

**A REPORT
ON PARKING IMPACTS AND DOWNTOWN VITALITY**

Prepared For:

**PLANNING BOARD
City of Portsmouth, NH**

Prepared By:

**Downtown Parking Focus Group
Appointed by the Planning Board**

Donald Coker, Chair

**Rick Chellman
Everett Eaton, EDC Rep.
Peter Egleston
Mark McNabb
Jay McSharry
Eric Spear, Council Rep.
Robert Thoresen**

City Staff

**Rick Taintor, Planning Director
Jon Frederick , Traffic and Parking Supervisor**

July 20, 2010 (Same content as June 16, but re-formatted)

Table of Contents

INTRODUCTION	4
Original Charge for the Focus Group	4
<i>Need for a Broader Assessment/Value of the Downtown to the City</i>	<i>4</i>
<i>Limitations of this Report</i>	<i>5</i>
DOWNTOWN PARKING	7
<i>Downtowns Are Different</i>	<i>7</i>
<i>Downtown Land Uses</i>	<i>7</i>
<i>Parking Requirements</i>	<i>8</i>
<i>Parking Supply and Occupancy Rates</i>	<i>9</i>
<i>Downtown Parking Demand: General</i>	<i>11</i>
<i>Downtown Parking Demand:Portsmouth</i>	<i>12</i>
<i>Parking as Necessary Public Infrastructure</i>	<i>12</i>
<i>Parking Revenue and Expenditures</i>	<i>13</i>
PARKING “IN LIEU OF” OR IMPACT FEES	16
<i>Background</i>	<i>16</i>
<i>Funds Generated from “In Lieu of” Fees</i>	<i>17</i>
<i>Expenditures of the Funds</i>	<i>17</i>
<i>Conclusions</i>	<i>18</i>
CONCLUSIONS AND RECOMMENDATIONS	20

EXECUTIVE SUMMARY

Parking in a mixed-use, walkable park-once downtown environment is best shared among many users, as opposed to stand-alone, suburban areas.

While it was well-intentioned, we find that the in-lieu parking fee does not comport with the Master Plan goal of using incentives to encourage desirable uses in the downtown.

Based on the data that has been collected and reviewed and based on the trends that we have observed, the Focus Group makes the the following recommendations.

- 1. Eliminate Off Street Parking Requirements in the CBA and CBB Districts**
- 2. Repeal Parking In Lieu of or Impact Fees**
- 3. Create Additional Off Street Parking**
- 4. Create a Parking Enterprise Fund**
- 5. Provide Limited Free and Low Cost Parking**
- 6. Provide Variable Parking Rates**
- 7. Invest Some Revenues in Downtown Enhancements**

We also find that the existing supply of parking in the downtown is deficient, and that a new garage on the Worth lot is needed given the amount of commercial space in the downtown. This topic is discussed in much more detail in the Downtown Parking Demand sections, but a downtown parking ratio of 2.1 to 2.2 is appropriate for Portsmouth, and the Worth lot converted to a garage will give the downtown a 2.2 ratio. With more development, more structured parking may be needed.

Parking Ratio	Total Spaces	Spaces Needed
2.0	3668	Existing
2.1	3851	176
2.2	4034	359
2.3	4218	543
2.4	4401	726

INTRODUCTION

Original Charge for the Focus Group

The Planning Board and later the City Council over the last two to three years had been drafting a comprehensive new Zoning Ordinance for the City of Portsmouth. After extensive deliberations and debate, the new Zoning Ordinance was adopted by the City Council on December 21, 2009 and effective on January 1, 2010. One of the provisions that was enacted was a requirement that certain businesses pay a fee in lieu of providing off street parking. That type of parking fee was enacted originally a number of years ago (August 18, 1997) at \$500 per unmet parking need and modified several times since its original enactment.

In the Zoning Ordinance revision that became effective on January 1, 2010, Section 10.1115.20 required that restaurants either supply off street parking at the rate of 1 space per 100 square feet of gross floor area (GFA) or pay fee in lieu of parking at \$5,000 per space. No other ground floor uses were required to provide any off street spaces or fees. Upper floors were required to provide a parking space for each 1,000 square feet of GFA or a payment in lieu of parking at the same \$5,000 cost. Prior to January 1, 2010 the payment level was \$1,306 per space.

After the enactment, an applicant to create a restaurant on Congress Street was told by the City that he would have to pay a fee of some \$130,000 for the unmet parking demand. His attorney challenged the validity of that fee and brought actions before the Board of Adjustment.

The Planning Board, anticipating that the fee might have an adverse impact on the vitality of the Central Business District, decided to convene a focus group of individuals knowledgeable of the downtown who "...would be charged with reviewing alternative strategies for managing and financing public parking in the central business district"¹ and report back to the Planning Board with recommendations for further action.

Need for a Broader Assessment/Value of the Downtown to the City

We found initial and strategic guidance from the City Master Plan. In fact, one of the early "Priorities for Action" in the City's Master Plan addresses the need for a vital downtown:

"Portsmouth's downtown is widely recognized as the heart of the community, and its continued success is essential to the City's future livelihood. For this reason, participants in the master planning process highlighted downtown preservation and enhancement as one of the most important issues facing Portsmouth."

This statement is supported by several of the goals also in the Master Plan:

¹ Memorandum from Rick Taintor to Planning Board 2/18/10.

“Dedicate street-level space in the downtown to retail and high-volume services uses, with residential and office uses in the upper stories.

Promote downtown vitality by maintaining uses that ensure a balance of daytime and evening activity while preserving the quality of life for downtown residents.

Use incentives and innovative zoning measures to encourage desired uses and achieve public benefits.”

When the Focus Group first convened it became obvious upon discussion that there were a variety of broader issues that needed to be discussed because the payment “in lieu of” fee was only symptomatic of a larger concern about the current vitality of the downtown.

