u>\$1,742,650</u>	<u>\$2,329,308</u>	<u>\$5,142,283</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	(\$842,934)	(\$822,025)	\$645,490	(\$1,019,469)	(\$2,272,214)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:					
Depreciation	334,248	499,019	196,553	1,029,820	
Change in assets and liabilities:					
Receivables, net	(199,754)	996,183		796,429	(77)
Other assets					401,141
Accounts payable and other accrued expenses	80,861	(856,195)	29,784	(745,550)	242,101
Cash Flows from Operating Activities	<u>(\$627,579)</u>	<u>(\$183,018)</u>	<u>\$871,827</u>	<u>\$61,230</u>	<u>(\$1,629,049)</u>

See accompanying notes to financial statements

EXHIBIT B

City of South Lake Tahoe
Fiscal Year 10/1/09 to 9/30/10
Parking Garage Operations, Parking Enforcement and
Parking Authority Debt Service Financial Analysis
September, 2010

Account Name	Budget	Unaudited Actuals Y-T-D	Actuals as a % of Budget
Operating Revenue:			
Garage Operating Revenues	\$840,000.00	\$737,787.81	87.83%
Enforcement Revenues	<u>\$40,000.00</u>	<u>\$54,663.00</u>	136.66%
Total Operating Revenue	\$880,000.00	\$792,450.81	90.05%
Operating Expense:			
Technical Services	\$350,700.00	\$203,559.42	58.04%
Insurance Other than EE	\$19,500.00	\$4,130.00	21.18%
Professional Services	\$112,731.00	\$96,495.18	85.60%
Communications	\$6,080.00	\$2,996.56	49.29%
Advertising	\$1,500.00	\$315.59	21.04%
Utilities	\$66,910.00	\$50,087.60	74.86%
Parking Citation Exp	\$15,000.00	\$14,231.18	94.87%
Furniture/Fixtures	\$5,000.00	\$688.00	13.76%
Fiscal Agent Fees	<u>\$11,720.00</u>	<u>\$20,875.72</u>	178.12%
Total Operating Expense	\$589,141.00	\$393,379.25	66.77%
NET OPERATING REVENUE/(EXPENSE)	\$290,859.00	\$399,071.56	
Non-Operating Revenue:			
Special Tax Revenue	\$330,000.00	\$330,000.00	100.00%
Interest/Dividends Rev	\$35,000.00	(\$1,412.51)	-4.04%
Non-Operating Expense:			
Annual Bond Debt Service	<u>\$792,150.00</u>	<u>\$784,622.86</u>	99.05%
NET REVENUE/(EXPENSE)	<u>(\$136,291.00)</u>	<u>(\$56,963.81)</u>	41.80%

Fund Balance at 10/1/2009	\$1,051,412.32	\$1,051,411.89
Add: Net revenue/(expense)	<u>(\$136,291.00)</u>	<u>(\$56,963.81)</u>
Ending Fund Balance at 9/30/10	\$915,121.32	\$994,448.08
Less: Debt Service Reserve Required Balance	<u>\$802,500.00</u>	<u>\$802,500.00</u>
Ending Fund Balance, net of Debt Service Reserve fund, at 9/30/2010	<u>\$112,621.32</u>	<u>\$191,948.08</u>

EXHIBIT C

City of South Lake Tahoe
Fiscal Year 10/1/10 to 9/30/11
Parking Garage Operations, Parking Enforcement and
Parking Authority Debt Service Financial Analysis
October, 2010

Account Name	Budget	Unaudited Actuals Y-T-D	Actuals as a % of Budget
Operating Revenue:			
Garage Operating Revenues	\$793,350.00	\$16,068.50	2.03%
Enforcement Revenues	<u>\$42,182.00</u>	<u>\$6,209.00</u>	14.72%
Total Operating Revenue	\$835,532.00	\$22,277.50	2.67%
Operating Expense:			
Technical Services	\$225,200.00	(\$14,830.00)	-6.59%
Insurance Other than EE	\$12,500.00	\$0.00	0.00%
Professional Services	\$105,000.00	\$0.00	0.00%
Communications	\$3,480.00	\$0.00	0.00%
Advertising	\$500.00	\$0.00	0.00%
Utilities	\$59,900.00	\$0.00	0.00%
Parking Citation Exp	\$17,800.00	\$0.00	0.00%
Furniture/Fixtures	\$1,000.00	\$0.00	0.00%
Fiscal Agent Fees	<u>\$8,220.00</u>	<u>\$964.11</u>	11.73%
Total Operating Expense	\$433,600.00	(\$13,865.89)	-3.20%
NET OPERATING REVENUE/(EXPENSE)	\$401,932.00	\$36,143.39	
Non-Operating Revenue:			
Special Tax Revenue	\$330,000.00	\$0.00	0.00%
Interest/Dividends Rev	\$25,000.00	\$0.00	0.00%
Non-Operating Expense:			
Annual Bond Debt Service	<u>\$788,875.00</u>	<u>\$0.00</u>	0.00%
NET REVENUE/(EXPENSE)	<u>(\$31,943.00)</u>	<u>\$36,143.39</u>	-113.15%

