Council Agenda Report

From:	Ty Lewis, City Manager
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Subject: Downtown On-Street Parking Program

CEQA Determination: The City find that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.

Date: December 20, 2022

Facts

1. In 2019, the City initiated a downtown paid parking program. The goals of the program were to manage on-street demand (to maintain adequate occupancy rates); use technology to improve the parking experience; create an employee parking program; and to create a program that will be cost-neutral by the fifth year.

2. Since implementation, the paid parking program has been successful in managing on-street demand and the City has developed a robust employee (and senior) parking program. However, to date the user-friendliness of current parking program, the accompanying technology, and cost-neutrality of the program has not been achieved.

3. City Council has held a series of public meetings over the past several years to address the concerns of the paid parking program. In 2022, public meetings consisted of the following:

    a. On February 1, 2022, City Council deferred enacting recommended modifications, by the Downtown Parking Advisory Commission (DPAC), to the terms and conditions of the pilot senior parking permit program. Council directed staff to update the DPAC on parking program financial information, apply financial data to create a strategy aimed at increasing parking program cost recovery and to bring additional options regarding residency requirements for the senior permit program.

    b. On March 3, 2022, the DPAC reviewed occupancy and financial data for the parking program. The commission voted to recommend to City Council to change the paid parking program rates to increase cost recovery. The Commission declined to review their recommendation from November regarding senior permits.

    c. On March 15, 2022, City Council reviewed the financial data for the parking program. City Council continued the discussion of the paid parking rates with direction to bring additional figures on differential tier rates and some preliminary information on what it would take to consider a TOT increase as it related to funding sources for future parking –related improvements and operations.

    d. On April 9, 2022, both the City Council and the Downtown Parking Advisory Commission held a joint meeting to discuss modifications to the parking rates. At that time, City Council directed staff to maintain the parking program in its current form; to explore funding strategies for a parking structure; and to provide an update in six months.

Options

1. Take no action;
2. Approve eliminating free parking within existing paid parking zones and increase the hourly rate to $2 per hour, remove the permit parking area within the City Hall/Library and train station parking lots, upgrade parking system related technology, and implement a program for local residents subject to future City Council review;
3. Provide alternative recommendations and/or direction to staff.

Analysis and Conclusions

In 2019, the City implemented a paid parking program in order to address parking availability concerns in the core of the downtown area. The program, in its current form, provides patrons with two free hours of parking per day, and charges for $1 per hour thereafter.

The program has achieved several objectives:

- Improved on-street parking availability for visitors, customers, and residents (85% occupancy rate during peak days and hours since implementation of the program which is considered a best practice occupancy level target);
- Improved parking turnover and customer convenience for local businesses; and
- Limited employees from parking directly in front of local businesses for multiple hours.

The revenues from the parking program are largely paid for by visitors and has not adversely impacted downtown businesses. However, based on a wholistic staff review of the program, including feedback from users, the program's initial free parking and the associated technology does not lend itself to be cost-neutral or user-friendly.
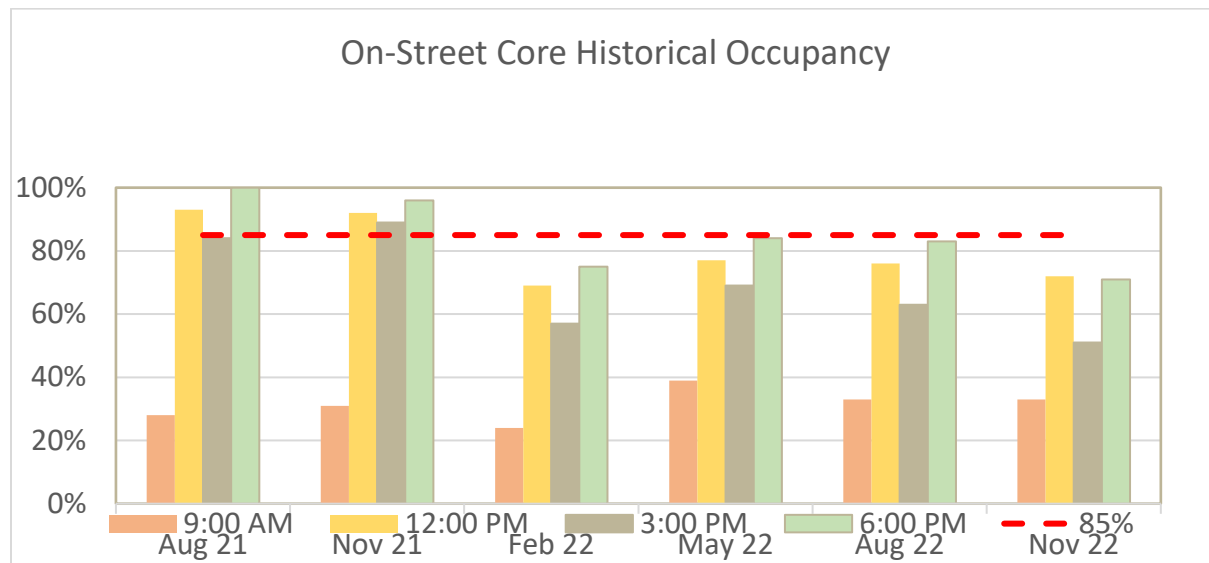
As previously mentioned, the parking program has yet to achieve cost neutrality through permitting, existing hourly parking rates, or by enforcement penalties. The program's solvency was negatively impacted by significant start-up costs and the COVID-19 pandemic. Regardless, the parking program is not generating enough revenue to sustain upfront and ongoing costs. As of June 30, 2022, the General Fund loan to the Parking Fund (loan provided for startup costs and initial ongoing operations) is approximately $660,000 (approximately 80% of the loan amount is related to one-time equipment needs such as kiosk, vehicles, license plate readers, etc.).