While few would question the idea of a vibrant downtown being a city-wide benefit, a recent informal walk in the downtown showed at least 12 vacant first-floor spaces, and the Committee heard at one of its meetings that office space downtown was 20% to 30% vacant. These are sobering facts; the downtown’s vitality should not be taken for granted. For these reasons, the Focus Group decided examine some of the the broader challenges faced by downtown businesses.

Limitations of this Report

This report relies on data developed by City staff and from City records. Some of the data needed for a comprehensive evaluation is not collected in a way that is readily accessible. The Planning Board also requested a very quick turn around time (about 30 days) which proved to be infeasible, but the Focus Group felt an obligation to return its findings at the earliest possible time.

Other factors impacting our inquiry were the determination of the study area, and data about the makeup of that area.

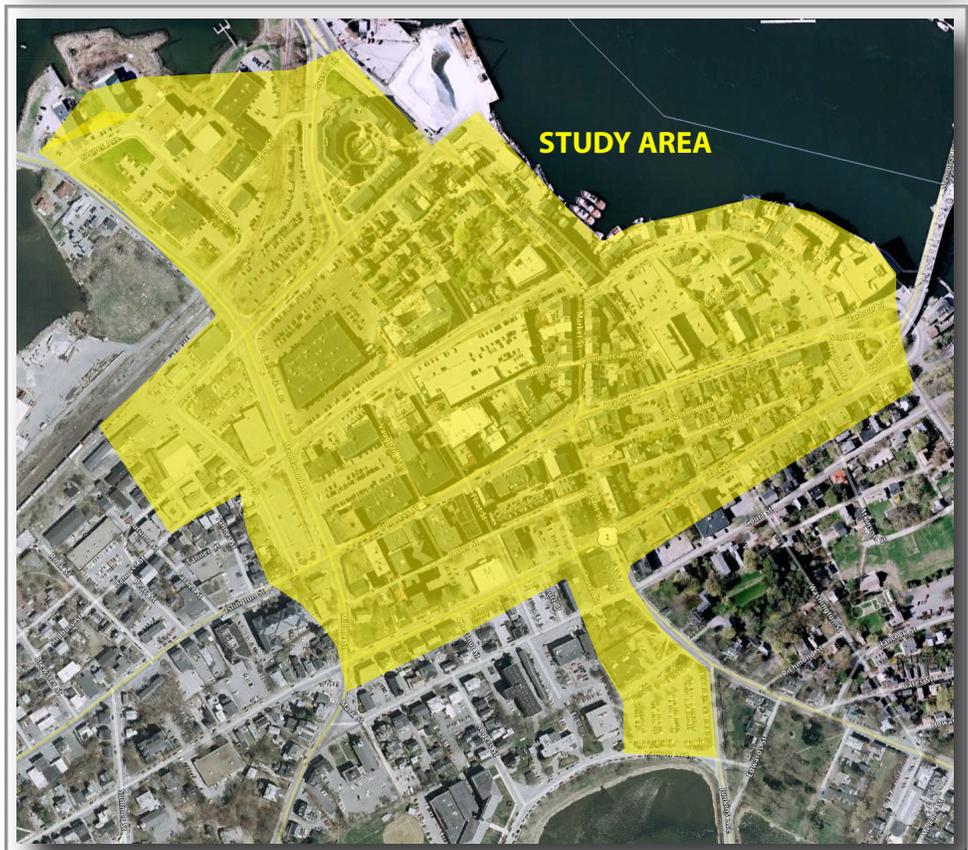
The Central Business District comprises three areas known as the CBA, CBB and Downtown Overlay District. The CBA is a long thin strip of land that runs along the waterfront from about the Memorial Bridge up to the salt pile across from the Sheraton Hotel. It also encompasses the Nobles Island development and the area known as the Northern Tier in the vicinity of Raynes and Maplewood Avenue. The CBB area encompasses an area generally bounded by Court Street on the south; Bow and Market Streets on the east; the railroad tracks on the north; both sides of Bridge Street on the west; and with a long tail extending out both sides of Islington Street to Goodwin Park.

In addition, there is a Downtown Overlay District that restricts residential uses on the first floor and that area is different from both the CBA and CBB. All three areas are shown on the following page.

Furthermore, important functions related to, but outside of the CBA and CBB districts such as the Parrott Ave. municipal parking lot and the adjacent municipal parking areas have been included in some parking calculations but are not part of any downtown definition. We have attempted to sort through these overlaps and exclusions, and a map of the study area follows.

Every attempt is made in the report to be specific about the area that is being described when providing statistical information. Nevertheless, some important land use and square footage information is simply not readily available for inclusion in this report.

This report was prepared on a voluntary basis by two members of the focus group and was distributed to all members and City staff for their input. The final report has been approved by consensus by all of the voluntary members of the focus group.



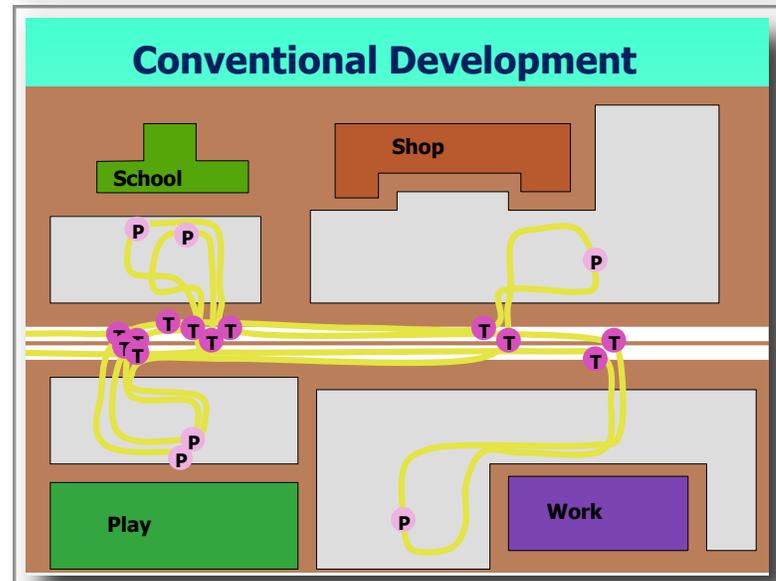
DOWNTOWN PARKING

Downtowns Are Different

The Master Plan mentions as a part of the downtown vision, the inherent need for an adequate supply of convenient parking. The key word is clearly “adequate”: too little parking and businesses will suffer and, as importantly, there will be too much circulatory driving by folks seeking a parking space.

