

# PARKING FUND STRATEGIES TO FINANCE A PARKING STRUCTURE

How Does Downtown Petoskey Finance Additional Parking

Thank you for having me. I am here to talk to you about the changes that the DMB is proposing to the parking management system. Implementing these changes will generate additional revenue that will be used to finance the construction of a parking structure.

## USES OF PARKING FUND REVENUE

- Parking Management
  - All Downtown personnel wages
  - Downtown Office expenses
  - Continuing Education
  - Materials and Supplies
- Façade Grants
- Capital Improvements
- Contracted Services
  - Parking Lot and Meter Maintenance
  - Sidewalk and Parking Lot Snow Removal
  - Annual Painting of Downtown Infrastructure
- Trolley Operations

The parking fund pays for the expenses you see here. All salaries of Downtown employees come from the parking fund. Capital improvements have included wayfinding, battery operated meters, the purchase and development of the Petrie (Grain Train) Lot, the purchase of the trolley, pay stations, electric car charging stations, bike corrals, as well as parking lot resurfacing, maintenance, and landscaping. Contributions from the parking fund were also used to purchase the right of way for the rail corridor through Penn Park and to build the new restrooms behind the Chamber building.

## EXCESS REVENUE

**All excess revenue has always been held in reserve for future parking expenses.**  
**Even prior to 2004, the stated goal was to save parking revenue to build a deck.**

- Through consistent and hospitable management, annual revenue has gone from \$280,000 in 2004 to a projected \$552,000 in 2018.
- Today, we have a fund balance of approximately \$680,000

No major fee increases have been instituted – Saville and Elks Lots raised to \$.50 an hour. Fines for chronic abusers and late fees were increased in 2015. The fund is growing, but not at a rate fast enough to pay for new parking.

## HOW MUCH MONEY DO WE NEED?

For a two million dollar project.....

\$14,000 a month

\$168,000 a year

For 20 years

For example, the partnership with the County would have cost 2 million in 2004 when it was first proposed. Today, it will cost \$4 million plus. And this is the least expensive of all of the current solutions. National average costs to construct new parking spaces range from \$15,000 per space to \$35,000 per space.

## WAYS TO FURTHER MONETIZE THE FUND

The Parking Committee and the DMB understand the need to create additional parking for the benefit of the Downtown community, our visitors, and our local shoppers. The DMB understands that new development at 200 E. Lake could offer possibilities to add to the inventory. However, the development has been on hold for ten years and the Board would like to move in a direction that they can control while they wait for development to occur. They have researched ways to generate more revenue that can be used for this purpose. Happily, the strategies they are recommending also help with parking management.

## RAISE METER FEES

- Fees have not been raised since at least 2005.
- Committee and DMB recommendation is to double meter fees.
  - Raise Lake, Mitchell, and Howard Streets, and the Elks, Clifton, and Saville Lots from \$.50 to \$1.00 an hour
  - Raise all other three hour meters from \$.25 to \$.50 an hour
  - Raise all ten hour meters from \$.125 to \$.25 an hour
- Meter revenue is currently around \$350,000 annually.

The primary source of revenue received in the parking system is from meter fees. An average of \$350,000 is collected in pocket change annually. With the exception of raising the Saville and Elks Lots to \$.50 which, because of the value of these lots, is the same as street meters, no meter fee raises have occurred in at least 15 years.

- For comparison, Traverse City rates:

1, 2, 3, and 4 hour meters = \$1.00 an hour

5, 6, 7 hour meters = \$.80

8 or more hour meters = \$.60

Enforcement hours are 8 am to 6 pm, Monday through Saturday

Now, you may say that we are no Traverse City and you would be right. We are smaller, but perhaps we are a more premier destination. AND, we have a much more severe parking crunch than in TC. They have decks and public transit. We are the County Seat and we currently have the highest occupancy rate in our downtown buildings that we have had in 15 years. We have a strong retail core, many desirable restaurants, and a growing number of office and service businesses. We also are experiencing strong interest in and the actual addition of downtown residential units. With just over 900 spaces we don't begin to satisfy the demand. And don't forget, part of raising the fees is a parking management strategy. It is good parking management to price the on-street parking high enough that it will not be used for long term parking. Retailers and restaurants need the parking spaces to turn over and be used by customers, not employees.