Fund Balance at 10/1/2010	\$994,448.08	\$988,169.43
Add: Net revenue/(expense)	<u>(\$31,943.00)</u>	<u>\$36,143.39</u>
Ending Fund Balance at 9/30/11	\$962,505.08	\$1,024,312.82
Less: Debt Service Reserve Required Balance	<u>\$802,500.00</u>	<u>\$802,500.00</u>
Ending Fund Balance, net of Debt Service Reserve fund, at 9/30/2011	<u>\$160,005.08</u>	<u>\$221,812.82</u>

Exhibit C - Monthly Cash Flow Projections FY 2010-2011

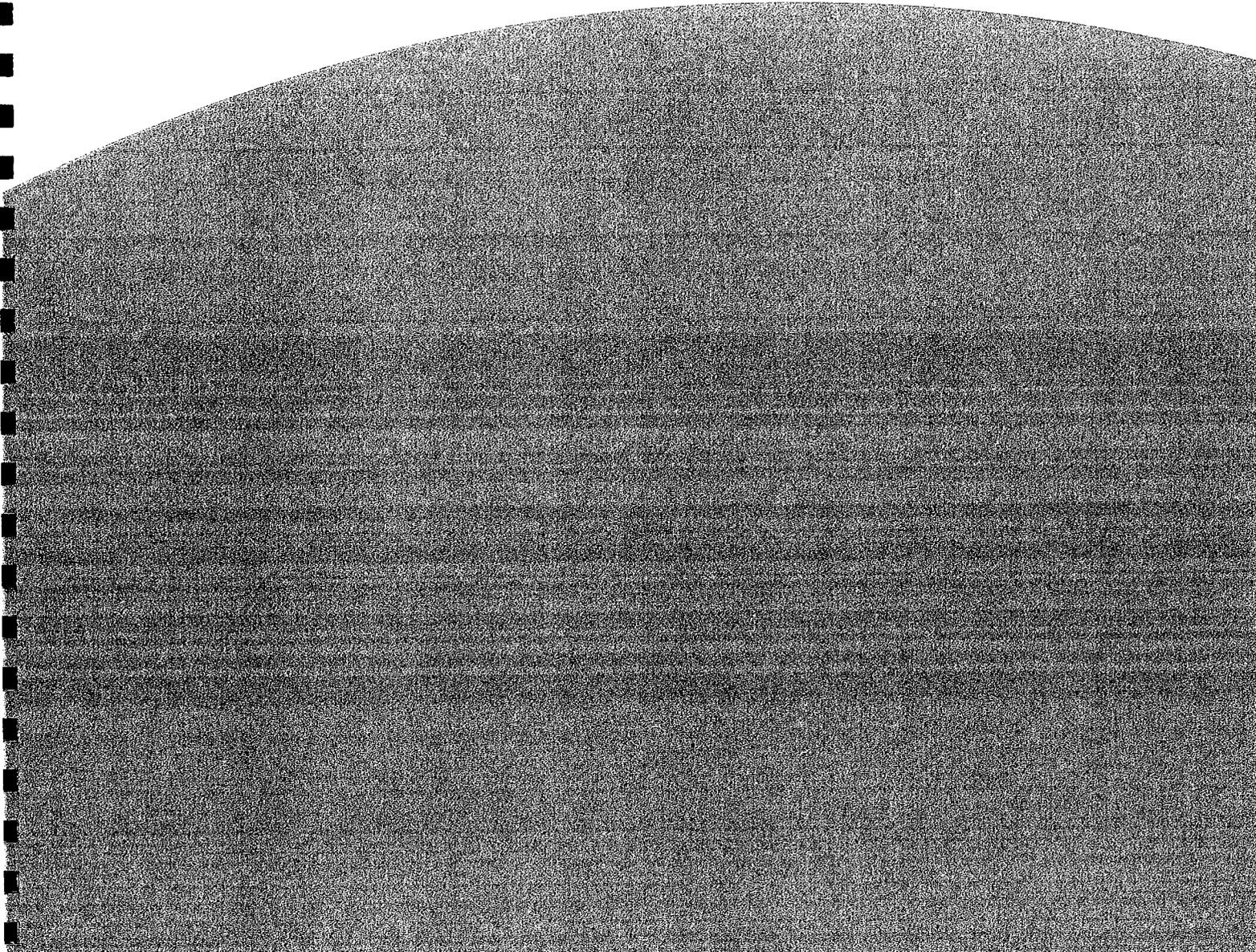
	Projected OCTOBER 2010	Projected NOVEMBER 2010	Projected DECEMBER 2010	Projected JANUARY 2011	Projected FEBRUARY 2011	Projected MARCH 2011	Projected APRIL 2011	Projected MAY 2011	Projected JUNE 2011	Projected JULY 2011	Projected AUG 2011	Projected SEPT 2011	TOTAL	2011-12
Beginning Balance (1)	\$ 191,958	\$ 179,222	\$ 186,562	\$ (243,354)	\$ (181,115)	\$ (119,583)	\$ (76,368)	\$ (57,180)	\$ 262,672	\$ (18,387)	\$ 34,314	\$ 75,725	\$ 191,958	\$ 81,292
Operating Revenues	\$ 16,749	\$ 36,825	\$ 103,394	\$ 91,724	\$ 91,017	\$ 72,700	\$ 48,673	\$ 19,337	\$ 37,001	\$ 82,186	\$ 70,896	\$ 35,052	\$ 705,554	\$ 705,554
Surplus Special Tax Rev.								\$ 330,000					\$ 330,000	\$ 330,000.00
Parking Enforcement Interest	\$ 3,515	\$ 3,515	\$ 3,515	\$ 3,515	\$ 3,515	\$ 3,515	\$ 3,515	\$ 3,515	\$ 3,515	\$ 3,515	\$ 3,515	\$ 3,515	\$ 42,180	\$ 42,180
Over all Cash Balance	\$ 212,222	\$ 219,562	\$ 293,471	\$ (148,115)	\$ (86,583)	\$ (43,368)	\$ (24,180)	\$ 295,672	\$ 303,188	\$ 67,314	\$ 108,725	\$ 114,292	\$ 1,269,892	\$ 1,159,026
Expenses														
Parking Enforcement Exp	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 120,000	\$ 120,000
Operating Expenses	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 276,000	\$ 276,000
Annual Bonds Service			\$ 503,825					\$ 288,575					\$ 792,400	\$ 797,800
Fiscal Agent Fees													\$ -	\$ -
Deferred Maintenance													\$ -	\$ -
Total Expenses	\$ 33,000	\$ 33,000	\$ 536,825	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 33,000	\$ 321,575	\$ 33,000	\$ 33,000	\$ 33,000	\$ 1,188,400	\$ 1,193,800
Ending Balance	\$ 179,222	\$ 186,562	\$ (243,354)	\$ (181,115)	\$ (119,583)	\$ (76,368)	\$ (57,180)	\$ 262,672	\$ (18,387)	\$ 34,314	\$ 75,725	\$ 81,292	\$ 81,292	\$ (34,774)

