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PUBLIC WORKS

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*Task force  
look at this  
1/27/90*

February 27, 1990

Budget and Finance/  
Transportation and Community Development Committee  
Sacramento, California

Honorable Members in Session:

SUBJECT: ALTERNATIVE TRANSPORTATION FUNDING OPTIONS AND RECOMMENDATIONS

SUMMARY

This is a report back in response to a request by the Budget and Finance/Transportation and Community Development Committee (Joint Committee) to identify a source of funding in the amount of \$500,000 for the promotion of alternative modes of transportation, as recommended by the Mayor's Downtown Transportation Task Force.

Staff is recommending a combination of two of the options discussed in this report. For the next fiscal year (1990-91), it is recommended that a series of City programs related to alternative modes be expanded or added with the funding coming from parking fee revenue. This will require an additional increase above and beyond that which will be required to pay for the initial debt payments on the Civic Center Plaza Parking Garage.

*What about  
expanding  
City  
parking*

The suggested programs involve: (1) expanding the existing Discount Carpool Parking Program from 250 participants to 750 by increasing the discount rate for carpools, (2) increasing the promotional budget of the TSM Program and (3) funding the Parking Policy Study that will determine the appropriate level of parking downtown. The suggested programs are somewhat limited due to covenants on the parking fund from a revenue bond issue supported by parking fees.

For the long-term, staff recommends that a County-wide funding source for promoting alternative modes be identified in 1990-91 instead of focusing on only customers of City parking garages. The preferred funding source would also have fewer restrictions than parking fee revenue.

BACKGROUND INFORMATION

During the budget hearings on parking fee increases in June of last year, the Joint Committee directed staff to return at midyear to provide a funding source in the amount of \$500,000 for promoting alternative modes. This report provides a range of revenue options that are available along with a recommendation on how to support alternative modes in the upcoming fiscal year.

During the analyses of the various funding options, staff considered the following:

1. The downtown area should not bear the full burden of the program.
2. Any long-term program should be funded jointly with other governmental agencies.
3. The fiscal condition of the Parking Fund should not be placed in jeopardy.
4. The General Fund is not a viable option given the number of unmet needs in this fund. (Currently the General Fund contributes \$674,000 annually to transit-related activities.)
5. The Budget and Finance Committee's policy is that any proposals for new or expanded service be accompanied by a new funding source.

*Red lines of  
Committee  
do this*

*3*

*include  
parking*

The type of revenue options that are available can be grouped into three categories: (1) use existing resources at the expense of other programs or services, (2) raise existing fees, and (3) initiate new fees. Each of the options within these categories are summarized below and is accompanied by a staff recommendation.

#### Use of Existing Resources

There are three existing revenue sources (outside of the General Fund) that can be used for activities related to promoting alternative modes of transportation. These are the Transportation Development Act funds received from the State, TSM fees collected by the City for enforcing the City's TSM Ordinance, and in some special cases, Parking Fee revenue.

#### Transportation Development Act Funds

The TDA funds currently received total approximately \$230,000 annually. This is currently used for capital projects. Specifically, the funds are being used in the current year for the following bikeway projects:

American River Bike Trail/ under H Street Bridge	\$ 10,000
Natomas Main Drain Bikeway	\$ 30,000
Sacramento Bikeway Masterplan EIR	\$ 30,000
Pocket Canal Parkway-Development	<u>\$160,000</u>
	\$230,000

Staff does not recommend the defunding of the projects outlined above. The projects funded with TDA funds are currently contributing to alternative modes.

#### TSM Fees

The City's TSM program is a relatively new initiative (adopted December 13, 1988) to encourage employers to promote alternatives to the single occupancy vehicle. Fees currently collected are being used to fund the staff that reviews Transportation Management Plans submitted by employers. It was originally projected that the annual revenue collected from these fees would be \$220,000; however, to date, no fees have been received from State agencies. The Transportation Division is working with the State on this question and will bring a report back once the issue is resolved. This may reduce program resources by \$70,000.

This anticipated revenue shortfall, plus the fact that the staff currently funded by this program are already working on promoting alternative modes, eliminates this as a possible funding source.

#### **Parking Fee Revenue:**

The revenue from parking fees was the source of funding initially identified for promoting alternative modes during the rate hearings this past year. At the time of the hearings, staff presented three drawbacks to the use of parking fee revenue. One involved language in bond covenants, and the others involved budget restraints and the equity involved in having downtown parkers pay the entire cost of a program that benefits all residents of the City and the County.