Since May 2021, the paid parking revenues average $11,800 per month; during the same time period, on-going expenses were just under $30,000 per month. As a result, the current fee structure simply will not achieve cost neutrality. In fact, the only reason the interfund loan is not larger is because of parking enforcement that has occurred since January 2022. Since then, the City has received approximately $250,000 in citation revenue, an average of about $28,500 per month (not included in the chart below). Citation revenue is a revenue stream that is accounted for in the downtown parking program and will be used towards ongoing operations and to pay down the general fund loan; however, it is not a good business model to be dependent on citation revenue, as the intent of the parking program is compliance, not enforcement.

Parking Fee Revenues by Month
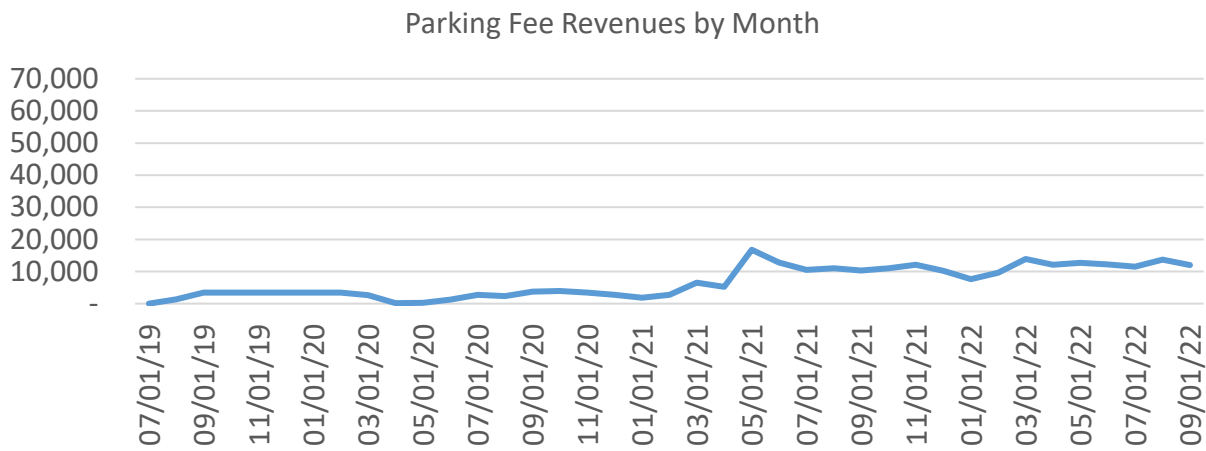
The other major problem with the current parking program relates to the confusion of the program. Specifically, the most common reason for a citation relates to the first two hours of free parking, in that a typical patron does not register their license plate into the parking system if they are planning to spend less than two hours in the area. However, registering license plates is the only mechanism to determine whether a car is authorized to park or not, so all patrons must register their plates regardless of whether or not their parking session is free. To best remedy this situation is to charge for parking at the first minute. If paid parking occurs from the first minute, patrons must pay first, which will require entering of license plate information. Staff is not aware of any on-street paid parking program that combines "free" and paid parking within the same parking space, in the same parking session.
