



City Council Staff Report

Subject: Parking Fee-in-Lieu & Long Term Parking Strategy
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Department: Transportation Planning/Econ Development/Budget
Date: December 11, 2014
Type of Item: Administrative

Summary Recommendations:

Staff recommends that Council provide the following direction regarding the parking fee-in-lieu program and the development of a long term parking strategy.

1. Continue the Parking-Fee-in-Lieu program.
2. Direct staff to return to Council on December 18th to adopt an amended fee resolution that includes a Parking fee-in-lieu of \$30,000 per space.
3. Do not immediately pursue a program of enhancing parking supply in the Main Street core.
4. Review the City's current business license fee and return with a recommendation as part of the FY2016 budget process.

Background:

The Historic Commercial Business district (HCB) includes upper Main Street, Swede Alley and several other properties that fall within the boundaries of the zoning map found on the following page.

Park City's Land Management Code requires developers to provide a minimum amount of parking spaces as a condition of zoning approval. The minimum parking requirement for non-residential use in the City's Historic Commercial Business District (HCB) is 6 parking spaces per 1,000 sq. feet of building floor area. This requirement is set forth in The PCMC Municipal Code Chapter 15-2.6-9. This requirement applies to all new construction with some exceptions provided for in PCMC Municipal Code 15-2.6-9.

Construction projects within the HCB have the option of meeting their parking requirement by constructing the required parking on site or by paying a Parking-in-lieu fee. The parking-in-lieu fee is only available as an option to meet minimum parking requirements within the HCB zone. This current fee is \$14,000 per space as set forth in the City's Fee Resolution.

The link below provides a copy of the Current fee resolution.

<http://www.parkcity.org/Modules/ShowDocument.aspx?documentid=63>



The parking fee-in-lieu has been utilized in the past to provide partial funding for the construction of the China Bridge Garage. Planning and Finance records indicate that the fee-in-lieu had not been utilized by developers over the past several years but interest in the fee-in-lieu has grown with the surge in redevelopment that began in 2014. Year to date in FY2015 four (4) parking-fee-in-lieu spaces have been purchased by developers.

Parking-in-lieu fees are currently tracked using a unique revenue code and deposited into a fee-in lieu CIP account where they are maintained until expended on construction of additional parking or other mitigation of parking needs. The use of the CIP account enables the balance of unexpended fee-in-lieu revenue to be carried forward each year.

While working with the Historic Park City Alliance on the Peak Day – Peak Hour Parking Task Force staff began to question if:

1. The current \$14,000 per space parking fee-in lieu is so far below actual parking construction costs that the fee is financially motivating developers to exercise this option rather than construct the required parking?
2. The collection of the parking-in-lieu fee, and the resulting commitment to construct additional parking, is consistent with goals set forth in the City's Transportation Master Plan?
3. The City should pursue construction of additional parking, or if this was inconsistent with goals set forth in the City's Transportation Master Plan?
4. If the City's current Business License fee structure helps offset a portion of a business's transportation impacts?

Staff has researched the City's fee-in-lieu program and the findings of that research are detailed in this report.

Analysis:

Construction Site & Cost Analysis

Exclusively for the purpose of establishing an accurate fee-in-lieu number, staff engaged FFKR architects to conduct site suitability and cost analysis for potential new structured parking in the Main Street core (staff is not recommending the construction of any new parking in the Main Street core). This study looked at City owned properties in the Main Street core that were of sufficient size to construct between 70 and 500+ additional parking spaces.

The report looked at the following City properties (depicted later in this report):

- Deer Valley Drive lot
- Swede Alley lot
- North Marsac lot
- Flagpole lot
- Top of North China Bridge (structure will support 1 more level).

For each of these sites FFKR developed:

- Site elevations
- Site Pro's and Con's analysis
- Incremental parking stall counts
- Massing model
- Preliminary cost estimates

This intent of this study was to determine:

- If City owned properties could accommodate additional parking.
- The number of spaces that each site could accommodate under existing zoning conditions.
- An initial construction cost estimate per space to be used in parking-fee-in-lieu analysis.
- Concept level garage configurations.
- The mass and visual impact of any new parking structure(s).

It is important to note that the scope of work with FFKR **did not** include:

- A supply-demand analysis to determine the adequacy of the current public and private parking inventory in the Main Street district.
- Site Suitability or Constructability analysis (e.g., no geotechnical or utility studies were conducted).
- Detailed engineering or design drawings.
- A determination of potential funding strategies for construction of additional parking.