The “sweet spot” for a downtown is to be a park-once environment: people arriving by vehicle park that vehicle one time and then circulate amongst the downtown’s many attractions as pedestrians or, to a lesser extent in Portsmouth, as transit riders.

This is a very different environment from a conventional development in a suburban pattern, where large supplies of parking are provided everywhere. This pattern discourages walking and actually promotes more driving.



Downtown Land Uses

In order to determine the approximate need for off street parking, it is necessary to have an understanding of the land uses that are present in the CBD. In a suburban setting, the actual square footage of space by type of use (retail, office, restaurant, residential, etc.) can be calculated and then compared to the off street parking requirements for the particular uses. Such calculations for downtown uses, however, tend to overstate the parking demand. For example, an office worker might come to work for the day and then go out to restaurant lunch, run a retail errand, and then go back to the office. Theoretically that might show overlapping demand for off street parking when the vehicle was only parked one time and not moved.

For purposes of this analysis, we are using aggregate numbers of square footage in the downtown, assembled from the City’s GIS in order to understand magnitude of the land uses and eventually the overall parking requirements generated therefrom. It includes an

encompassed in the Downtown Overlay District and an area outside the DOD but still in the CBB.

The table of land uses in the CBD is summarized in the table below.

Land Use Summary in Study Area

Residential	282,870 sq. ft.
Commercial	1,710,470 sq. ft.
Restaurants	123,400 sq. ft.
Total	2,116,740 sq. ft.

Parking Requirements

The City Zoning Ordinance currently recognizes the distinct nature of the downtown with entirely different parking requirements than for the balance of the City, where minimum parking requirements apply.

Minimum parking requirements for new developments have been the standard in U.S. zoning codes for just over 50 years.² Over the decades, they have been modified and made more elaborate for each type of land use. Typically off street parking is required to be provided for each development before it is approved for construction. The off street parking demands were designed for new construction usually on open land. Often the off street parking requirements are a principal determinant for how much square footage can be built on a given site.

Many of the best and most vibrant center cities and downtowns developed long before the advent of the automobile and modern zoning codes, as is the case in Portsmouth. Consequently, the core of the city is already densely developed with small lots and buildings that cover most if not all of the lot. Therefore, it is not possible or even desirable to provide off street parking of the type and quantity envisioned in most zoning schemes. At various times, the City of Portsmouth understood that it was not possible to provide off street parking in the central business district and thus the CBD was exempted from off street parking requirement in the Zoning Ordinance from at least 1966 through 1982. After that time, the city began require off street parking at the same rate as more suburban locations. Only in the most recent Zoning Ordinance has the City modified the off street parking requirement for some of the land uses.

Minimum parking requirements have several unintended consequences in a downtown environment, as these requirements:

- encourage driving;
- increase the costs of building;
- discourage the reuse of historic structures that cannot provide parking; and,
- tend to foster sprawl by sending developers to greenfield sites.

² Beginning with Columbus, Ohio in 1923. In 1946 only 17% of US cities had parking requirements, in 1951, 71% had them (Source: Nelson/Nygaard Consulting Associates, Boston).

As Portsmouth has already done for ground floor uses in the downtown other than restaurants, many cities are abolishing downtown parking minimum criteria. Indeed many instead are establishing maximum parking limits. For example, parking maximums have been adopted in Boston, San Francisco, Seattle, Portland Oregon and San Antonio.

- Coral Gables, FL
- Eugene, OR
- Fort Myers, FL
- Fort Pierce, FL
- Great Britain (entire nation)
- Los Angeles, CA
- Milwaukee, WI
- Olympia, WA
- Portland, OR
- San Francisco, CA
- Stuart, FL
- Seattle, WA
- Spokane, WA
- Ventura, CA

Many cities have also abolished minimum parking requirements in their downtown areas (right).

Portsmouth’s present downtown parking requirements, if applied to all existing commercial uses downtown, would show the “need” for more than 5,500 spaces, or more than 50% more than presently exists downtown.

Parking Supply and Occupancy Rates

Supply. The Study Area has a variety of parking types. Public parking consists of on street metered and unmetered spaces and off street structured and at grade metered and unmetered spaces. According to the City, parking supply breaks down as depicted to the right.³

On-street		Off-street	
Metered	617	HHanover	902
Unmetered	98	Metered	231
Parrott Lot	187	unmetered	15
Private			1625
	Total		3675

The Off Street - Private parking spaces were determined by reviewing aerial photos of all the parcels and counting the surface spaces as well as checking selected off-street parking facilities (i.e. Harbourplace Garage, etc.). There may be some undercounting because some spaces were obscured by vegetation and buildings. It is interesting to note that private spaces constitute some 42 percent of the downtown supply.