The bond covenants are part of a revenue bond that was issued to build a City parking lot. The language in the covenants state that all parking fees are to be used for the parking operation. This language was included in the covenants to protect the interests of the bond holders. If there were no restrictions on the revenues it is possible (in theory) that the City could use the fees for other programs and thereby reduce the capacity of the Parking Fund to pay back the bondholders.

The second drawback was the budget constraints of the Parking Fund, both in the current year (1989-90) and in the near future with the debt payments for the Civic Center Plaza Parking Garage starting in 1990-91. There simply was not a surplus \$500,000 available to provide for any new programs; regardless of whether the program fit within the parameters of the bond covenants.

The final drawback was that the City parking customers in the downtown were being singled out to fund this new program when the benefits were to accrue not only city-wide, but county-wide.

Today, the same conditions still exist for the Parking Fund. The bond covenants remain in place and there are no "surplus" revenues in the Parking Fund. The midyear review of the Parking Fund shows an increase in the Fund balance due to the recent debt issue for the Civic Center Plaza Parking Garage; however, those funds are necessary to make the first installment on the debt in 1990-91 and to complete the funding of the new garage. Therefore, staff cannot recommend the use of existing parking fee revenue at this time to fund alternative modes.

#### Raise Existing Fees

The City's TSM and Parking revenue as currently structured are fully allocated to existing program commitments. It is an option to increase either of these fees to fund a new program.

#### **TSM Fees**

The TSM Fee is currently set at \$1,169 for the first year and \$292 each year thereafter. The drawback to this option is that, as previously stated, the State has not acknowledged payment of the fees, and a shortfall in revenues may be realized. In addition, the fees that were set for the review of Transportation Management Plans provide for recovery of costs incurred by the City in setting up this program.

Staff does not recommend increases in the TSM fee to support additional alternative modes programs.

### **Parking Fees**

Increasing parking fees is a viable option for raising revenues in the upcoming fiscal year. Fee increases could be calculated in order to generate the additional revenue needed for an alternative modes program. Two of the drawbacks identified above still would remain. First, the expenditure of the revenues would have to be closely related to the current parking operation. This would restrict the scope and flexibility of the alternative modes program. Also, it would still place the financial burden for the program on the downtown parking customers with possible impacts on commercial/retail businesses.

Despite the drawbacks cited above, staff recommends that a small parking fee increase be considered as an interim financing mechanism for alternative modes. This will be explained further in the recommended option section below.

### Initiate New Fees

There are several options for creating a new fee to support alternative mode programs. A new fee could provide maximum flexibility in terms of program expenditures and could be spread to those that benefit on an equitable basis. In all cases, however, a new fee would involve a minimum of six months to establish the detailed policies and procedures that are necessary to start up collection and accounting for the new revenue. Because of the length of time associated with setup of a new fee, staff is not recommending that any of the options below be considered as a funding source next fiscal year (1990-91). Staff does recommend that all options for new fees be considered in the context of the Parking Policy study that is currently under way. This recommendation is explained further below.

The option for new fees that are discussed here are not new ideas. Some of them are under study at this time by other agencies. They are described here in summary to provide an example of the type of new fees that are possible.

### **County Service Area - Transit Operations**

The City Council authorized the City Manager to work with the County of Sacramento on possible County-wide assessment to support the operating cost of Regional Transit. A portion of the revenue generated from an assessment of this type could be dedicated to promoting alternative modes. The benefit of a County-wide assessment is that all areas would be contributing to the fund—not just the downtown area.

### **Parking Surcharge - County-wide**

As part of the Interim Air Quality Plan, SACOG is recommending that free parking be eliminated in all parts of the County. Implementation of such a proposal would enable the County or the City to place a surcharge on all parking. The revenue from this surcharge could be used to fund alternative modes. Again, this would permit all County and City parking spaces to generate revenues to the program.

### **Transit Development Fee**

The appellant in the recent Wells Fargo appeal recommended that the City institute a Transit Development Fee similar to the County. Although the appellant made this proposal in the context of mitigating demand for parking spaces, such a fee could be used to mitigate parking needs by promoting alternative modes. A fee like the County's would be less reliable than the first two options since the money would only be collected from developers as projects are constructed.