Key findings of the study are as follows.

- *Per space construction costs* far exceed current Parking fee-in lieu (\$14,000 per space). Parking construction cost estimates range from \$21,850 to \$60,080 per space (average per space cost \$41,863).

It is important to note that these costs do not include land costs. It is clear from these estimates that the City's current \$14,000 per space fee does not reflect current construction costs and is likely to provide strong financial motivation to developers to pay fee-in-lieu rather than constructing parking.

- *Space for construction of additional parking* exists within Main Street core. The study findings indicate space exists for the construction of additional parking. The study did not analyze, in any detail, the neighborhood impacts of providing additional parking (traffic, congestion, visual, noise and etc.).
- *Visual impacts of constructing additional parking* within the Main Street core. The massing studies contained in the consultant's report (attached to the back of this document) do indicate that the visual impacts of additional parking structures will be substantial.
- *Traffic impacts of additional parking* **were not** part of this analysis. Should Council direct Staff to further analyze the construction of additional parking within the Main Street core the traffic impacts on the surrounding road network should be assessed and mitigation approaches determined.

It is important to understand that although this study looked a range of City owned properties in the Main Street Core a detailed site suitability and constructability analysis was not conducted. FFKR did call out some known or readily recognizable site challenges or constraints (e.g., construction on North Marsac lot would impact existing geothermal wells used to control temperature in City Hall).

Before any sight could be seriously considered for the construction of additional parking further planning and engineering work would need to be completed to fully understand the challenges, impacts, and potentially even fatal flaws existing on any given site.

Key findings of the parking site suitability and construction cost study are contained in the graphic found on the next page.

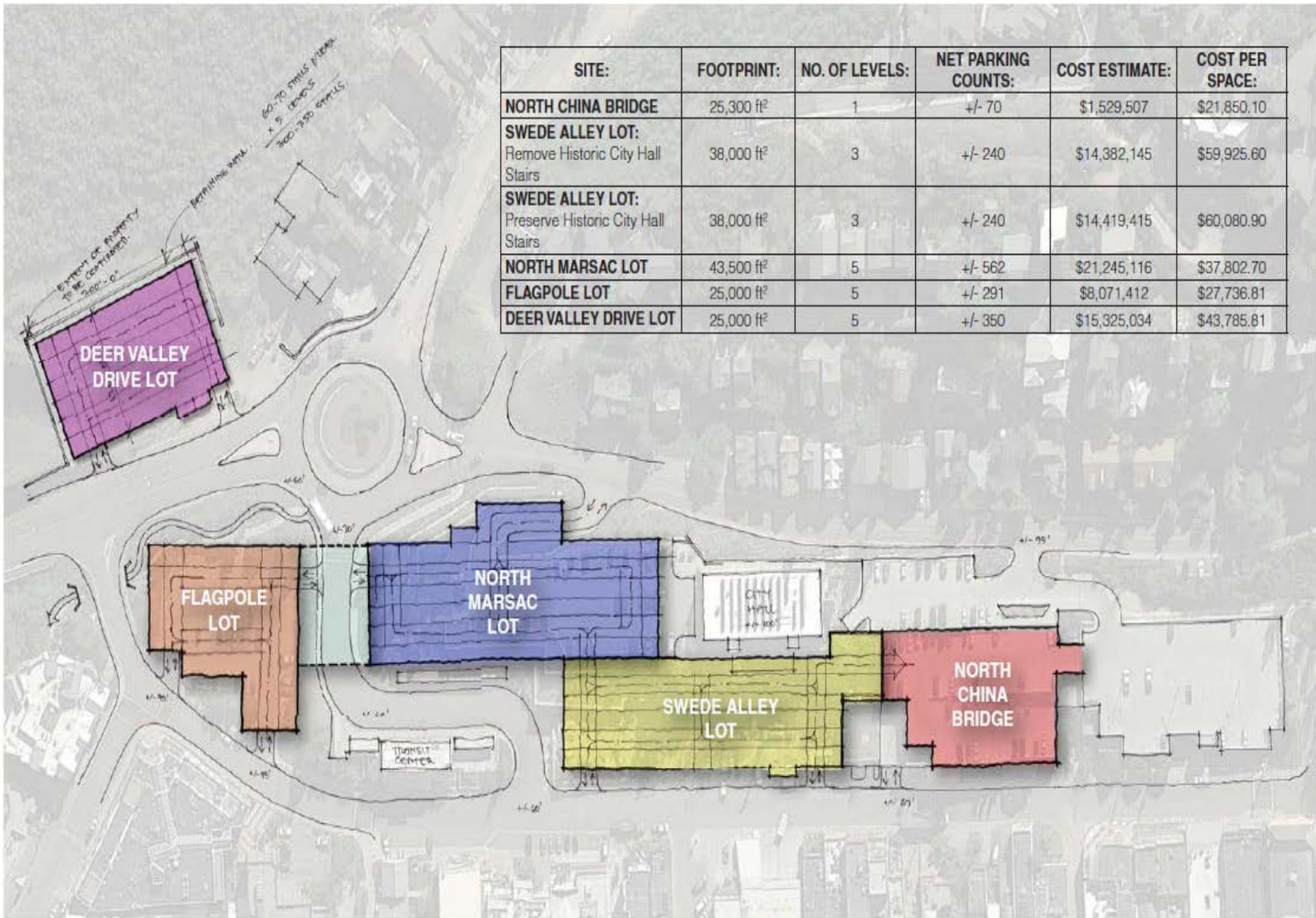
This table contained in the graphic presents the following information:

- **Site:** The name and location of each site explored.
- **Footprint:** The footprint (square feet) of a parking structure the site could accommodate.
- **No of Levels:** The floors of a parking structure that could be accommodated under existing code.
- **Net Parking Counts:** The estimated number of net spaces that could be gained (new parking spaces constructed less existing spaces on site pre-construction)
- **Cost Estimate:** Preliminary estimate of parking structure construction cost (without land cost).
- **Cost per Space:** Construction cost estimate divided by number of net spaces.

FFKR's complete report includes:

- **Massing study:** that provides a visual of each structure's mass and provides reader some indication of the likely visual impacts of each structure.
- **Preliminary cost estimates:** Cost estimates are presented in more detail.
- **Pro's & Con's analysis:** A cursory review of potential site benefits and site challenges-impacts.

A complete copy of FFKR's analysis is attached to the back of this report.



Benefits and Risks of the Fee-in-Lieu Program

The Parking Fee-In-Lieu programs offer both benefits and risks to the City. The table below depicts some of the more prominent benefits-risks.

Fee-in-lieu Benefits	Fee-in-lieu Risks
Provides an option for developers on sites where constructing required parking would be difficult, very expensive or impossible.	Setting amount of fee is complicated - too high fee will likely stifle redevelopment- too low fee will motivate developers to opt out of providing parking on site.
Provides finance for shared public parking resource rather than private dedicated spaces.	Creates expectation that parking will be constructed with no guarantee when funding will be sufficient to actually build additional parking.
Fewer variances requested of Board of Adjustment	Creates expectation for fee payer that they have ownership right in parking.
Supports preservation and adaptive re-use of historic buildings where additional parking would be difficult to provide.	City's current program is based only upon square feet of building floor at time of new construction or expansion. If business use changes the minimum parking requirement is not revisited.

After considering the associated benefits and risks of the City's Parking-fee-in-lieu Staff recommends Council continue the program

Determining an Appropriate Parking-in-Lieu Fee

The amount of a Parking-In-Lieu fee should logically correlate to the construction cost of a parking space in one of the City's current or potential future structures. FFKR estimated the current average construction cost of an additional space within the historic core at \$41,863.

Clearly, the current parking-fee-in-lieu of \$14,000 is well below this construction cost and likely provides extremely strong financial motivation for developers to pay the fee-in-lieu rather than construct on-site parking.

Staff recommends the parking fee-in-lieu be raised to \$40,000 per space (186% increase over current fee). This fee is approximately 96% of the estimated average cost to construct a parking space, without land costs.

A fee set at or slightly below parking space construction cost will provide some motivation to developers to pay the parking fee-in-lieu rather than build private use parking on site. The funds collected may then be utilized by the City to help fund "shared use" parking in the City's inventory or to pay other expenditures that offset increased parking demand (e.g., parking management or transit related expenditures).