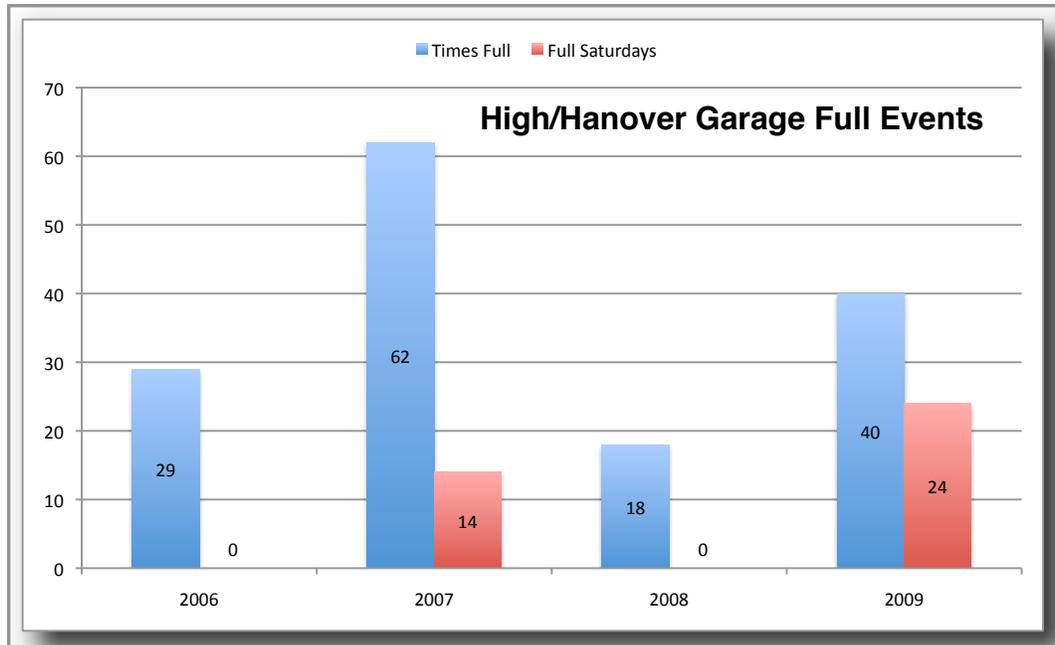
Occupancy. The City also maintains data on the percentage of occupancy of its on-street parking in the downtown. This data shows that several prime downtown locations (Congress, Pleasant and Market Streets) regularly experience a more than 100% occupancy, due to the pay and display metering system that allows available meter time/space to be “sold” more than once when a patron departs early.

³ This tally does not include the temporary 200 spaces adjacent to the new Marriott hotel.

These same prime areas averaged 95% to 103% occupancy for the first two weeks of March this year, well above the industry average target of 85% occupancy. These are indications of low pricing, strong demand and high turnover.

In most any vibrant park-once environment, there is often an unquantified lament that there is not enough parking. We have struggled with the available data, but a “litmus test” of adequacy of the existing supply and demand may be found in the occupancy rates of the High/Hanover garage.

The higher number of “full” days in 2009 is an indication of the economy improving over 2008, but 40 full event days are also an indication of needed parking (during this same 4-year period, the garage also experienced four full events on Sundays). It



should be noted that a “full” event does not mean the garage was full for 24 hours, only that it reached capacity at some time or times during a 24 hour period.

The City should consider variable or tiered pricing to reflect this usage pattern, and the higher desirability of some of the downtown spaces over others, with more desirable spaces costing more than the less desirable ones. This concept is addressed more fully below.

Similarly with regard to revenue, the City should consider charging for some or all on-street parking on Sundays (as it presently does for the High/Hanover garage). This alone could increase on-street revenue by 16%.

The number of full days of the High Hanover garage equate to more driving around the downtown by patrons seeking parking, and possibly some of those patrons departing the downtown without finding a space at all; both of these outcomes should be avoided.

Downtown Parking Demand: General

In a downtown park-once environment it simply is not practical (or appropriate) to calculate the off street parking demand on a building by building basis. The following analysis and discussion compares Portsmouth’s downtown to other park-once mixed use downtown areas.

In suburban locations, where each individual parcel is required to supply its own parking, it is easier to establish individual parking supply and demand calculations based on documents such as the ITE document mentioned earlier. The 2006 report claiming a downtown deficiency of some 829 spaces used this sort of analysis, which is flawed for a downtown park-once environment.⁴

In a downtown, park-once, environment it is increasingly common to establish an overall ratio of parking per thousand square feet of commercial uses in the area. Based on extensive research conducted by one of the authors of this report for the City of Santa Monica, this ratio is usually in the range of 2.0 to 2.4 spaces/1000 square feet of commercial use for a place such as Portsmouth. Santa Monica selected a ratio range of 2.2 to 2.3, but it has a significant amount of regional-serving retail, including an Apple store.

Boston, understandably a much denser city, and one much better served by transit than Portsmouth uses ratios of between 0.4 to 1 space maximum per 1000 square feet of non-residential.

The ratios shown here for the four Western cities were actual daily occupied ratios, not overall supply. If these four are averaged (1.75), and then divided by the desired 85% occupancy rate, an average supply ratio of 2.1 is derived.

Downtown Parking Occupancy	
City	Parking/1,000 Sq Ft (Commercial)
Chico	1.7
Palo Alto	1.9
Santa Monica	1.8
Kirkland	1.6

A recent paper by Marshall and Garrick studied three downtown areas (Brattleboro, Vt; Northampton, Ma; and, West Hartford, Ct), comparing those areas with more suburban mixed use centers in Avon and Glastonbury Ct.⁵ This study found that the downtown areas furnished parking at the ratio of 2.3/1000 square feet of space, with a peak usage of 79.8%.⁶ Since a peak usage ratio of 85% is considered adequate, this shows that these cities have a little “extra” parking. Doing the arithmetic shows that a ratio of 2.16 would result in an 85% usage ratio for these cities.

⁴ For denser areas well served by transit, even Boston’s maximum ratio of 1.0 has been shown to be high. Jersey City, New Jersey reduced its ratio from 1.0 to 0.9/1000 after a 1990 study published in the ITE’s 1990 Compendium of Technical Papers, pp. 187-190

⁵ “Parking at Mixed-Use Centers in Small Cities” Marshall & Garrick, Transportation Research Board, Washington DC, 2006

⁶ Marshall & Garrick, Table 1, pg 18.

Downtown Parking Demand:Portsmouth

Based on Assessor's information, there is approximately 1,833,870 sq. ft. of commercial uses in the downtown. There are presently 3,675 public and private parking spaces in the Study area.