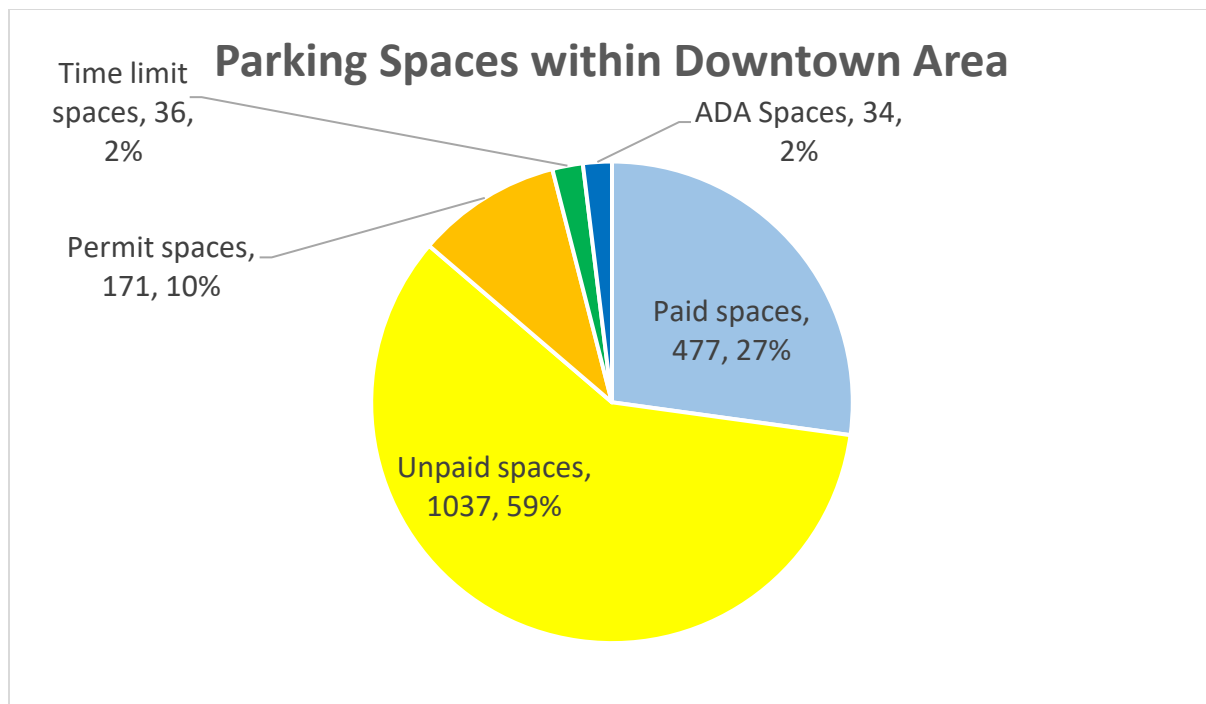
Charging for parking at the first minute will also address the lack of revenues the program is currently recognizing, as the vast majority of parking sessions today are free. How much revenue the City will receive if it were to charge from minute-one is unknown but estimated to be approximately $1 million. The reason for not knowing how much revenues will be received specifically is because current data cannot differentiate between someone who parks for 10 minutes, and someone who parks for one hour, 50 minutes, as both of those parking sessions are free. The City of San Luis Obispo has had a parking program for several years and the average parking session is one hour and fifteen minutes. Based on the average number of sessions our City has seen over the past several years, assuming an average session of one hour, fifteen minutes, and at $2 per hour, that calculates to approximately $85,000 per month.

The other major cause of confusion with the current parking program relates to the WayToPark application (app), in that it does not always work properly. This app was provided to the City at no charge and is one of the only app's that does not charge the City for when patrons have a free parking session (most app's will still charge a per transaction fee, even if the parking session is free). Furthermore, as of December 31, 2022, the

company is no longer supporting this app and the City needs to change vendors. This will have a direct increase in cost to the parking program, further indicating the need for increased parking revenues. City staff will be exploring options, including utilization of multiple applications, so that patrons can potentially use the same app in multiple cities, which is becoming an increasingly common parking management best practice.

