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DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

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PARKING DIVISION

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June 20, 1990

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: REDUCTION IN PARKING IN CITY PARKING FACILITIES

SUMMARY

On May 30, 1990, the Budget and Finance Committee reviewed a recommendation from the Department of Public Works to increase parking fees in City Parking Facilities. This is a "report back" as requested by the Committee in regards to the reduction in parking in City Parking Facilities for the 1989-1990 Fiscal Year and the implications for the future conditions in demand and financial impacts.

BACKGROUND

A Downtown Sacramento Parking Study was completed by Wilbur Smith and Associates in January 1988. This study was used as the working document for the Mayor's Downtown Transportation Task Force, which provided a final "report back" to the City Council on March 14, 1988.

The Downtown Transportation Task Force performed a comprehensive review of Sacramento's parking and transportation requirements and recommended a modified transportation program, taking into consideration new major developments, trends in the downtown core area, related financial considerations, air quality concerns, and the need for a TSM Program. The strategy recommended by the Task Force included an increase in parking fees to mitigate the impact of a parking supply deficiency by the year 2007 by meeting capital requirements for new projects.

The City Council adopted the Downtown Transportation Task Force's recommendation for increasing parking fees and establishing a program for future annual parking fee increases. The City proceeded with the Parking fee increases as recommended, but recommended a delay in the implementation of an increase in the fee for the third hour of parking (to \$1.00) until an economic study could be conducted to evaluate retail impacts.

The Downtown Economic Study was conducted by Cambridge Systematics, Inc. and completed in June 1989. The study identified downtown consumer distribution as follows:

	<u>% of</u> <u>SHOPPERS</u>	<u>% of</u> <u>SALES</u>
Downtown Office Employees	70 %	34 %
Work-related Business Downtown	16 %	20 %
Downtown Shoppers and Tourist/Shoppers	6 %	46 %

This study showed that shoppers and tourists/visitors accounted for 6% of the downtown retail sales, at an average purchase of \$16.22, while Downtown Employees were 70% of the shoppers with 34% of the sales at an average purchase of \$5.30.

The study determined that the group of customers that would be most sensitive to a price increase would be those making discretionary trips to the Downtown such as shoppers, sightseers, and people on personal business trips. Cambridge recommended expanding the validation program to more retail businesses, so the shopper would be insulated from the direct effect of a parking fee increase. In addition, the cost of validations to the merchants could be discounted, creating more feasible market conditions. These recommendations were accepted by the City Council and implemented by the Department of Public Works.

Cambridge recommended that the City proceed with an increase on the fee for the third hour of parking to \$1.00. They also recommended additional measures outlined in attached Exhibit "B". A \$25,000 expenditure has been appropriated by the City for a public awareness advertising campaign being conducted in cooperation with the Downtown Plaza Merchants Association. This campaign includes advertising for public awareness of the validation program and regional transit services.

The fee increase to \$1.00 per hour for the third hour was implemented January 1990. This increase was augmented to \$.50 per half hour in agreement with the Downtown Merchants and with approval of the City Council. A chronological order of parking fees is attached as Exhibit "A".

Budget and Finance Committee
 Reduction in Parking in City Parking Facilities
 June 20, 1990
 Page 3

Throughout the 1989-1990 fiscal year-to-date, short-term parking in the city parking facilities has decreased. A decrease in monthly parking has also occurred. The 1989-1990 short-term cars parked and the associated revenues, month-by-month and year-to-date are as follows:

YTD	Short Term (000's) Cars Parked			Short Term Revenue Revenue (000's)		
	88/89	89/90	CHG %	88/89	89/90	CHG %
JUL	324	317	- 2.2	\$ 418	\$ 479	14.5
AUG	358	342	- 4.5	\$ 473	\$ 515	8.9
SEP	327	322	- 1.5	\$ 425	\$ 487	14.6
OCT	348	307	-13.4	\$ 442	\$ 472	6.8
NOV	321	312	- 2.8	\$ 412	\$ 454	10.2
DEC	400	373	- 6.8	\$ 461	\$ 476	3.3
JAN	305	292	- 4.3	\$ 407	\$ 453	11.3
FEB	299	277	- 7.4	\$ 397	\$ 440	10.8
MAR	359	309	-13.9	\$ 490	\$ 516	5.3
APR	325	293	- 9.8	\$ 443	\$ 478	7.9
MAY	384	338	-12.0	\$ 587	\$ 607	3.4
YTD	3,750	3,481	- 7.1	\$4955	\$5377	8.5

Monthly permit sales in City parking facilities decreased as follows:

YTD	AVG PERMITS			REVENUE (000's)		
MONTHLY PERMITS	4,206	3,674	-12.6	2,426	2635	8.2

The largest single factor that relates to the drop in cars is the current supply of new, alternative parking facilities in the Central Business District. Exhibit "C" shows current projects that have recently opened. These projects are providing parking to patrons other than the tenants of their project until the new office buildings are fully occupied. The pricing mechanisms used at these facilities are contrary to the City pricing policy because they encourage long-term parking. An example of one operation would be the Library Plaza Garage which is offering an all-day parking special rate for \$3.75. The terms require the parker to enter before 9:00 a.m. and leave before 6:00 p.m. If the same condition applied to a City facility, it would fill the garage early, thereby, eliminating the spaces required for the short-term customer, and defeating the air quality objectives. The City pricing structure is designed to discourage the long-term parker. City parking fees for the same time parked compared to the Library Plaza "Early Bird Special", would be \$7.90.