This data yields an existing downtown overall ratio of 2.0 spaces/1000 which the above analysis and discussion has shown to be low. To quantify this deficiency, calculations were done for downtown Portsmouth with ratios from 2.0 to 2.4/1000 square feet of commercial.

Parking Ratio	Total Spaces	Spaces Needed
2.0	3668	Existing
2.1	3851	176
2.2	4034	359
2.3	4218	543
2.4	4401	726

Obviously, the existing vacancies have "helped" with the somewhat low supply of parking: if all of the space downtown were fully occupied, the parking shortage would be quickly noted more often. The temporary 200 spaces will put the downtown into a 2.1 ratio.

Finally with regard to ratios, the City has contemplated converting the existing 110-space Worth parking lot into a parking garage, which will provide a net gain of 330 spaces. Given the analysis above, that amount of added parking will bring Portsmouth directly in line with a 2.2/1000 ratio, which is likely a little bit high for the downtown, but which will allow for some growth into the near future as well.

Parking as Necessary Public Infrastructure

The provision of needed parking in the downtown needs to be understood in a broader context of needed public infrastructure. Just as the City provides other essential services for the downtown--water and sewer systems, trash removal, streets, street lighting, and similar essential services, it should also supply a well functioning public parking system which provides both on and off street paid and free parking. Parking should not be thought of as a function that primarily benefits the businesses downtown. Rather it is an essential service that mutually benefits consumers, residents, and the businesses and it must be available in sufficient quantities in order to have and maintain a viable downtown. On the other hand, we do not believe that there should be an excessive supply either because that takes valuable land out of productive uses that provide the vitality for the downtown. Parking should be thought of as a needed support service not as a primary use for downtown property.

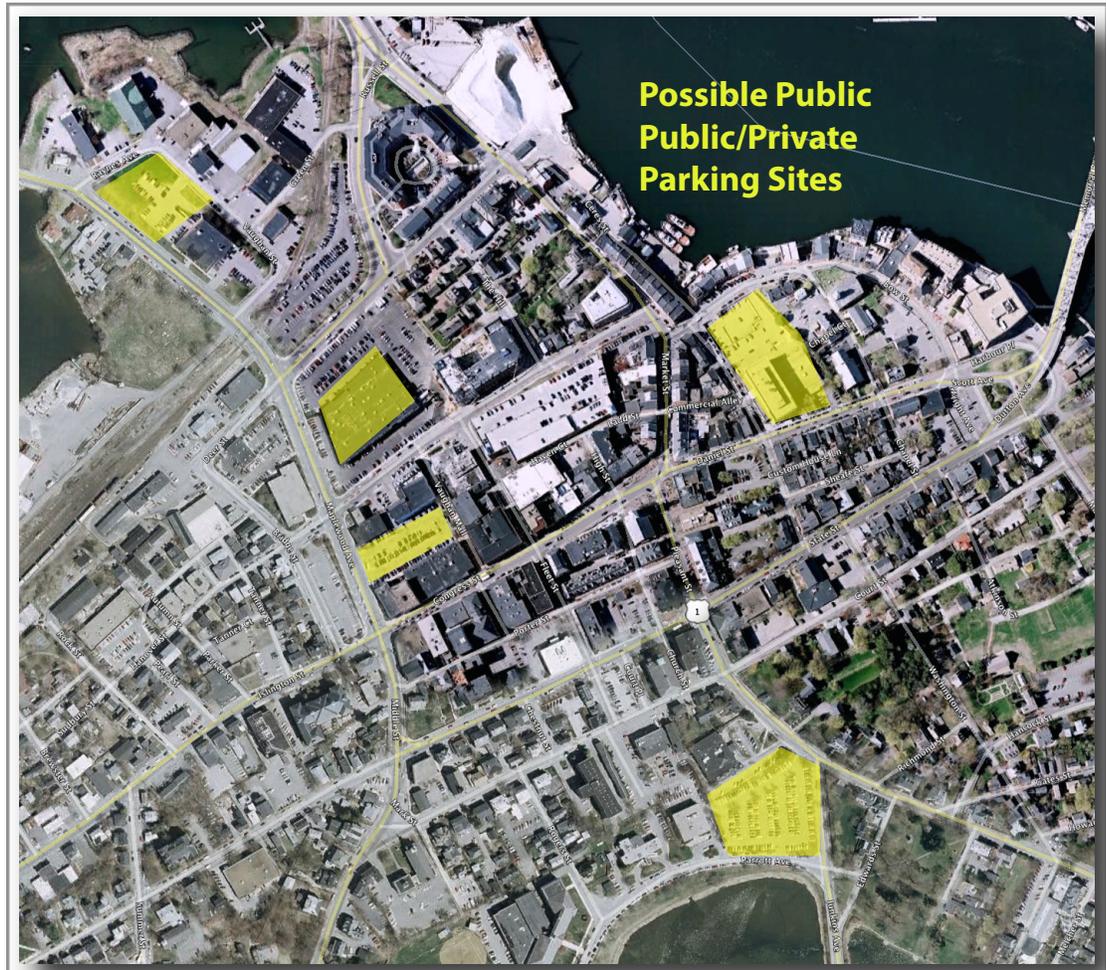
Only in limited instances can the private sector supply parking downtown. It is only possible when there is sufficient open land that can be used to supply at-grade parking. For the most part, it is not financially viable for the private sector to supply structured off street parking.

When lots are large enough (about 20,000 square feet or larger), then it would be wise for private users to supply at least some of their parking needs on site or in partnership with the City. Interestingly, of the some 329 lots in the downtown Study Area, only 33 or about 10 percent are 20,000 square feet or larger. In general, we believe it is unwise to require off-street parking on individual lots smaller than 20,000 square feet because of the unintended consequences (potential demolition of historic structures, loss of streetscape continuity, and similar factors) that could flow from such requirements.

We believe that it is the City's interest and for the downtown's long term viability that the City should be the primary provider of public parking. It should place off street parking structures and phase out

surface lots at strategic locations around the downtown so that all uses are in reasonable proximity to such parking facilities.