Addressing Parking for Locals

One of the greatest challenges with the paid parking program relates to the fairness to local residents. To-date, the City has implemented a senior citizen and an employee parking program to mitigate those impacts. Staff is not recommending any changes to those existing programs. Currently there are approximately 1,755 parking spaces in the downtown area; 477 of those are the premium spaces that are part of the paid parking program; 171 are reserved for the employee parking program; and 1,037 spaces are not part of this parking program and are free to park in. Nearly 60 percent of on street and public parking lot spaces within 1/3 mile of City Park are free for the entire day.

Parking Spaces within Downtown Area

- Time limit spaces, 36, 2%
- ADA Spaces, 34, 2%
- Permit spaces, 171, 10%
- Paid spaces, 477, 27%
- Unpaid spaces, 1037, 59%

Nonetheless, staff is exploring "coupon" or "credit" options to provide more opportunities for residents to utilize the paid parking spaces at a discounted rate. It is envisioned that this coupon option will allow free hours of parking for residents by going through a one-time verification process and then entering a code into the kiosk or via an app. Staff is still developing the details and will be provided for City Council consideration in the near future.

Lastly, staff is recommending converting two employee permit parking lots to unpaid spaces: the first is located at the City Hall/Library and the other across the street from the City Hall Annex building, next to the train station. Currently, half of the City Hall/Library parking lot is free, and the other half employee parking. Staff recommends converting the entire lot as free parking. This will provide additional options for locals to park for free and will also reduce confusion in this parking lot, since half the lot is free and half permit-only parking. This will increase accessibility for those needing to access City services or participate in public meetings and events that take place at City Hall. The parking lot by the City Hall Annex is significantly utilized and would be better suited for a local's option to park for free.

Parking Structure

Based on existing on-street parking demand, the number of free parking spots within a walkable distance of the downtown core area, and fiscal considerations, a parking structure is not recommended at this time. With over 1,000 free spaces within 1/3 mile of City Park, adding additional paid public parking in the form of a parking structure is not justified. Furthermore, construction of a parking structure is currently estimated to be $36,000 to $44,000 per space and ongoing operating costs will likely exceed six figures annually.

The City of San Luis Obispo's new structure currently under construction is estimated to be $134,000 per space. To pay for construction and operations, the City recently approved the doubling of downtown parking rates, effective July 2023. Certain parking related fines will increase by $5 to $27. The City is also considering eliminating the first-hour-free component to parking structure rates.

Should the need arise in the future to consider a parking structure, several items will need to be addressed, including, but not limited to:

Item	Notes
Capital Funding	Is it paid for by a bond measure requiring a property assessment to local property owners?; Paid by revenues generating from setting on-street parking rates at a level sufficient to generate cash flow for existing operations and debt service?
Operating Funding	Must consider funding mechanism/rate structure to support ongoing operations and maintenance, including security, cleaning, maintenance of required EV equipment, elevator maintenance, lighting, payment system, etc.
Location	Will it be a standalone structure?; Included as part of a larger municipal facility such as a City Hall expansion project?

Community Benefit

Because on-street parking is predominately used and paid by visitors, a properly implemented system can generate revenues beyond what is necessary to offset parking operating costs. These revenues can be used to directly reinvest in the areas in which the paid parking system is located. This funding could be used to work collaboratively with downtown business owners to enhance customer experiences through increased lighting, pedestrian improvements, and other mutually beneficial improvements. This revenue could supplant general revenues that could then be used to maximize improvements that predominately benefit residents.

Fiscal Impact

Financial projections estimate that if no changes are made to the existing parking program, the program will continue to expend more than it receives. If City Council adopts recommended rate increases to $2 per hour with no free time, it is projected the program will have a net revenue within one year.

CEQA

The City find that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (b)(2)-(3), 15378.

Recommendation

Approve eliminating free parking within existing paid parking zones and increase the hourly rate to $2 per hour, remove the permit parking area within the City Hall/Library and train station parking lots, upgrade parking system related technology, and implement a program for local residents subject to future City Council review.

Attachments
1. Map of Parking Spaces in Downtown Core

CITY OF PASO ROBLES
DOWNTOWN PARKING PROGRAM
Status of Current Parking Spaces Downtown
December 20, 2022

Space Type	Amount	%
Unpaid Spaces	1,037	59%
Paid Spaces	466	27%
Permit Spaces	171	10%
Time-Limit Spaces	47	3%
ADA Spaces	34	2%
Total Spaces	1,755	