As the occupancy of the buildings shown in Exhibit "C" start to increase and bargain, long-term rates disappear, public parking demand will be re-displaced to the City facilities in greater numbers. The raw demand for parking is approximately at 2.5 - 3.0 parking spaces per 1000 square feet of leasable floor space. Since 1988, more than 1,800,000 square feet of office space has been added to the Downtown area or is under construction, equating to a raw demand of approximately 4,500 to 5,400 parking spaces. Planning and Development is currently reviewing projects totaling more than 5,500,000 square feet. This would generate a total raw demand exceeding 20,000 parking spaces in which 60% of the spaces are to be provided for on-site, according to current code, leaving a deficiency accumulating to 8,000 spaces through the next three to five years, (which is consistent with projections in The Downtown Parking Study).

A second factor, which is more difficult to quantify, is the TSM subsidy programs. The State of California, County of Sacramento, and City of Sacramento each subsidize Regional Transit passes. The success of these programs is evident from the reported increases in ridership on the transit system which reduces long-term parking in City parking lots. Occupancy surveys of on-street parking and City garages show that RT ridership in conjunction with fee increases have been effective in reducing parking in City parking facilities. Furthermore, the City implemented a carpool discount program to offer alternatives to the increasing cost of a parking permit with the July 1989 increase; the success can be measured by the 105% increase of carpools in City facilities.

Although the foregoing are effective in reducing parking demand in Downtown Sacramento's future parking capital, improvement projects are required to meet the balance of demand created by major projects in the Downtown, as follows:

PROJECT DEVELOPMENT	SQ. FT.	PARKING CIP	PARKING SPACES
Civic Center Expansion	800,000	Civic Ctr Plaza Garage	1,000
Downtown Plaza Extension	250,000	Lot "U" Garage	430
Convention Ctr Expansion	620,000	Convention Center	750
Lot "A" Redevelopment	329,000	Pioneer Bridge Peripheral Parking	800
City TSM Program		Various Peripheral Facilities	+/- 1,000

At the same time, the City's TSM Program is being developed (such as 50% carpool discounts). With a successful TSM program reaching a reduction goal of 35%, there will be a balance of parking with alternative modes of transportation. A surcharge or tax is a feasible source of revenue to be used to promote other alternatives or programs. A few California cities have been experimenting with a surcharge, or tax, on parking fees. Staff will provide the

a surcharge, or tax, on parking fees. Staff will provide the report back on this item in six to eight weeks.

FINANCIAL DATA:

Exhibit "D" shows a rate analysis projected out to 1994-1995 which includes the Civic Center Plaza Garage and Lot U parking facility (Hahn Project) only. Parking fee increases usually cause reduction in parking demand. Therefore, rates models project revenues and make appropriate adjustments in demand. The proposed rate increase for 1990-1991 is not sufficient to meet budgeted parking fund expenditures, by an estimated \$1.2 million. The Parking Fund balance, however, will offset this shortfall.

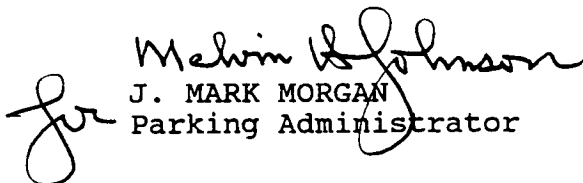
MBE/WBE EFFORTS

None.


RECOMMENDATION:

It is recommended that the Budget and Finance Committee approve of the proposed parking fee increase as submitted on May 30, 1990, in order to continue with the City's Parking Capital Improvement Program which will serve the balance of trip demand along with the City's TSM Program.


Respectfully submitted,

for 
J. MARK MORGAN
Parking Administrator

RECOMMENDATION APPROVED:


JACK R. CRIST
Deputy City Manager

APPROVED:


MELVIN H. JOHNSON
Director of Public Works

June 20, 1990
District 1

Contact Person:
J. Mark Morgan
Parking Administrator
449-5354

DM:mlw

Attachments

EXHIBIT A

A - B - E (EAST END)₃				
6 A.M. - 6 P.M.	1ST	2ND	3RD	4TH AND UP
JULY '87	0.25	0.25	0.25	1.00
JULY '88	0.40	0.40	0.40	1.00
JULY '89	0.45	0.45	0.45	1.00
JAN '90(1)	0.45	0.45	1.00	1.00
JULY '90(2) (proposed)	0.60	0.60	1.30	1.25