(1) From Exhibit B

EXHIBIT D

**Standard Parking Corporation
Park Avenue Project
South Lake Tahoe, California**

Financial Report
September 30, 2009



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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report

To the Boards of Directors
Standard Parking Corporation and
South Tahoe Joint Powers Parking Authority

We have audited the accompanying statement of gross receipts, reimbursable expenses and management fees for the year ended September 30, 2009 of the Park Avenue Project, located in South Lake Tahoe, California. This statement is the responsibility of Standard Parking Corporation's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purpose of presenting the gross receipts, reimbursable expenses and management fees of the Park Avenue Project, pursuant to the management agreement entered into between Standard Parking Corporation and South Tahoe Joint Powers Parking Authority, and is not intended to be a complete presentation of Standard Parking Corporation's gross receipts, reimbursable expenses and management fees.

As described in the notes to the statement of gross receipts, reimbursable expenses and management fees, the statement was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, in accordance with the terms of the management agreement.

In our opinion, the statement referred to above presents fairly, in all material respects, the gross receipts, reimbursable expenses and management fees for the year ended September 30, 2009 of the Park Avenue Project, located in South Lake Tahoe, California, on the basis of accounting described in the notes to the financial statement.

This report is intended solely for the information and use of the Boards of Directors and management of Standard Parking Corporation and South Tahoe Joint Powers Parking Authority in conjunction with the operation of the parking facilities at Park Avenue Project, South Lake Tahoe, California, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Chicago, Illinois
March 4, 2010

**Standard Parking Corporation
Park Avenue Project**

**Statement of Gross Receipts, Reimbursable Expenses and Management Fees
Year Ended September 30, 2009**

Gross receipts:	
Monthly and transient parking	\$ 715,693
Parking validations and coupons	31,650
Miscellaneous	7,637
Total gross receipts	<u>754,980</u>
Reimbursable expenses and management fees:	
Reimbursable expenses:	
Salaries and wages	148,072
Payroll taxes	22,578
Health and other benefits	26,171
Uniforms and laundry	4,754
Repairs and maintenance	17,951
Ticket expense	4,511
Liability insurance	25,309
Miscellaneous	1,990
Stationery and office supplies	5,275
Postage and freight	626
License and fees	(1,098)
Garage supplies	494
Travel and lodging	160
Accounting and audit	6,000
Recruiting expense	119
Cleaning	595
Telephone and computer	1,991
Advertising and publicity	48
Automobile damage and other claims	14
Parking equipment	26,790
	<u>292,350</u>
Management fees	26,865
Total reimbursable expenses and management fees	<u>319,215</u>
Gross receipts in excess of reimbursable expenses and management fees	<u><u>\$ 435,765</u></u>

See Notes to Financial Statement.

**Standard Parking Corporation
Park Avenue Project**

Notes to Financial Statement

Note 1. Note 1. Summary of Significant Accounting Policies

Basis of accounting: The statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, in accordance with the terms of the management agreement. As such, revenue is recognized when collected and expenses are recognized when the obligation is paid.

Income taxes: No provision has been made for income taxes in this statement since income derived from the management of the facility is included in the taxable income of Standard Parking Corporation (Company).