## INCREASE PERMIT FEES

- Tiered permit fees should be increased to \$30, \$60, and \$120 to reflect new meter rates.
- To manage spaces according to our mission, in the yellow coded lots (Saville, Elks, Clifton), no more than 50% of the spaces should be designated for permits and permits should be available only seasonally in these lots.
- New permit available spaces will be created on Howard and Lewis.
- Permit revenue is currently around \$45,000 annually.

These permit fee numbers are based on what it would cost to park in these areas, five 5 days a week with a discount taken on that amount. Permits are valid six days a week so permit holders can also park in permit areas on a day when they are not working.

For instance, in the top tiered lots, under the new rates, it would cost \$160 a month to park there five days a week for an entire month. The \$120 price allows a permit holder a \$40 discount and the convenience of parking their car in the morning and leaving it there for the day.

The mid tiered lot permit prices are based on \$.50 an hour or \$4 a day to park which equals \$80 a month and is discounted to \$60 per month.

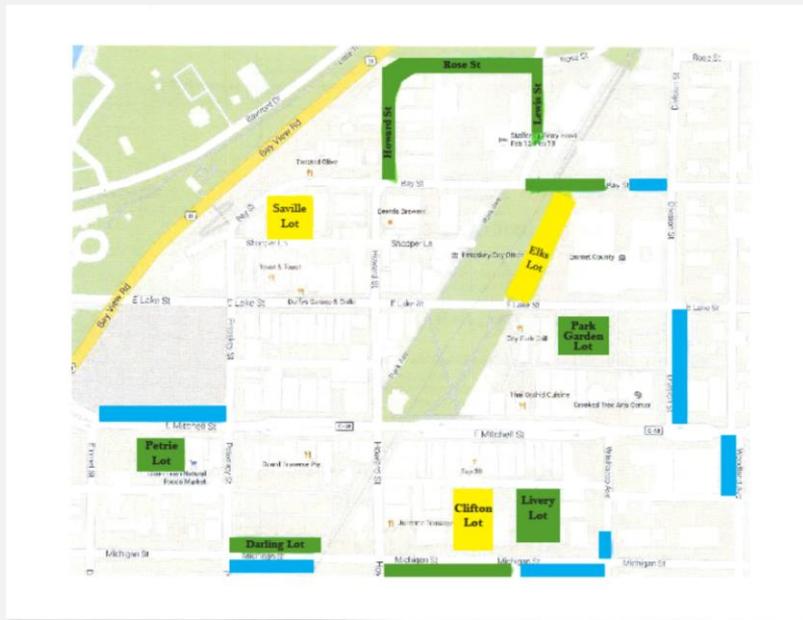
The lowest priced permits are based on \$.25 an hour or \$2 a day to park which equals \$40 a month and is discounted to \$30 a month.

Additionally, when purchasing a permit, buyers also have the option of purchasing for six months and getting one month free or purchasing for 12 months and getting two months free. For those who are challenged to pay for a permit that lasts several months, a punch card is being developed that will allow them to pay a month at a time and then receive the free month at the end of the period.

Mission of the Parking Services Office

Provide convenient parking for customers in the core of the CBD and for employees, owners, and residents in the periphery of the CBD; raise revenue for downtown beautification projects, development of new parking areas, and the maintenance and snow removal of existing areas.

Sometimes a little look at the mission statement of an organization can be helpful. The DMB has stayed true to this mission for the last 20 years, always working to manage parking so that the customers have the most convenient parking and the employees have affordable, parking on the periphery of town; so that there is money for capital improvements and a savings account to pay for additional parking; and so that snow removal is provided in the winter months.



Here is a parking map showing the tiered levels of parking. Permits are allowed in approximately 450 of our 900 spaces. We sold 315 permits in 2018

Employees also have the advantage of free parking just beyond the periphery of the district and also at Arlington Park.

## RAISE TICKET FINES

- Raise \$5 ticket to \$10.
- For comparison, a basic expired meter ticket is \$10 in Traverse City.
- Fine revenue, not including late fees, is approximately \$50,000 annually.

A second strategy is to raise ticket fines. Parking Services staff and former committee members have been saying for several years that the possibility of receiving a \$5 ticket is not incentive enough to make people pay the meter and that visitors from other places (IF they do not receive a courtesy ticket), think that this amount is almost humorous). Remember that half of all tickets issued annually are courtesy tickets. Fees and fines are tied to each other. If fees are raised to \$1.00 an hour, the possibility of receiving a \$5 ticket will be cheaper than paying to park all day at the meter.