Use of Parking Fee-in-Lieu Revenues

Parking Fee-In-Lieu revenues are deposited into a Historic Downtown Parking Capital Reserve CIP project and may be used for the following expenses:

- Increasing Parking Supply
 - Land acquisition for parking facilities
 - Design and engineering of parking facilities
 - Construction of parking facilities
- Parking Management (increase efficiency of existing supply)
 - Paid parking equipment (gates, booths, meters)
- Reducing or Managing Parking Demand
 - Transportation Demand Management (TDM) activities
 - Off-site parking and shuttle operations

Current Parking Supply & Demand

Staff, working cooperatively with the Historic Park City Alliance (HPCA) on the Peak Hour Parking Task Force assessed current parking demand and its impact on the City owned and operated parking supply in the Main Street core.

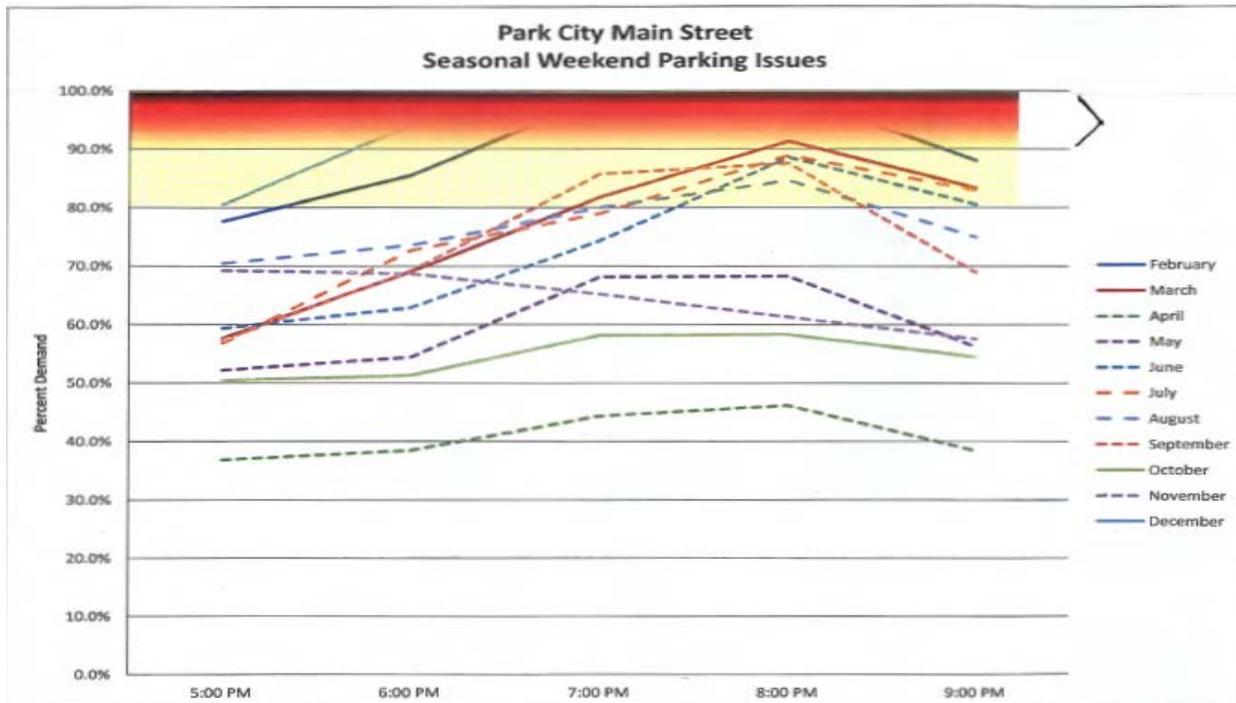
To conduct this assessment Staff engaged Interplan Transportation Consultants. The consultant assembled data from monthly parking occupancy counts conducted by the City. These counts are conducted one weekday and one weekend day each month. Each parking space in the City's Main Street parking inventory is checked once an hour to determine if it is occupied.

Generally, when 85% of parking spaces are occupied one has to search to find an open space (this is the point at which complaints about parking availability generally begin). Once occupancy exceeds 90% the search becomes so lengthy that transportation consultants consider parking at 90% to 100% occupancy as full.