Estimates: In preparing this statement in accordance with the terms of the management agreement, the Company makes estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events: The Company has evaluated subsequent events for potential recognition and/or disclosure through March 4, 2010, the date the financial statement was available for issue.

Note 2. Note 2. Operations

The Company operates the parking facility at One Bellamy Court, located in South Lake Tahoe, California pursuant to the management agreement (Agreement) with the South Tahoe Joint Powers Parking Authority (Authority) dated June 20, 2003. The term of the Agreement is for three years expiring June 19, 2006, with two one-year renewal options. The Agreement provides for (i) the Company to be initially paid a monthly management fee of \$1,825 with annual increases of 3 percent; (ii) the Authority to reimburse for expenses which are customary in the operation of a parking facility and included in the annual operating budget; and (iii) the Authority to reimburse for the costs of repair, replacement or maintenance of the parking facility which have not been included in the annual operating budget, provided prior written authorization is obtained from the Authority.

Effective June 20, 2006, the Agreement was extended to June 19, 2007 and thereafter continues on a month-to-month basis.

On June 2, 2009, the Company and the Authority signed a new management agreement (New Agreement) granting the Company the authority to manage the agreement for three years, expiring on June 1, 2012 with two one-year renewal options. The New Agreement provides for (i) the Company to be initially paid a monthly management fee of \$2,460 with annual increases of 3 percent; (ii) the Authority to reimburse for "Direct Labor" and "Direct Expense" which include the following: wages and salaries, fringe benefits, holiday pay, taxes, maintenance expense, telephone expenses, insurance premiums, and any other reasonable expenditures, and (iii) the Authority to reimburse for the costs of repair, replacement or maintenance of the parking facility which have not been included in the annual operating budget, provided prior written authorization is obtained from the Authority.

**Standard Parking Corporation
Park Avenue Project
South Lake Tahoe, California**

Financial Report
September 30, 2010

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Independent Auditor's Report

To the Boards of Directors
Standard Parking Corporation and
South Tahoe Joint Powers Parking Authority

We have audited the accompanying statement of gross receipts, reimbursable expenses and management fees for the year ended September 30, 2010 of the Park Avenue Project, located in South Lake Tahoe, California. This statement is the responsibility of Standard Parking Corporation's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accompanying statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purpose of presenting the gross receipts, reimbursable expenses and management fees of the Park Avenue Project, pursuant to the management agreement entered into between Standard Parking Corporation (Company) and South Tahoe Joint Powers Parking Authority (Authority), and is not intended to be a complete presentation of Standard Parking Corporation's gross receipts, reimbursable expenses and management fees.

As described in the notes to the statement of gross receipts, reimbursable expenses and management fees, the statement was prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, in accordance with the terms of the management agreement.

In our opinion, the statement referred to above presents fairly, in all material respects, the gross receipts, reimbursable expenses and management fees for the year ended September 30, 2010 of the Park Avenue Project, located in South Lake Tahoe, California, on the basis of accounting described in the notes to the financial statement.

This report is intended solely for the information and use of the Boards of Directors and management of Standard Parking Corporation and South Tahoe Joint Powers Parking Authority in conjunction with the operation of the parking facilities at Park Avenue Project, South Lake Tahoe, California, and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Chicago, Illinois
February 22, 2011

**Standard Parking Corporation
Park Avenue Project**

**Statement of Gross Receipts, Reimbursable Expenses and Management Fees
Year Ended September 30, 2010**

Gross receipts:	
Monthly and transient parking	\$ 679,478
Parking validations and coupons	15,900
Miscellaneous	10,177
Total gross receipts	705,555
Reimbursable expenses and management fees:	
Reimbursable expenses:	
Salaries and wages	95,484
Payroll taxes	8,501
Health and other benefits	13,350
Uniforms and laundry	2,160
Repairs and maintenance	8,504
Ticket expense	4,868
Liability insurance	2,237
Miscellaneous	1,732
Stationery and office supplies	1,951
Postage and freight	548
License and fees	48
Garage supplies	3
Travel and lodging	775
Accounting and audit	6,500
Recruiting expense	81
Telephone and computer	586
Advertising and publicity	49
Parking equipment	42
	147,419
Management fees	29,520
Total reimbursable expenses and management fees	176,939
Gross receipts in excess of reimbursable expenses and management fees	\$ 528,616

630,020

See Notes to Statement of Gross Receipts, Reimbursable Expenses and Management Fees.

**Standard Parking Corporation
Park Avenue Project**

Notes to Statement of Gross Receipts, Reimbursable Expenses and Management Fees

Note 1. Summary of Significant Accounting Policies

Basis of accounting: The statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, in accordance with the terms of the management agreement. As such, revenue is recognized when collected and expenses are recognized when the obligation is paid.

Income taxes: No provision has been made for income taxes in this statement since income derived from the management of the facility is included in the taxable income of Standard Parking Corporation (Company).

Estimates: In preparing this statement in accordance with the terms of the management agreement, the Company makes estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events: The Company has evaluated subsequent events for potential recognition and/or disclosure through February 22, 2011, the date the financial statement was available for issue.