## INCREASE ENFORCEMENT HOURS

- Meters are currently enforced from 9 am to 5 pm Monday through Saturday.
- The Board is recommending increasing the enforcement hours to 6 pm.

The parking committee originally recommended that enforcement continue to 8 pm. For one reason, as our nightlife becomes more and more established, the need for parking management has grown. Even on quiet winter nights, you can see the streets are full of cars. Certain restaurant owners have even talked to me about their desire for evening enforcement because many of the cars on the street at night definitely belong to employees who are taking up prime spaces for customers. After hearing comments from the public, the DMB decided to revise the Parking Committee's recommendation and recommend to Council that hours of enforcement should be increased only to 6 pm at this time.

No current records exist to base what kind of revenue an extra hour of paid parking would generate at that time of day. BUT, 6 more hours of meter revenue a week for say 200 cars at \$1.00 would be \$1200 more revenue per week – and that is \$62,400 per year. Plus, the employees will be encouraged to park in the lots.

## RAISE METER BAG RATES

- The current rate is \$5 per day.
- Committee recommends raising it to \$10 per day
- This reflects the provision of service being given and the proposed, new hourly rate.
- For comparison, Traverse City charges \$12 and \$15 per day.
- Depending on construction projects, revenue from meter bags is currently around \$5,000 annually.

This strategy is fairly basic and reflects the increase in meter fees. In the experience of staff, the contractors are far more interested in being able to have the space available to them than how much the space costs.

## POTENTIAL FUTURE STRATEGIES

- Institute a special assessment that would only be used for parking improvements
- Assess the 2 mils we are legally able to assess property owners

So what else can we do? Of course there is always the potential to partner with a developer at 200 E. Lake or on some other parking lot, but we have no control over when that might happen. And generating additional revenue now will put us in a better bargaining position when that time does happen.

Our current special assessment for programs and Services generates about \$92,000 annually. So, for example, if we instituted a second assessment for parking at that same amount, we could generate another \$92,000. We could also institute an assessment for more or less than that amount.

If we asses the 2 mils we would generate about \$45,000 annually.

## WHILE CHANGES ARE BEING CONSIDERED.....

The Parking Committee has spent time discussing the accelerated late fee charges that were adopted in 2015.

- The fees are very onerous.
- The fees seem to fall on employees who may not be highly paid.
- The fees are higher than other comparable communities.
- There have been several cases where the parker has literally given up.....

Some of you may remember the last time the DMB recommended changes to the parking management system. There was a good deal of consternation regarding unpaid accounts at that time and a solution was devised to raise the late fees for past due tickets. The late fees that were approved at that time have been successful in getting people who are aware of them to pay on time. We see greatly improved compliance in this area. However, the Parking Committee believes that lesser fees would also encourage compliance and that they would not be as onerous as the current fees.

	<b>Prior to 2015</b>	<b>Currently</b>	<b>Recommend</b>
8 days	add \$5	add \$20	add \$10
14 days	add \$15	add \$50	add \$30
30 days	add \$20	add \$80	add \$40
60 days	add \$30	add \$120	add \$60
90 days	add \$45	add \$220	add \$90

The DMB is recommending that the fees be reduced – still higher than what they used to be, but not as high as they are now. Currently, a \$5 ticket, if not paid in 90 days, maxes out at \$225. Under the recommended rates, a now \$10 ticket would max out at \$100.

Now, this may seem counter productive if the goal is to generate more revenue, but it may not work out that way. If the rates are not as high, more people may tolerate paying them. The human mind can have great capacity for rationalizing. But revenue aside, the Board and staff feel that the actual implementation of the current high rates is difficult and unfair.

## MOVING AHEAD

The DMB has budgeted to purchase meters that will accept credit cards in 2019. These meters will be a tremendous advantage to the users. The people want to be able to use credit or debit cards for everything. It seems that no one carries cash, and especially change, anymore. "Shopping" for the meters is beginning and the goal is to have them in place on the streets by Spring.

The DMB and the Parking Services Office would like to begin implementing these recommended changes by the spring of 2019.

In addition to customer convenience, research tells us that meters that accept credit cards reduce meter anxiety. No more scrambling for change and debating how much to put in the meter. In general, customers are happy to use their credit card and when at a three hour meter, they will simply put three hours on the meter whether they need that amount of time or not.

QUESTIONS????

Thank you for your attention tonight. I am more than happy to answer any questions now or in the future. My phone number is 622-8501 and my email address is [becky@petoskeydowntown.com](mailto:becky@petoskeydowntown.com).