As a first step, we believe that the City should complete the design of a parking structure for the Worth lot and bond the construction of the garage, paying for it with parking revenue, as was done for the High/Hanover garage.



Parking Revenue and Expenditures

The City's parking system is a major generator of revenue for the City. It is estimated that in FY 2010 the City will receive some \$3.6 million from the sources below:

Parking Revenue

Parking Garage	\$1,140,000
Parking Meter Fees	960,000
Violations and Fines	930,000
Garage Leases	560,000
Other	25,500
Total	\$3,615,500

Parking and Transportation Expenses

Operating Costs Personnel, Utilities, Meter collection, Contracted services, etc.	\$1,280,700
Non Operating Debt Service, Capital Projects, Transportation	\$ 966,000
Sub-total	\$2,246,700

Net Revenue Available \$1,368,800

Clearly, there is a large amount of net revenue available that could be used to fund future construction of a new parking garage. Furthermore, since there is a debt service payment of \$473,000 in the Non-Operating line above, then even more net revenue will be available next year since that is the last payment on the High Hanover Parking Garage.

Financing Needed Parking

There is clearly a path for the City to finance a 440 space parking garage on the Worth

Debt Service for Worth Lot Garage; \$11,000,000 @ 4.25%				
Year	Principal	Interest	Total Payment	Remaining
1	\$550,000	\$467,500	\$1,017,500	\$10,450,000
2	\$550,000	\$444,125	\$994,125	\$9,900,000
3	\$550,000	\$420,750	\$970,750	\$9,350,000
4	\$550,000	\$397,375	\$947,375	\$8,800,000
5	\$550,000	\$374,000	\$924,000	\$8,250,000
6	\$550,000	\$350,625	\$900,625	\$7,700,000
7	\$550,000	\$327,250	\$877,250	\$7,150,000
8	\$550,000	\$303,875	\$853,875	\$6,600,000
9	\$550,000	\$280,500	\$830,500	\$6,050,000
10	\$550,000	\$257,125	\$807,125	\$5,500,000
11	\$550,000	\$233,750	\$783,750	\$4,950,000
12	\$550,000	\$210,375	\$760,375	\$4,400,000
13	\$550,000	\$187,000	\$737,000	\$3,850,000
14	\$550,000	\$163,625	\$713,625	\$3,300,000
15	\$550,000	\$140,250	\$690,250	\$2,750,000
16	\$550,000	\$116,875	\$666,875	\$2,200,000
17	\$550,000	\$93,500	\$643,500	\$1,650,000
18	\$550,000	\$70,125	\$620,125	\$1,100,000
19	\$550,000	\$46,750	\$596,750	\$550,000
20	\$550,000	\$23,375	\$573,375	\$0

Lot. The payment schedule of a 20 year Bond issue is illustrated above. It assumes that that such a garage can be built for about \$11,000,000 or about \$25,000 per space.

The average payment over the life of the bond is \$795,437 per year with the highest payment in year one of \$1,018,000. That is well below the net revenue of about \$1,841,800 which will be available starting in FY 2011.

Many cities build downtown parking as a source of revenue, as well as to better manage the parking facilities for downtown enhancement. Santa Monica, California has done this for many years with success.

Pasadena California instituted a program in 1987 where all parking revenues were invested in the downtown, or "Old Pasadena" as it is termed. This program is widely credited with catalyzing a significant transformation and revitalization of that part of the city. From the start, its meters have had simple labels on them (above) informing patrons where the meter money would be spent.



PARKING “IN LIEU OF” OR IMPACT FEES

Background

The requirement that private owners provide off-street parking on their own lots in the Central Business District is of relatively recent vintage. Since at least March 1966 through May 19, 1982, properties in the Central business District were exempt from providing off street parking required in the remainder of the City. The rationale was that in the compact and historically important CBD, a majority of lots were too small to provide off street parking or the lot was already completely or mostly filled with a building. Furthermore, the City did not want owners buying property to demolish buildings in order to provide off-street parking. The exemption from the parking requirement was an important component of the revitalization process that developed in the CBD in the 1970s and the retention of the historic fabric of the downtown.

From May 1982 through December 1995 if the parking demand on a property was less than 50 spaces, then no off-street parking needed to be provided. If there was a demand for more than 50 spaces, then an applicant could apply for a special exception from the Board of Adjustment to be relieved of the parking requirement if there was public parking within 500 feet of the proposed use.

Starting in August 1997, a somewhat complicated system for determining the unmet parking demand was set up. As a result of the calculations, if there was an unmet parking need, applicants were required to meet the unmet need by paying \$500 per parking space of unmet demand. Various variations of this approach remained in the ordinance for all uses up until the new ordinance was passed in December 2009.

10.1115.21 The following requirements shall apply in the Downtown Overlay District in lieu of the requirements in Section 10.1112.30:	
Use	Required Parking Spaces
Restaurant	1 space per 100 square feet GFA
Other ground floor uses	No requirement
Other upper floor uses (residential and nonresidential)	1 space per 1,000 square feet GFA

The December 2009 ordinance, above, simplified the calculation process. The total “in lieu of” fee is determined by multiplying the number of needed spaces by \$5,000 per space.

The City contends that the fee being charged is not an impact fee, but a payment “in lieu of” providing off street parking. One reason the City avoids calling it an impact fee is that the New Hampshire statutes do not permit a municipality to collect impact fees for creating off-street parking.

Nevertheless, the fee's collection and use mechanisms are set up with specific provisions that are similar to the impact fee legislation. For example, the fees must be encumbered or expended in the CBA and CBB districts within 6 years from the time the fee was collected or it must be returned with interest. Both of those provisions appear in the State's legislation for impact fees.