Note 2. Operations

On June 2, 2009, the Company and the Authority signed a new management agreement (New Agreement) granting the Company the authority to manage the agreement for three years, expiring on June 1, 2012 with two one-year renewal options. The New Agreement provides for (i) the Company to be initially paid a monthly management fee of \$2,460 with annual increases of 3 percent; (ii) the Authority to reimburse for "Direct Labor" and "Direct Expense" which include the following: wages and salaries, fringe benefits, holiday pay, taxes, maintenance expense, telephone expenses, insurance premiums, and any other reasonable expenditures, and (iii) the Authority to reimburse for the costs of repair, replacement or maintenance of the parking facility which have not been included in the annual operating budget, provided prior written authorization is obtained from the Authority.

The maximum parking charge per twenty-four hours was \$23 at September 30, 2009. Effective January 1, 2010, the maximum parking charge per twenty-four hours was increased to \$25.

EXHIBIT E

Attached as
additional
PDF files

EXHIBIT F

RESOLUTION NO. 2009-1

A RESOLUTION OF THE SOUTH TAHOE JOINT POWERS PARKING AUTHORITY
AMENDING RATES FOR VEHICLE PARKING IN THE PARKING GARAGE

RECITALS:

A. The governing board of the South Tahoe Joint Powers Parking Authority is in receipt of the staff report prepared which analyzes the establishment of certain rates at the Parking Garage to increase revenues from vehicle parking.

B. The governing board of the Authority desires to establish the rates analyzed by Standard Parking.

NOW, THEREFORE, the governing board of the South Tahoe Joint Powers Parking Authority hereby finds, determines, resolves and orders as follows:

Section 1: Rate Structure. The following rate structure shall apply to the Parking Garage.

A. Basic Charge. Except as modified by the following paragraphs, each vehicle parking in the Parking Garage shall pay \$1.25 per twenty (20) minute period to a maximum of \$25.00 per day.

B. Volume Discounts.

(1) Parking Passes. The following rates would be effective as of January 1, 2010.

Any person paying \$50.00 in advance to the Authority may obtain a parking pass and park a vehicle in the Parking Garage on weekdays and weekend days during a calendar month for the months of April through October. Such \$50.00 parking passes shall be limited in number to no more than 200 in any calendar month, and shall be available on a first come, first served basis.

Any person paying \$175.00 in advance to the Authority may obtain a parking pass and park a vehicle in the Parking Garage at any time on weekdays and weekend days during a calendar month for the months of November through March. Such \$175.00 parking passes shall be limited in number to no more than 100 in any calendar month and shall be available on a first come, first served basis.

Any person paying \$75.00 in advance to the Authority may obtain a Winter Special weekday parking pass and park a vehicle in the Parking Garage during the weekdays during a calendar month for the months of November through March. Such \$75.00 Winter Special pass shall be limited in number to no more than 100 in any calendar month and shall be available on a first come, first served basis.

Any person paying \$50.00 in advance to the Authority may obtain a parking pass and park a vehicle along Lake Parkway or Montreal Avenue on weekdays and weekends during a calendar month for the months of November through March. Such \$50.00 parking passes shall be limited to the number of spaces available. Street permit parking customers have the option to park in the garage on mid-week snow removal days provided that they obtain a garage access card and pay the appropriate fee.

Any person paying \$30.00 in advance to the Authority may obtain a parking pass and park a vehicle along Lake Parkway or Montreal Road on weekdays and weekends during a calendar month for the months of April through October. Such \$30.00 parking passes shall be limited to the number of spaces available

Oversize parking and overflow parking will be offered on Lake Parkway and Montreal Road to Garage customers for a flat rate of \$10.00 per day. Oversized vehicles include, but are not limited to, vehicles too big to fit in the Garage or vehicles towing a boat or trailer. The parking will be valid until Midnight of the date stamped.

(2) Commercial Uses. (a) The Authority shall provide four hours of free parking in the Parking Garage between Noon and Midnight for patrons of any commercial use, if that commercial use: (i) averages during a calendar month 500 or more patrons each day after 5:00 p.m.; (ii) offers four hours of validated free parking in the Parking Garage to its patrons; (iii) pays to the Authority \$.35 for each four hour validation provided to a patron, regardless of whether the patron parks in the Parking Garage or parks in the Parking Garage for a full four hours; and (iv) at the expense of the commercial use, installs and maintains a data cable acceptable to the Authority which links the validation system at the commercial use to the validation tracking system at the Parking Garage. For purposes of clause (i), above, the number of patrons of any commercial use may be determined by the Authority by any reasonable method, including the estimates of a parking consultant employed by the Authority or the examination by the Authority of receipts and other records of any commercial use.

(b) Any commercial use paying \$53.75 in advance to the Authority may obtain 100 twenty (20) minute validations for vehicle parking in the Parking Garage. Validation sales will be offered March through November. A validation may not be used by a commercial use to satisfy its obligation under clause (iii) of subparagraph (2) (a), above.