The key finding from the occupancy analysis was that the City's Main Street parking inventory exceeds 85% occupancy at the following times:

- Mid December through March
- July & August
- Friday and Saturday nights
- 5-9 pm

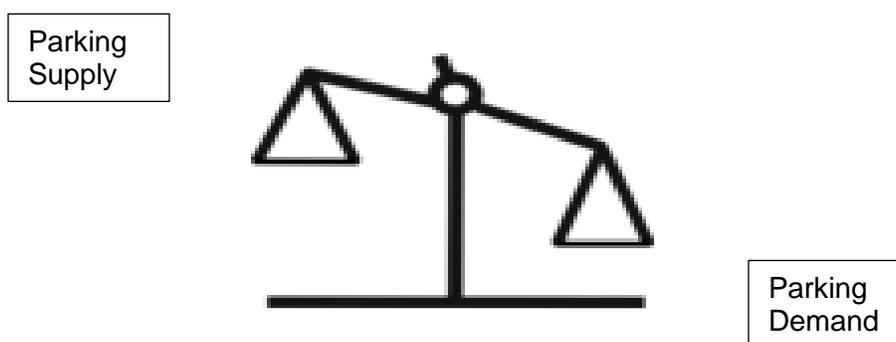
The graph found on the next page displays these findings.



Managing Parking - Balancing Supply and Demand

When determining if the amount of parking provided in an area is adequate it is helpful to think about the problem as a supply demand equation. That is, we are attempting to match the amount (or weight) of supply to that of demand.

Currently, we are experiencing brief periods where there is more parking demand (heavier on scale) than parking supply (lighter on scale). The graphic below depicts the Demand - Supply relationship.



With the parking supply equation (and the graphic above) in mind we have the option of:

1. Reducing Parking Demand (lighten or lessen weight on demand side of scale)
2. Increasing Parking Supply (Increase parking or weight on supply side of scale)
3. A blend of 1 & 2 (adjusting both)

Constructing Additional Parking – Focus on Increasing Supply

Based upon the supply-demand assessment an additional 200 to 260 spaces (15 to 20% increase in existing public parking supply) would need to be added to the Main Street inventory to reach a parking equilibrium.

It is important to note that this assessment focused on City owned parking resource only and did not include privately owned parking resource available to the public. Staff recommends before any action to increase parking supply the following steps are taken:

- Work with HPCA on mitigating employee impact on parking supply is allowed to continue.
- Conduct a more comprehensive and in depth analysis that includes the total public parking inventory in the Main Street core.

Managing Existing Inventory – Focus on Reducing Parking Demand

On November 13, 2014 Council directed Staff to continue to work with the HPCA to develop and implement a program to reduce the number of employees occupying Main Street parking during peak weekend evenings. This program is scheduled for implementation during winter 2014-15 and includes:

- Remote employee parking lot with enhanced transit service
- Increased employee parking permit fees
- Peak Day blackout on lowest cost permits

The complete staff report from the November 13, 2014 Council meeting can be found on page 22-27 of the packet accessed using the link below:

<http://www.parkcity.org/Modules/ShowDocument.aspx?documentid=14072>

Consistency with the City's Transportation Master Plan

It is important to assess which strategic approach to managing the City owned parking inventory (Increasing parking supply or reducing parking demand) is most consistent with the City's Transportation Master Plan. To accomplish this assessment one only need to compare the approaches to each of the ten goals set forth in the master plan.

The table found on the next page compares the two strategic approaches to each of the 10 goals and rates them as one of the following:

Consistent: furthers achievement of the individual goal.

Neutral: does little or nothing to further or hinder achievement of the individual goal.

Inconsistent: hinders achievement of the individual goal.

Transportation Master Plan Goal	Increase Supply	Decrease Demand
1. Park City will have a multi-modal transportation system with complete streets and balanced availability of pedestrian, bicycle, transit and auto trips.	Consistent	Consistent
2. Park City residents, workers and guests will have access to convenient transit throughout the City.	Neutral	Consistent
3. Park City residents, workers, day visitors and overnight guests will have efficient, direct and convenient regional transit connections from and to area resorts, Salt Lake, and Utah counties.	Neutral	Consistent
4. Park City will have a complete and well connected network of trails, bicycle lanes and sidewalks that support safe, convenient and pleasant walking and bicycling to accommodate the needs of residents, visitors and guests for short trips within the City and surrounding neighborhoods.	Neutral	Consistent
5. Mobility and accessibility in Park City will be as good as or better than today while achieving a net reduction in the amount each individual drives a car.	Inconsistent	Consistent
6. Park City street network will be well maintained, with streets that are not significantly wider than today and without a significant increase in lane mileage.	Inconsistent	Consistent
7. Park City's transportation system will contribute positively to public health and quality of life by achieving a high level of travel safety and by creating an environment that supports active living.	Inconsistent	Consistent
8. Park City's transportation system will contribute positively to improved environmental, social and economic sustainability of the community	Neutral	Neutral
9. Park City's transportation system will support the development of clustered and diverse land use centers by providing convenient multi-modal access to each center concurrent with its development.	Neutral	Neutral
10. Park City will use system management and demand management techniques to minimize the financial burden and environmental impact of local transportation facilities.	Inconsistent	Consistent