Recommended Options and Program Expenditures

Staff recommends a combination of two of the options discussed above. As a short-term revenue source (1990-91), it is recommended that alternative mode programs totalling \$575,000 be added to the 1990-91 proposed budget for the Parking Fund. These new expenditures would be offset by a small fee increase above that which will be required to pay the debt service on the Civic Center Plaza Parking Garage. It is further recommended that a long-term funding source be identified in the context of the current studies on a Parking Policy, and County Service Area for Regional Transit operating costs.

The expenditure program for the new revenue was developed carefully given the source of funds and the objective of promoting alternative modes of transportation. The staff proposal for the additional revenue is as follows:

**Expand Current Discount Carpool Program**

The City currently offers a 25 percent discount on monthly permits for individuals in carpools. There are approximately 250 permits in the program at this time. Staff recommends that the discount be increased to 50 percent with the goal of increasing the number of participants to 750. The cost per person for this program is displayed in Table 1:

**TABLE 1**

**City Discount Program for Carpool  
Cost per Participant**

	Base Rate	Number in Carpool		
		<u>2</u>	<u>3</u>	<u>4</u>
Current Average Monthly Permit	\$66.00	\$33.00	\$22.00	\$16.50
Permit with 25% Discount*	N/A	\$24.75	\$16.50	\$12.75
Permit with 50% Discount**	N/A	\$16.50	\$11.00	\$8.25

\* Current Program  
 \*\* Proposed Program

This table illustrates the amount of savings that are available to individuals who carpool to City parking lots. Under the proposed program, the typical carpool (2 members) will save approximately \$50.00 per month in parking fees (the difference between \$66.00 and \$16.50).

The cost of subsidizing the expansion of this program in 1990-91 is approximately \$250,000.

**Increase Budget and Activities of City TSM Program**

There are two areas that could use additional support in the TSM Program. First, there is a potential loss of revenue for this program associated with the question of the State payment of the City TSM fees, and secondly there is a need for promotional activities in support of the City's TSM efforts. It is recommended that \$75,000 from the rate increase be used to subsidize the cost of reviewing the State's TSM efforts, and that \$25,000 be allocated to this program for promotional activities (the focus of both of these efforts will have to be refined in order to comply with the bond covenants).

**Provide funding for Parking Policy Study**

The preliminary work that has been outlined for a parking study has not been funded at this time. It is recommended that \$225,000 of the fee increase be earmarked for this study in 1990-91.

**Summary of Program Expenditures**

Staff recommends that \$575,000 in projected parking fee revenues be allocated for the following activities:

Expand Current Discount Carpool Program	\$250,000
Expand Budget and Activities of City TSM Program	\$100,000
Provide Funding for Parking Policy Study	<u>\$225,000</u>
	<b>\$575,000</b>

All of the activities listed will either promote or support alternative modes of transportation. In addition, staff believes that all can qualify for support by parking fee revenues.

FINANCIAL DATA

Staff is recommending that parking fee revenues be used in 1990-91 to support alternative mode programs. This will require a rate increase above and beyond the projected rate increase to cover debt service on the Civic Center Plaza Parking Garage. There are several options for raising additional revenues for this purpose. These options are shown in detail on the attached chart (Attachment A). The revenue potential for each of these options is summarized as follows:

	<u>Annual Revenue</u>
Option 1: Increase hourly parking fees at Lot H (10th & L) to \$1.50 per hour	\$540,000
Option 2: Increase hourly parking for the fourth hour from \$1.00 to \$1.30 at all facilities	\$558,000
Option 3: Increase all hourly fees across the board by \$0.05	\$576,452
Option 4: Raise rates three months ahead of schedule across the board	\$260,000
Option 5: Raise rates three months ahead of schedule in conjunction with additional increases at Lot H	\$643,000

Based on the minimal amount of increase in the fees as shown in Option 3, staff recommends that this option be selected. This would spread the impact of the rate increase across all users of the parking facilities. The impact of this additional rate increase is shown in Table 2:

**TABLE 2**  
**IMPACT ON PARKING FEES**  
**Option 3 - \$0.05 Across the Board**

	CURRENT RATES 1989-90	PROJECTED RATES 1990-91	RATES WITH EXTRA \$.05	
<b>LOTS A - B - E</b>				
FIRST TWO HOURS	\$0.45	\$0.60	\$0.65	A - CAPITOL MALL & 4TH
THIRD HOUR (ea. 1/2 Hr.)	\$0.50	\$0.50	\$0.55	B - 10TH & I (CITY HALL)
FOURTH HOUR	\$1.00	\$1.10	\$1.15	E - 13TH & I
NIGHTS	\$0.40	\$0.50	\$0.55	
WEEKENDS	\$0.40	\$0.50	\$0.55	