Any commercial use is offered an additional 10% discount when purchasing 1000 or more validations at one time and an additional 15% discount when purchasing 2500 or more validations at one time. This discount is offered through the winter of 2010 and thereafter only offered between the months of March through November.

Any commercial use is offered an all day validation at a 25% discount from the maximum daily rate when purchasing 500 or more all day validations at one time and offering a 35% discount from the maximum daily rate to customers that purchase 1000 or more all day validations at one time. This discount is offered through the winter of 2010 and thereafter only offered between the months of March through November.

Section 2: Implementation. City staff may implement such further policies and procedures to maximize revenue from the parking garage, including periodic audits, security systems, procedures relating to the sale of parking passes and validations, validation systems, assignment of parking spaces to certain classes of vehicles or patrons, and any other policies or procedures which are not inconsistent with the provisions of this Resolution.

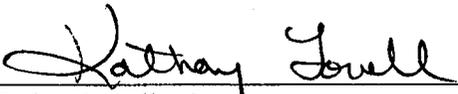
Section 3: Availability. The Parking Garage shall be available to the general public on a first come, first served basis. The sale by the Authority of parking passes pursuant to Section 1.B(1) hereof and validations pursuant to Section 1.B(2)(b), and the provision of free parking pursuant to Section 1.B(2)(a) hereof, shall not provide any assurance or guarantee that space will be available in the Parking Garage on any particular day or at any particular time.

Section 4: Effective Date. This Resolution shall take effect immediately upon adoption. This Resolution and any of the terms hereof may be changed at any time upon adoption of a resolution by the governing board of the Authority.

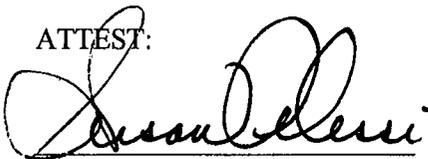
STJPPA
Resolution No.
Parking Garage Rates

PASSED AND ADOPTED by the South Tahoe Joint Powers Parking Authority of the City of South Lake Tahoe on December 8, 2009.

AYES: Councilmembers LOVELL, COLE, BIRDWELL & GREGO
NOES: Councilmembers _____
ABSENT: Councilmembers _____
ABSTAIN: Councilmembers CRAWFORD



Kathay Lovell, Mayor

ATTEST:


Susan Alessi, City Clerk



Standard Parking®

South Lake Tahoe
Garage Rate Analysis
October 2009

	All Day/Max Tickets	All Day/Max Current Revenue	Revenue From \$2 Increase	Incremental Transient Revenue	3.5% Incremental Increase
Oct-08	31	\$713	\$62	\$16,052	\$56
May-09	33	\$759	\$66	\$16,602	\$58
Jun-09	41	\$943	\$82	\$40,128	\$1,40
Jul-09	81	\$1,863	\$162	\$75,358	\$2,60
Aug-09	82	\$1,886	\$164	\$68,926	\$2,40
Sep-09	50	\$1,150	\$100	\$35,654	\$1,20
Total Revenue Increase:			\$636		\$8,80
Nov-08	157	\$3,611	\$314	\$28,428	\$90
Dec-08	629	\$14,467	\$1,258	\$87,687	\$3,00
Jan-09	727	\$16,721	\$1,454	\$77,412	\$2,70
Feb-09	690	\$15,870	\$1,380	\$62,742	\$2,10
Mar-09	517	\$11,891	\$1,034	\$54,446	\$1,90
Apr-09	164	\$3,772	\$328	\$32,263	\$1,12
Total Revenue Increase:			\$5,768		\$12,00
Grand Total Revenue Increase:			\$6,404		\$20,80



Standard Parking®

William J. Kepp, Jr.
Regional Vice President
Park Center Plaza
104 Park Center Plaza • Suite A
San Jose, CA 95113

(800) 293-6115 • Fax (408) 293-6195

October 25, 2009

Mr. Eugene Palazzo
City of South Lake Tahoe
1052 Tata Lane
South Lake Tahoe, CA 96150

RE: Rate Review and Recommendations for the Park Avenue Garage

Dear Gene,

Per your request, we have prepared the following summary of our thoughts and recommendations about how parking rates can be used to maximize garage revenue and/or increase garage occupancy. Unfortunately, these two goals would not necessarily lead to the same rate recommendations and we understand that many different civic responsibilities may need to be weighed.

Generally speaking, we usually recommend lowering rates when occupancy is low to attract business away from competing facilities by making the target operation's rates more attractive by comparison. Your situation is unique, however, since you are competing with free parking and the only possible way to increase revenue by reducing rates would be to attract new customers to the area based solely on the convenient parking being cheaper.

The traffic patterns in the garage are very different from season to season. In the summer we see much shorter stays. Therefore, the garage is typically only at about 30%-50% capacity in the summer. In July 2009, tickets in the 2 to 3 hour range generated the most revenue. In the winter, however, full day tickets account for a majority of the revenue (see attached chart page 3). In the spring and fall when the gondola is closed, we see garage usage drop significantly.

Currently there are several challenges we encounter while operating the garage. In our current economic situation, where tourism is first to take a hit, we have seen the closure of several of the business in the Village and many are still vacant today. We also struggle to attract business from local residents who are very hesitant to pay for parking when free parking is just a short walk away.

