

— PARKING VALUE-ADD CASE STUDY

\$631K of New Annual Parking Income at a Luxury Five-Star Hotel in Los Angeles

The owners of a 400-room five-star hotel in Los Angeles, CA asked us to assess the valet operation in its 1,135-space shared garage. Parking was running at a loss of about \$1.1M a year, driven by labor cost and a new hotel worker wage ordinance.

\$631K

Annual net income impact

\$8.4M

Value creation at a 7.5% cap rate

60%

Reduction in parking operating deficit

— THE SITUATION

A Valet Operation Losing Money as Wages Rise

TRIGGER

The hotel and its master association asked for an assessment after parking losses widened despite growth in hotel and event activity. A city ordinance raised hotel valet wages to \$25.00 an hour in July 2026, with further increases scheduled through 2028.

SYMPTOM

Gross parking revenue held flat at \$2.2M while operating expenses rose 9%. Staffing alone equals about 113% of net parking revenue, and 31% of transactions are comped.

THE ASSET

Parking spaces

1,135

Building

400-room five-star hotel

Market

Los Angeles, CA

Demand profile

Overnight hotel guests, banquets and trade shows, restaurant visitors, and residents; valet-only across five below-grade levels

Six Workstreams Across Revenue, Cost, and Control

01

Revenue Reconciliation

System ticket data reconciled to reported revenue and bank deposits.

02

Market Rate Survey

Overnight and event rates against the five-star competitive set.

03

Staffing Productivity

Ten months of valet and payroll data on event and non-event days.

04

Operator Fee Benchmarking

Management fees, allocations, and mark-ups against market benchmarks.

05

Comp and Adjustment Review

No-charge transactions and folio adjustments by channel.

06

Agreement and Reporting

Management agreement terms and the monthly statement package.

Rates and Free Parking Left Revenue Uncollected

The \$71.50 overnight rate sits at the bottom of the five-star competitive set. We recommended \$80.00 overnight and raising the event rate, unchanged since 2024, from \$27.50 to \$30.00.

About 485 hotel employees park free. A \$50 monthly payroll-deduction program for 300 of them would offset part of the \$1.2M off-site parking obligation.

CATEGORY	EST. ANNUAL IMPACT
Discounted employee parking program	\$147,273
Overnight guest rate to \$80.00	\$141,439
Event rate to \$30.00	\$61,703
Reduce folio adjustments	\$16,149
Revenue subtotal	\$366,564

— EXPENSE

Labor Did Not Flex With Demand

Base staffing averaged 2.7 vehicle movements per labor hour, with Saturdays lowest at 2.1.

Large events averaged 4.1, against 6.1 to 7.9 at smaller events.

Operator fees run \$129,319 above market, mostly from a payroll tax and benefits mark-up of 34.7% against a 28 to 30% market range.

CATEGORY	EST. ANNUAL IMPACT
Right-size base staffing	\$94,272
Event staffing efficiency	\$53,359
Renegotiate fees and mark-ups	\$116,387
Expense subtotal	\$264,018

Revenue impacts are net of parking taxes; all impacts are probability-weighted from 50% to 90%. The \$631K headline does not reflect wage increases scheduled through 2028, which would raise the value of the staffing and mark-up savings.

Staffing Was Reactive and Comps Went Untracked

We analyzed 287 operating days of valet and payroll data, observed event operations, and interviewed hotel and association management.

WHAT WE FOUND

- Staffing did not follow the demand curve on event or non-event days.
- 31% of transactions, about 64 a day, were comped with no authorization process.
- 72% of meal-premium penalties fell on the four busiest days of the week.

WHAT WE RECOMMENDED

- Staff to movements per labor hour: 3.1 on base days, 5.3 at large events.
- Approve a comp authorization and tracking process by channel.
- Bid the operation through a formal operator RFP.

Reporting and the Agreement Need Stronger Controls

We reconciled seven months of system data to reported revenue and bank deposits, and reviewed the management agreement against our form.

STATEMENT PACKAGE GAPS

- System activity ran \$67,032 (5.3%) above reported revenue
- Event parking billed through hotel master accounts
- No monthly bank or merchant deposit reconciliation
- No comp authorization log or adjustments detail

AGREEMENT AMENDMENTS FLAGGED

- Shorten owner termination notice to 30 days
- Define or remove the undefined incentive fee
- Set residential and retail rates before activation
- Quantify the capital reimbursement on termination

— ACTION PLAN

A Phased 180-Day Implementation

DAYS 0–30

Rates and Adjustments

35%

of annual opportunity

Raise overnight and event rates
Track and review folio adjustments
Approve comp authorization rules

DAYS 30–90

Employee Parking

23%

of annual opportunity

Launch payroll-deduction parking
Move employees to off-site spaces
Add reconciliations to monthly reporting

DAYS 90–180

Operator RFP

42%

of annual opportunity

Bid the operation; reset fees to market
Staff to movements per labor hour
Amend the management agreement

— OUTCOME

*“\$631K in added annual net income,
\$8.4M of value creation at a 7.5%
cap rate, and a 60% reduction in the
parking operating deficit.”*

\$631K

Annual net income impact

\$8.4M

Value creation at a 7.5% cap rate

60%

Reduction in parking operating deficit