Funds Generated from "In Lieu of" Fees

The City started collecting revenue for off-street parking in the fall of 1997 and it has continued collecting funds up to the present time. According to City records, the funds came in as follows:

Fiscal Year	Amount	Average Per Space
1997	\$ 3,500.00	\$500
1998	\$ 42,500.00	\$500
1999	\$ 50,000.00	\$500
2000	\$ 53,000.00	\$500
2001	\$ 27,000.00	\$500
2002	\$ 13,000.00	\$500
2003	\$ 30,500.00	\$500
2004	\$ 41,500.00	\$500
2005	\$114,600.00	\$526
2006	\$ 56,416.00	\$910
2007	\$ 24,960.00	\$1,248
2008	\$193,506.00	\$1,217
2009	\$161,107.00	\$1,299
2010	\$ 0.00	
Total	\$811,589.00	
Average / year	\$ 62,430.00 (excludes 2010)	

It can be seen that revenue fluctuated substantially over the years from a low of \$3,500 in 2003 to a high of \$193,506.00 in 2008 with an average of \$62,430 per year over the 13 full years that the funds have been collected. The fee per space started at \$500 in 1997. Then upon revision of the Zoning Ordinance in 2006 the fee per space was raised to \$1,306 and that continued until the current revision to \$5,000 per space effective on January 1, 2010.

Expenditures of the Funds

Even though the funds were collected from applicants on the basis of providing for off-street parking, the funds were not obligated to be spent for creating off-street parking. In fact, the record shows that some 148 temporary (by lease agreement) parking spaces were created in locations remote from the downtown. Other expenditures were for transportation related activities that did not produce parking. The City records indicate that the following expenditures were made from the fund through March 5, 2010. They are ranked by size and rounded to the nearest \$100.

Design and Construction of High Hanover Transit Center	\$192,600
Parking Lot Lease (Masonic Lot, 58 spaces) including improvements and annual lease pmts. since 2000.	\$139,100
Harbor Corp. Parking Study (Westin Hotel site)	\$ 34,000
Assembly of God Parking Lease, 90 spaces including for paving, repair, striping and advertising	\$ 22,500
Parking Meter Purchases	\$ 15,700
Replacement of existing meters	
High Hanover Parking garage revenue system and validation stamps	\$ 12,400
Holiday Trolley Service	\$ 7,900
Market Square Day Trolley Service	\$ 300

Total Expenditures as of 3/5/10. \$424,500

This data indicates that there are two expenditures (totaling \$161,600) that actually created public parking spaces. Both are for improvements to and lease payments for the Masonic Temple parking lot (58 spaces) on the corner of Middle Street and Miller Avenue and the Bethany Assembly of God lot (90 spaces) on Market Street Extension. The Masonic Lease is an annually renewable lease with a payment of \$21,000 per year currently. The Assembly of God lot is a ten year lease expiring in 2019, and there are no further payments due for the lease period.

The \$262,900 remainder of the expenditures were for creation of a bus and taxi transit area (next to the High Hanover lot), planning studies, maintenance, and improvements to existing facilities and for trolley service at holidays and Market Square Day which did not actually create additional parking. Furthermore, of the \$811,600 collected only 52.3% (or \$424,500) of the funds have been spent since the City began collecting funds in 1997.

Even though applicants were charged a fee in the absence of creating parking, no parking was actually created *in the downtown* from those fees that were collected since 1997. While the Masonic Lot does provide some parking relief for the downtown, its occupancy averages only about 45 percent, according to John Frederick. Only temporary and remote parking was created from the fees and the majority of the funds expended (61.9 %) were for projects that did not create any parking directly. The Assembly of God lot is more remote and is used by the City principally for special event such as Market Square Day, tall ships visits, and similar events.

Conclusions

The evidence suggests that the parking in lieu of or impact fee has not achieved the objective of creating off-street parking in the downtown. It has not been able to accumulate enough money on a timely basis and spend it for parking creation within the six year time frame. The parking that was created is remote from the downtown, and it is only temporary (subject to lease renewals).

The current fee of \$5,000 per space becomes an onerous burden on applicants especially for restaurants. A 2,000 square foot restaurant (considered a modest size) would generate a \$100,000 “in lieu of” parking fee-- an expense that is an unreasonable burden for almost any start-up business. It is a fee that has and will continue to put downtown at a serious competitive disadvantage vis-a-vis other outside of downtown locations. Not only is the fee a problem, the business owner is still faced with employees and patrons having to pay for on-street and off-street parking.

Even the daily and monthly parking rates, can be a disincentive for employers to remain in the downtown because outside of downtown locations offer free parking for employees and patrons. The downtown has lost several substantial office users recently due at least in part to the costs of employee parking.

The City’s requirement of 10 parking spaces/1000 square feet of restaurant space is excessively high for a park-once downtown environment (and would require more than 1,200 parking spaces- almost 40% more than the entire High/Hanover garage, **just** for restaurants). The Institute of Transportation Engineers (ITE) report Parking Generation notes an average peak parking demand of 15.4 spaces/1000 square feet of “Quality Restaurant” space, but this report is informational only (not a Recommended Practice) and, importantly, “[m]ost of the data currently available are from suburban sites with isolated single land uses with free parking”⁷.

The combination of a relatively high ratio of parking spaces required for restaurants and the associated fee act to thwart the master Plan’s goal of “incentives and innovative zoning measures to encourage desired uses”. Indeed, these two factors are a the reverse of an incentive.

⁷ ITE Parking Generation, 3rd Edition, 2004 page 2

CONCLUSIONS AND RECOMMENDATIONS

While it was well-intentioned, we find that the in-lieu parking fee does not comport with the Master Plan goal of using incentives to encourage desirable uses in the downtown.

Based on the data that has been collected and reviewed and based on the trends that we have observed, the Focus Group makes the the following recommendations.

1. Eliminate Off Street Parking Requirements in the CBA and CBB Districts

We believe that the City, in the long term, should be the primary provider of both on street and off street parking in the downtown. In that way parking lots and structures can be strategically placed in the downtown where they are needed to support economic activity. Parking should be thought of as a needed public service similar to the way the City provides water, sewer, garbage removal, street repairs, and snow plowing. This would also be in line with current CBD thinking. As Manville & Shoup note in their paper “Parking, People, and Cities”, Any zoning requirement for off-street parking in a CBD “implicitly discriminates against development in the CBD”⁸.