Based on these factors, we have evaluated likely outcomes for both lowering parking rates and increasing parking rates.

Current Rates:

Transient/Daily:

Incremental: \$1.75 each 30 Minutes
Daily Maximum: \$23.00

Validations:

Retail Discount: \$75 for 100 ½ hour coupons (57% discount)
Theater Discount: 4 hours with purchase of movie ticket

Monthly:

Winter:

Full Week: \$175 per month
Midweek: \$75 per month

Spring/Summer/Fall:

Full Week: \$75 per month
Street Parking Permit: \$50 per month

Annual:

Full Week: \$900 per year

Recommendations for the 6 Month Period Including Summer:

Transient/Daily:

Because stays in the late spring, summer, and early fall are shorter on average, the garage reaches only about 30-50% capacity on any day of the week with very few full day tickets. Because of the recent decrease in summer tourism and the lack of tourism in the spring and fall, locals are becoming a more important market for the Heavenly Village. Therefore, our first objective was to evaluate the option to bring back the first 30 minutes free and reduce the daily maximum to \$14 from May through September as an incentive for local residents to use the garage.

We have prepared the following analysis of the tickets under 30 minutes to determine if it would be beneficial to reintroduce the first 30 minute free parking discount. Since the average number of these tickets per month is 2,000, there are approximately 70 per day. This is a relatively significant number of transactions and it is unlikely that we will generate enough increased business to compensate for this if we provide free parking for the first 30 minutes. Therefore, we are not recommending this change.

	<u>Month</u>	<u># of tickets less than 30 min</u>	<u>\$ tickets under 30 min</u>
•	May 09	1154	\$1,178

• June 09	1912	\$2,196
• July 09	2289	\$2,777
• Aug 09	2824	\$3,357
• Sept 09	2041	\$1463

We believe the only way to attract more all day local customers would be to introduce a significant reduction in the daily maximum. We have prepared the following analysis of tickets that are \$9 under the current daily maximum to determine if it would be beneficial to reduce the daily maximum to \$14 for mid-week customers. Since the average number of these tickets per month is 450, there are approximately 15 per day. This is a relatively significant number of transactions and it is unlikely that we will generate enough increased business to compensate for this if we reduce the daily maximum rate for these days. Therefore, we are not recommending this change.

<u>Month</u>	<u># of Tickets over \$14</u>	<u>\$ tickets over \$14</u>
• May 09	104	\$2,717
• June 09	452	\$7,560
• July 09	665	\$12,020
• Aug 09	653	\$12,023
• Sept 09	363	\$6,187

Since we have determined that lowering rates will not increase revenue, we have evaluated the options to increase transient parking rates. We recommend changing the incremental rate period from 30 minutes to 20 minutes and lowering the incremental rate from \$1.75 to \$1.25. This would increase the revenue for each hour by 7% from \$3.50 to \$3.75 while allowing us to post a more attractive short term 20 minute rate. Since many customers do not park for a full hour, we would expect this change to increase revenue by approximately half of the hourly increase or 3.5%. The attached rate analysis spreadsheet illustrates that the revenue from this change in incremental (non-maximum) rates would increase by approximately \$1,450 per month and \$8,800 for this 6 month period.

This rate change would be much more significant if the incremental rate is lowered to \$1.50 (instead of \$1.25). This would increase the revenue for each hour by 29% from \$3.50 to \$4.50 while still allowing us to post a slightly more attractive 20 minute rate. Since many customers do not park for a full hour, we would expect this change to increase revenue by approximately half of the hourly increase or 14.5%. The attached rate analysis spreadsheet illustrates that the revenue from this change in incremental (non-maximum) rates would increase by approximately \$6,000 per month and \$36,000 for this 6 month period.

We have also evaluated the option to increase the daily maximum rate. We believe the customers that are currently willing to pay \$23 for all day parking will likely continue to park in the garage if the rate is increased by 9% to \$25. The attached rate analysis spreadsheet illustrates that the revenue from all day tickets would increase by approximately \$100 per month and \$636 for this 6 month period.

Monthly:

The on street permit sales have not been as successful as expected and it has become apparent that people do not have much interest in parking on the street. We recommend lowering the street permit price to \$30 per month for these months.

Since the garage has excess capacity in the summer, we recommend that we compete with the Raley's employee parking lot prices to attract employee parking to the garage. During the summer months we have an average of 20 monthly passes. We recommend lowering the price from \$75 to \$50. If this change is implemented, we would need to attract 11 new monthly parkers to generate an increase of revenue. However, we estimate that this would attract 25 to 50 new monthly customers for a net increase in monthly revenue of \$750 to \$2,000.

Recommendations for the 6 Month Period Including Winter:

Transient/Daily:

In the early spring, late fall and winter, weekend business is significantly higher due to the influx of skiers, while mid-week, the garage reaches only 50-70% capacity. On both weekdays and weekends, most visitors in the winter tend to stay all day, reaching the daily maximum. Since the mid-week occupancy continues to be low in the winter, we evaluated the option to bring back the first 30 minutes free to increase occupancy during that period. We have also evaluated the options to adjust the incremental rate and to increase the daily maximum rate.