The table on the preceding page indicates that the strategic approach most consistent with the City's Transportation Master Plan is "Decreasing Demand". Staff recommends that Council not pursue enhancement of existing Main Street parking supply until programs to manage and reduce parking demand have been fully explored, implemented and evaluated.

Revisiting the City's Current Business License Fee

One of the shortcomings of the City's current minimum parking requirements in the HCB zone is that that these parking requirements are not revisited as business use of a property changes.

An example of the negative impacts this approach can have on the public parking supply is as follows: a small retail outlet whose few employees and customers generate very small parking demand is replaced by a restaurant whose numerous employees and customers generate significant parking demand. If the floor space within the building does not increase the new business is not required to offset the increased parking demand through the provision of additional parking or the payment of a parking-in-lieu fee.

This impact is somewhat mitigated through the collection of the City's business license fees which are based upon the trip generation of individual business types. Under the current fee structure a business that generates a high volume of auto trips pays a higher business license fee. A large portion of these business license fees are currently dedicated to the City's transit fund which provide for operation of the City's transit operation.

The transit system assists in reducing auto travel and associated parking demand. And hence the current business license fee structure indirectly requires businesses to share in the cost of mitigating the traffic and parking demand they induce.

Staff recommends that Council direct Planning, Transportation Planning, Economic Development and the Budget departments to revisit the current business license fee methodology. This review will help ensure that the link between a business type's trip generation and the resulting business license fee are tightly correlated and provide sufficient financial offset of the transportation and parking impacts that the business generates. Once directed Staff would conduct this license fee review and return to Council with a recommendation as part of the FY 2016 budget process (likely in May 2015).

Department Review:

This report has been reviewed by the City Manager's office, the City Attorney's office Planning, Economic Development, Budget, Public Works and Transportation Planning departments. All questions or concerns raised have been incorporated or addressed in this report.

Alternatives:**A. Approve:**

Staff recommends that Council provide the following direction regarding the parking fee-in-lieu program and the development of a long term parking strategy.

1. Continue the Parking-Fee-in-Lieu program.
2. Direct staff to return to Council on December 18th to adopt an amended fee resolution that includes a Parking fee-in-lieu of \$40,000 per space.
3. Do not immediately pursue a program of enhancing parking supply in the Main Street core.
4. Review the City's current business license fee and return with a recommendation as part of the FY2016 budget process.

B. Deny:

Council could choose to deny Staff's recommendation.

C. Modify:

Council could choose modify all or part of Staff's recommendation. Council could:

1. Direct staff to increase or decrease the \$40,000 per space recommendation
2. Eliminate the Fee-in-Lieu program

If Council is interested in either modification, staff recommends Council direct staff to return at a later date with more in depth analysis on the Council-directed modification.

D. Continue the Item:

Council could choose to continue the item to a future date

E. Do Nothing:

Council could choose to do nothing.

Significant Impacts:

	World Class Multi-Seasonal Resort Destination (Economic Impact)	Preserving & Enhancing the Natural Environment (Environmental Impact)	An Inclusive Community of Diverse Economic & Cultural Opportunities (Social Equity Impact)	Responsive, Cutting-Edge & Effective Government
Which Desired Outcomes might the Recommended Action Impact?	+ Well-utilized regional public transit + Safe community that is walkable and bike-able	+ Reduced municipal, business and community carbon footprints	~ Shared use of Main Street by locals and visitors	+ Fiscally and legally sound
Assessment of Overall Impact on Council Priority (Quality of Life Impact)	Positive 	Positive 	Neutral 	Positive 
Comments:				

Recommendation:

Staff recommends that Council provide the following direction regarding the parking fee-in-lieu program and the development of a long term parking strategy.

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