We also believe that large projects, being defined as ones on lots of 20,000 square feet or larger and on which 40,000 square feet or more of gross floor area is proposed should provide some parking (which market forces will likely require in any event). Demand should be calculated at 2 spaces per 1,00 square feet of gross floor area. This parking need could either be with some parking on site or by contract or other agreement with the City.

2. Repeal Parking Impact (In Lieu of) Fees

If Recommendation #1 is adopted, then a repeal would be unnecessary, but if not, the In Lieu of Fee should be removed from the Zoning Ordinance. While it is appealing to try to assess a fee for the generators of parking demand, the evidence based on 13 years of charging parking impact fees is that it does not generate permanent parking in the downtown where it is needed. Not enough revenue is generated to create structured parking. It just became an added fee that did not create parking and still required applicant to pay for parking in the form of employee subsidies, parking rebates for customers, or similar approaches. Applicants still had to deal with parking fees or they would not be able to compete with non-downtown locations where parking is customarily free.

More than half of the fees collected were expended for purposes that did not create parking. Also, more than 47 percent of the fees have not yet been expended at all. We recommend that those remaining fees be transferred to the first year’s debt service on a future parking facility, or for needed enhancements of the downtown.

3. Create Additional Off Street Parking

⁸ Parking, People, and Cities Michael Manville and Donald Shoup, Journal of Urban Planning & Development, ASCE December, 2005 p. 9

This report has already demonstrated that there is a need for approximately 100 to 300 more parking spaces now and the need will increase in the future as building resumes and vacancies diminish after this economic downturn subsides. We recommend that the Worth Parking Lot be the location of the next structured parking facility. It is already owned by the City and it has been vetted and preliminary plans have been drawn. Furthermore, there is a clear path to financing the facility because the last bond payment on the High Hanover Parking Facility will be made in 2010. Furthermore, there is already surplus revenue being generated from existing parking revenues that can pay for a new bond issue.

We recommend that other strategic sites be identified for future off street parking. Sites to be considered should include: the Parrott Avenue Lot for expansion; the current Federal Building site; a public-private partnership (if legally permissible) with current or future large scale developments such as Port Walk, the Westin Hotel and others; and, land in the Northern Tier.

4. Create a Parking Enterprise Fund

The City Manager has been working toward the creation of a dedicated or Enterprise Fund into which all parking related revenues would be deposited. Those funds would then be used exclusively for downtown parking and downtown enhancements including the creation of new structured and at grade parking, debt service payments, maintenance of all parking facilities, and if revenues permit, for enhancements to downtown infrastructure such as sidewalks, lighting and streetscape improvements. This enterprise fund would function in a manner similar to the water and sewer enterprise fund which relies on dedicated fees for that specific purpose.

Currently, the City has surplus revenues from parking of about \$1.37 million (increasing to \$1.84 million in FY 2011) which goes into the General Fund. But ultimately, that revenue is needed to support a comprehensive parking, green transit and enhancement system for the downtown. Over the short run, a portion of these net revenues should be allocated to debt service of a new garage on the Worth lot. Over the long term, all of the surplus revenues should be dedicated to downtown enhancements and downtown parking.

5. Provide Limited Free and Low Cost Parking

Currently, the City has one major City parking lot that is free, the Parrott Avenue lot with 187 spaces. It is heavily used by employees and residents of downtown. Some are employees for whom the monthly parking garage fee would be cost prohibitive. There is a need to guarantee free and/or low cost parking serving the downtown for these employees who do not make enough money to pay for monthly parking services in the High Hanover garage. A portion of the Parrott Avenue lot could be permit-only and be the free/low cost portion of the lot for downtown residents and employees. The balance of the lot should be metered.

Another option for downtown residents and employees would be free/low cost parking on the roof of the High/Hanover garage.

We recommend that the City study the future possibility of creating another deck or a full multi-level garage on the Parrott Avenue lot. One level or a portion of a level could remain free/low

cost for designated users and other levels would be priced according to a new location-related system of pricing discussed below. We believe there will be a continuing need to accommodate lower wage workers and residents in the downtown for whom full price parking facilities is simply not an option.

6. Provide Variable On Street Parking Rates and Durations

With the new parking station technology the City has employed, it is now possible to determine where the demand for parking spaces is the strongest. In high demand locations, the City should consider raising the on street rates a modest amount. However, off street and structured parking rates would remain somewhat lower to encourage long term parkers into parking garages and to free up highest demand areas for frequent turnover.

In areas where the demand is low, particularly on the periphery of the downtown, the City should consider allowing longer term parking, such as four hours or even more in some locations where demand is the lowest. In that way, those who have to park all day will be able to migrate to parking locations where they will not have to “feed the meter” frequently during the day.

Furthermore, we recommend that the City consider having the High Hanover and future parking garages employ some variability in rates. Many parking garages in other jurisdictions have a few prime reserved spaces near the entrance to the garage. These spaces might command a premium rate for those who value convenience over price.

In the final analysis, since the City now has the technology to analyze and adjust rates and duration of parking, it should use that technology to create a parking system that is responsive to demand by adjusting rates and duration of parking.

7. Invest Some Revenues in Downtown Enhancements

A part of keeping a downtown viable and vibrant is to have facilities that meet the highest standards of design excellence and maintenance. Over the years the City has done a commendable job in investing in downtown infrastructure. But there is a continuing need to maintain that investment. The original Market Square pedestrian plazas are now 33 years old and are in need of rehabilitation. Furthermore, there is a need for a comprehensive public signage/ wayfinding system that is user friendly and well designed. Finally, high quality public art and sculpture would enhance the overall attractiveness and vitality of the downtown. Therefore, we recommend that the City consider designating a small portion of the parking revenue stream for these important enhancements to the downtown.