H (10TH AND L STREETS)₃				
6 A.M. - 6 P.M.	1ST	2ND	3RD	4TH AND UP
JULY '87	0.25	0.25	0.25	1.00
JULY '88	0.50	0.50	0.50	1.00
JULY '89	0.55	0.55	0.55	1.00
JAN '90(1)	0.55	0.55	1.00	1.00
JULY '90(2) (proposed)	1.00	1.00	1.30	1.25

G - K - P - R (WEST END)₃				
6 A.M. - 6 P.M.	1ST	2ND	3RD	4TH AND UP
JULY '87	0.25	0.25	0.25	1.00
JULY '88	0.35	0.35	0.35	1.00
JULY '89	0.40	0.40	0.40	1.00
JAN '90(1)	0.40	0.40	1.00	1.00
JULY '90(2) (proposed)	0.50	0.50	1.30	1.25

- (1) January 1990 All Lots - Third hour changed to \$.50 per half hour
- (2) All Lots - Proposed third hour \$.65 per half an hour. Lot H \$.50 per half hour for the first two hours.
- (3) The Wilbur Smith Study recommended setting parking fees by market value according to demand by area. This results in three major areas with different hourly parking fees (first two hours) according to the West end (West of 7th Street), the East end (East of 7th Street), and Lot H (10th and L Streets), which has unique demand factors.

EXHIBIT B

RECOMMENDATIONS IN THE 1987 DOWNTOWN ECONOMIC STUDY

By Cambridge Systematics Inc., 1987

- Consider the establishment of a shuttle service to peripheral lots to encourage commuters to utilize these lower-priced lots.
- Consider future increases at the city-owned garages to \$1.00 for each hour to further discourage circulation by long-term parkers, and to bring the price of parking at city-owned garages in line with the price at private garages.
- Consider making all metered spaces in the downtown one-hour spaces, and institute strict enforcement of the programs.
- At the most centrally located garages, consider setting aside additional spaces for short-term parking, available only after 10:00 a.m., or restricted to two-hour parking. Establish strict enforcement procedures.
- If, after six months, spaces vacated in response to the parking rate increase have not substantially filled with new parkers, consider a promotional campaign to educate people about the availability of parking spaces in the downtown city-owned garages.

Exhibit C

DOWNTOWN

MAJOR FACILITY PROJECTS

Operational or
Under Construction

<u>Project Name</u>	<u>Square Feet</u>	<u>Code Required Parking</u>
Capitol Place	143,000	238
Renaissance Tower	341,000	568
Central Library/Office	599,000	998
1325 J Street	365,000	608
12th & K Streets	<u>226,000</u>	<u>377</u>
Subtotal	1,674,000	2,789

Planning Process

<u>Project Name</u>	<u>Square Feet</u>	<u>Code Required Parking</u>
1300 I Street	236,000	393
Convention Center Expansion	130,000	217
111 Capitol Mall	120,000	200
400 Capitol Mall	532,000	886
6th & Capitol Mall (Lot A)	820,300	1,333
Downtown Plaza	240,000	400
703 L Street (Greyhound)	530,000	883
10th & H Street (Mory's Place)	551,000	918
Civic Center Expansion	620,000	1,034
IBM (Capitol Mall)	500,000	833
Century Tower (15th & L)	474,600	791
PERS (5th & N)	435,000	725
12th & I	<u>528,000</u>	<u>880</u>
Subtotal	5,716,900	9,493
Total	7,261,900	12,282

PARKING FUND - 412
 RATE ANALYSIS
 (\$ IN 000)

	1990-91 Projected	1991-92 Projected	1992-93 Projected	1993-94 Projected	1994-95 Projected
----- Beginning Fund Balance (Deficit)	53,322	52,154	5616	5651	5856
Current Resources:					
Revenues					
Charges for Current Services	10,894	12,837	12,769	13,100	13,265
Other Resources	940	1,390	1,635	1,635	1,635
----- Total Current Resources	11,834	14,227	14,404	14,735	14,900
Current Requirements					
Current Operations:					
Employee Services	3,557	3,940	4,227	4,400	4,580
Other Services & Supplies	6,410	5,814	6,203	6,571	6,963
Debt Service A & B/Lot U	1,002	1,004	1,005	1,001	996
Civic Ctr Debt Service	979	2,477	2,474	2,473	2,470
Alternative Transp Fund	500				
----- Subtotal Current Operations	12,448	13,235	13,909	14,445	15,009
Capital Improvements:					
Public Facilities	554	429	460	84	0
Civic Center Garage		2,100			
----- Subtotal Capital Improvements	554	2,529	460	84	0
----- Total Current Requirements	13,002	15,764	14,369	14,529	15,009
----- Total Current Surplus (Deficit)	(1,168)	(1,537)	35	206	(109)
----- Ending Fund Balance (Deficit)	52,154	5617	5651	5857	5747
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Contingency required (1% rev)	473	569	576	589	596

Assumes:	Increase
Year	Net Revenue
90-91	20.00%
91-92	17.00%
92-93	6.00%
93-94	4.00%
94-95	3.00%

EXHIBIT "D"