<b>LOT H</b>				
FIRST TWO HOURS	\$0.55	\$0.75	\$0.80	H - L & 12TH (ACROSS FROM CAPITOL)
THIRD HOUR (ea. 1/2 Hr.)	\$0.50	\$0.50	\$0.55	
FOURTH HOUR	\$1.00	\$1.10	\$1.15	
NIGHTS	\$0.40	\$0.50	\$0.55	
WEEKENDS	\$0.40	\$0.50	\$0.55	

<b>LOTS G - K - P R</b>				
FIRST TWO HOURS	\$0.40	\$0.55	\$0.60	G - ACROSS FROM MACY'S
THIRD HOUR (ea. 1/2 Hr.)	\$0.50	\$0.50	\$0.55	K - DOWNTOWN PLAZA
FOURTH HOUR	\$1.00	\$1.10	\$1.15	P - OLD SACRAMENTO/I-5
NIGHTS	\$0.40	\$0.50	\$0.55	R - OLD SACRAMENTO
WEEKENDS	\$0.40	\$0.50	\$0.55	

The projected rates that are shown for 1990-91 have been presented to Council on two occasions. The most recent was during consideration of the debt issue for the Civic Center Plaza Parking Garage in October, 1989. At this time, staff still projects that increases of this magnitude will be required to make the initial debt service payments for the new garage and maintain a positive fund balance in the Parking Fund.

#### POLICY CONSIDERATIONS

The Joint Committee directed staff to provide revenue options for supporting alternative modes. This report and the accompanying recommendations are provided to meet this directive.

The recommendations conform to existing Committee policy that any new program proposals be accompanied by a new revenue source.

The use of parking fee revenue for subsidizing discount carpool permits and for studying alternative parking policies is a valid use of parking fee revenue. Similar expenditures have been, and continue to be, made for these purposes from the Parking Fund.

The use of parking fee revenues for support of the existing TSM Program will have to be developed carefully in order to conform with existing bond covenants. Staff believes that this is possible.

Staff believes this is the most reasonable of all the revenue options available to the City for the next fiscal year due to the minimal impact on short-term fees (\$0.05 per hour). For the 1991-92 year, staff will work to find a long-term funding source that will have more flexibility and that is spread more equitably among the beneficiaries of the program.

#### MBE/WBE

There is no MBE/WBE impact related to this matter.

RECOMMENDATION

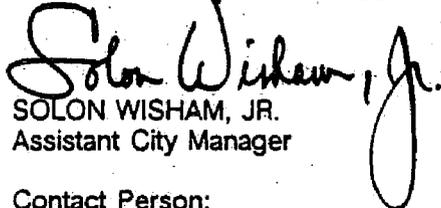
This item is for Committee information only. If approved, staff will proceed to take the following actions:

1. Include in the 1990-91 Proposed Budget for the Parking Fund \$575,000 in new programs to support alternative modes. Accompanying this request will be the requisite rate increase necessary to offset the additional costs.
2. Incorporate long-term funding for promoting alternative mode transportation into studies currently under way (i.e., Parking Policy Study, County Service Area, Transit Development Fee, Parking Surcharge).

Respectfully submitted,

  
MELVIN H. JOHNSON  
Director of Public Works

APPROVED FOR COMMITTEE INFORMATION:

  
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RLL:MW:sm  
CA7-104.S  
02.21.90

Attachments 2.

