Chicagoâ??s Parking Meter Deal a Lesson in â??Worst Practicesâ??

Description

Some major U.S. cities are watching the fallout from Chicagoâ??s controversial parking meter leasing deal and donâ??t like what theyâ??re seeing.

At a time when more municipalities and agencies are trying to ease heavy debt loads by spinning off publicly owned assets to private enterprises, Chicagoâ??s lease sale to a private venture group is becoming a lesson in â??worst practices.â?•

Indianapolis, Pittsburgh and Los Angeles are rethinking their parking meter deals because of Chicagoâ??s difficulties, according to *Bloomberg Business News*. Unlike Chicago, these cities are willing to take less money upfront for a parking meter franchise in return for greater control, a shorter lease and greater operating flexibility over the life of a contract.

In 2008, Chicago Mayor Richard M. Daley and the City Council agreed to lease Chicagoâ??s parking meter business for 75 years and in return received $1.15 billion from Chicago Parking Meters LLC, a venture that includes Wall Street investment house Morgan Stanley, Alliance Capital Partners and the Abu Dhabi Investment Authority.

The parking meter pact has come under continuous and heavy fire from critics who claim Mayor Daley rammed the agreement through a less-than-curious City Council. Since then, Daley has used nearly $800 million of the dealâ??s upfront money to plug budget gaps.

Among the customer complaints: The escalating cost of hourly parking; meters breaking down in cold winter weather and the expansion of meters into the cityâ??s neighborhood business districts, a move thatâ??s angering some small business owners and customers.

The parking meter agreement is also a hot-button issue in the Chicago mayoral campaign now underway.

Mayor Daley has nodded to operational problems with the parking meter sale but says itâ??s financially sound.

Nonetheless, it appears that other municipal leaders are viewing Chicagoâ??s parking meter sale as a lesson in how not to make a deal.