We have prepared the following analysis of the mid-week of tickets under 30 minutes to determine if it would be beneficial to reintroduce the first 30 minute free parking discount. Since the average number of these tickets per month is 810, there are approximately 50 per day. This is a relatively significant number of transactions and it is unlikely that we will generate enough increased business to compensate for this if we provide free parking for the first 30 minutes. Therefore, we are not recommending this change.

(Monday-Thursday)		
Month	# of tickets less than 30 min	\$ tickets under 30 min
• Nov 08	539	\$551
• Dec 08	1083	\$1,369
• Jan 09	977	\$1,072
• Feb 09	888	\$1,134
• March 09	962	\$956
• April 09	711	\$782
• May 09	513	\$432

We have evaluated the options to increase transient parking rates and it is apparent that this would be the most effective way to increase garage revenue. We recommend changing the incremental rate period from 30 minutes to 20 minutes and lowering the incremental rate from \$1.75 to \$1.25. This would increase the revenue for each hour by 7% from \$3.50 to \$3.75 while allowing us to post a more attractive short term 20 minute rate. Since many customers do not park for a full hour, we would expect this change to increase revenue by approximately half of the hourly increase or 3.5%. The attached rate analysis spreadsheet illustrates that the revenue from this change in incremental (non-maximum) rates would increase by approximately \$2,000 per month and \$12,000 for this 6 month period.

This rate change would be much more significant if the incremental rate is lowered to \$1.50 (instead of \$1.25). This would increase the revenue for each hour by 29% from \$3.50 to \$4.50 while still allowing us to post a slightly more attractive 20 minute rate. Since many customers do not park for a full hour, we would expect this change to increase revenue by approximately half of the hourly increase or 14.5%. The attached rate analysis spreadsheet illustrates that the revenue from this change in incremental (non-maximum) rates would increase by approximately \$8,000 per month and \$50,000 for this 6 month period.

We have also evaluated the option to increase the daily maximum rate. We believe the customers that are currently willing to pay \$23 for all day parking will likely continue to park in the garage if the rate is increased by 9% to \$25. The attached rate analysis spreadsheet illustrates that the winter revenue from all day tickets would increase by approximately \$1,000 per month and \$5,700 for this 6 month period.

Monthly:

As you know, we have experimented with slight discounts for customers that purchase three months of parking at once. When we offered a three month rate of \$450 (a 14% discount), we had very little customer interest. Therefore, we do not recommend continuing this discount.

We recommend allowing street permit customers the option to park in the garage on mid-week snow removal days provided that they obtain a garage access card and pay the appropriate fee.

Annual Recommendations:

Monthly:

The sales of discounted annual monthly parking passes for \$900 (a 26.5% discount) have been weak but we recommend continuing this offer since it provides a significant revenue increase anytime someone signs up for this program.

Marketing Flier:

We recommend that a flier be developed to communicate the monthly parking and validation pricing to retailers.

Validations:

The movie theater currently validates for 4 hours of parking. We have evaluated these tickets and determined that the vast majority of these customers exit the garage after staying 2 to 2 ½ hours. Based on this analysis, we recommend lowering the validation period to 3 hours and to consider sharing our ticket statistics with the theater to support this change.

We believe the \$75 for 100, 30 minute, validations is an appropriate price. We would recommend maintaining the \$75 rate per book of 100 validations if the incremental rate is changed to 20 minutes. This would still provide a significant discount to the retailers but would effectively increase the revenue per hour for these validations by 50%. This would increase annual validation sales by approximately \$15,000 (from \$30,000 to 45,000). We also recommend limiting this discount for existing businesses to purchases in the spring, summer or fall. We recommend offering the discount to new businesses for their first full year of operations.

There may be opportunities to significantly increase validation sales by offering deeper discounts for bulk purchases. We recommend offering an additional 10% discount to customers that purchase 1000 or more validations at one time, and, offering an additional 15% discount to customers that purchase 2500 or more validations at one time. We recommend offering this discount through the winter of 2010 and there after making this available only in the spring, summer and fall.

There may be further opportunities to increase validation sales by offering discounted all day validations. We recommend offering a 25% discount to customer that purchase 500 or more validations at one time, and, offering a 35% discount to customers that purchase 1000 validations or more at one time. These discounts would be lower than the discounts that are already offered on the incremental validations. We recommend offering this discount through the winter of 2010 and there after making this available only in the spring, summer and fall.

Roof-top Events:

The roof of the garage may be of interest to event planners as a possible event site. We recommend the development of a flier/mailer to advertise this opportunity to event planners, wedding planners, catering companies, and restaurants. We recommend that the rates for using the roof be very flexible and that the rate for each potential event be evaluated separately.

Please let us know if you have any questions or if you would like to receive more detailed information about our recommendations.

Sincerely,

William J. Kepp, Jr.
Regional Vice President, Operations

Standard Parking
104 Park Center Plaza, Suite A
San Jose, CA 95113
Phone: 800-293-6115
Fax: 408-293-6195