February 27, 1990  
All Districts

	OPTION	ADVANTAGES	DISADVANTAGES
1	<p>Increase hourly fees at Lot H (10th &amp; L)</p> <p>Current 6 a.m. - 6 p.m.  1st 2 hours .55  3rd hour .55 @ ½ hour  4th hour &amp; up 1.00 No maximum</p> <p>Proposed:  1st 2 hours 1.50 @ hour  3rd hour .75 @ ½ hour  thereafter 1.75 @ hour  8 hour max. 12.00  Additional Revenue: \$540, 000</p>	<p>This is a high demand facility due to proximity to the State Capitol</p> <p>Increased fees would be similar to nearby private parking facilities.</p> <p>Higher fees would reduce demand and create better access.</p>	<p>East End retail business would be impacted by higher parking fees for customers.</p>
2	<p>Increase hourly fee for 4th hour and up in all parking lots from \$1.00 to \$1.30</p> <p>Additional Revenue: \$558,000</p>	<p>Equitable to all retail areas.</p> <p>Increases TSM disincentive for long term parking.</p> <p>Provides more customer short term parking supply.</p>	<p>Would increase traffic circulation, congestion, &amp; air pollution due to vehicles exiting &amp; reparking to avoid higher long term fees.</p> <p>Revenue decrease in long term fee range may exceed estimates and not provide anticipated alternative mode funding.</p>
3	<p>Raise all hourly fees for all parking lots by .05 @ hour</p> <p>Additional Revenue: \$576,000</p>	<p>Equitable to all retail areas.</p>	<p>Minimal due to low cost to public parker. This would be on top of the rate increase already proposed for 90/91.</p>

	OPTION	ADVANTAGES	DISADVANTAGES																																										
4	<p>Increase parking lot hourly fees 3 months early, ie. eff. 5/1/90. Instead of 7/1/90, Pursuant to attached fee table (Attachment "B").</p> <p>Additional Revenue: \$260,000</p>	<p>Maintains equity for short term customer parking according to demand, as currently established.</p> <p>Eliminates need for hearing on parking fee increases in June.</p>	<p>Provides a one-time funding source.</p> <p>May set future precedents to increase parking fees as a "Quick Fix" solution to long term problems, by passing the standard parking fee adoption process.</p>																																										
5	<p>Combination of early parking fee increase (4/1/90) with a schedule of accelerated fee increases for Lot H as follows:</p> <p>Lot H accelerated fee increases:</p>	<p>Eliminates need for parking fee increase hearing in June.</p> <p>Increase ongoing revenues at Lot H to fund the 1990-1991 Fiscal Year Parking Program.</p>	<p>May set future precedent to bypass standard parking fee adoption process.</p> <p>May be perceived as inequitable to east end retail and commercial area.</p>																																										
	<table border="0"> <thead> <tr> <th></th> <th style="text-align: center;"><u>5/1/90</u></th> <th style="text-align: center;"><u>7/1/90</u></th> </tr> </thead> <tbody> <tr> <td>1st 2 hrs.</td> <td>\$ .70 @hr.</td> <td>\$ 1.25 @hr.</td> </tr> <tr> <td>3rd hr.</td> <td>.55 @<math>\frac{1}{2}</math>hr.</td> <td>.75 @<math>\frac{1}{2}</math>hr.</td> </tr> <tr> <td>hr.</td> <td></td> <td></td> </tr> <tr> <td>Thereafter</td> <td>1.10</td> <td>1.25 hr.</td> </tr> <tr> <td>Max.</td> <td>\$12.40</td> <td>10.80</td> </tr> <tr> <td></td> <td>12 hrs.</td> <td>8 hrs.</td> </tr> <tr> <td colspan="3"><u>1/1/91</u></td> </tr> <tr> <td>1st 2 hrs.</td> <td>1.50 @hr.</td> <td></td> </tr> <tr> <td>3rd hr.</td> <td>.75 @<math>\frac{1}{2}</math>hr.</td> <td></td> </tr> <tr> <td>Thereafter</td> <td>1.50 @hr.</td> <td></td> </tr> <tr> <td>Max.</td> <td>\$12.00 @8 hrs.</td> <td></td> </tr> <tr> <td></td> <td>8 hrs.</td> <td></td> </tr> <tr> <td colspan="3">Additional Revenue: \$643,000</td> </tr> </tbody> </table>		<u>5/1/90</u>	<u>7/1/90</u>	1st 2 hrs.	\$ .70 @hr.	\$ 1.25 @hr.	3rd hr.	.55 @ $\frac{1}{2}$ hr.	.75 @ $\frac{1}{2}$ hr.	hr.			Thereafter	1.10	1.25 hr.	Max.	\$12.40	10.80		12 hrs.	8 hrs.	<u>1/1/91</u>			1st 2 hrs.	1.50 @hr.		3rd hr.	.75 @ $\frac{1}{2}$ hr.		Thereafter	1.50 @hr.		Max.	\$12.00 @8 hrs.			8 hrs.		Additional Revenue: \$643,000			<p>Merchants could continue to validate at a discount.</p>	
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