



A DECISION-MAKING FRAMEWORK FOR PARKING RATES IN DOWNTOWN TACOMA, WA

Recommendation for Consideration
PMATF
(Draft – February 21, 2013)

There are key elements of parking management that, when managed in the context of industry best practices, contribute to parking systems that are operated efficiently and cost-effectively; maintain sound fiscal management; and provide parking in a manner that supports the economic vitality of the downtown. These elements represent the intent for managing the Downtown Tacoma Parking District (on and off-street), but are not yet clearly developed in policy and practice.

This document provides considerations and recommendations for developing and implementing rate setting policies for the Downtown Tacoma Parking District. Ideally, the Parking Management Advisory Task Force (PMATF) would provide input and comment into the materials developed here and forward a recommended rate setting framework to the City within the context of a more fully developed Downtown Parking Management Integrated Plan.

This document intends to provide a broad framework of ideas and strategies that the City and PMATF can ultimately implement as well as augment and enhance current practices.

A. Parking Rates

A key element of parking management and sound fiscal policy concerns the management of parking rates, both on-street and off-street. Understandably, adjusting parking rates is a very controversial topic among stakeholders in downtowns. However, if parking rates are not routinely reviewed and adjusted within the context of a clear, fair and objective policy framework; when rates are increased, the incremental increase can be substantial as a long period of time (i.e., years) passes before fiscal challenges within a parking system necessitate increases. Consequently, justifiable increases are at times reactive rather than strategic and policy based. Similarly, the financial systems that support parking are adversely impacted when normal costs of operation are not addressed.

Best practices parking management would suggest that parking rates are adjusted periodically to assure the following:

- Cover normal annual increases in operating costs of the system for which a fee is assessed (e.g., on-street meter system, off-street lot and/or garage).

- Provide for future need. This would include normal capital planning and projected growth in the system.
- Reflect market demand. This would use the 85% occupancy standard as a decision-making trigger for adjusting rates.
- Balance supply. Using the on-street system to minimize surpluses in public off-street supply.
- Consider rates in place in comparable cities.¹

Tables 1 and 2 below provide insight into rate systems in place in other areas for on and off-street parking. Based on the comparable cities below, Tacoma's rate system is on the low/medium end for on-street and generally "in the market" for off-street parking.

Table 1
On-Street Rates in Other Cities²

City	Hourly Rate 1 – 2 Hours (short term - primary visitor)	Hourly Rate 3 – 6 Hours (mid-range stay)	Hourly Rate 6+ Hours (Long term stay)
Anchorage, AK	\$1.00	N/A	\$0.75
Austin, TX	\$1.00	\$1.00	\$1.00
Bellingham, WA	\$0.75	N/A	N/A
Boise, ID	\$1.00	\$1.00	\$1.00
Eugene, OR	\$0.75 - \$1.50	\$0.75	\$0.75 - \$1.20
Fresno, CA	\$0.75	N/A	N/A
Hood River, OR	\$0.75	\$0.75	\$0.75
Olympia, WA	\$1.00	\$0.60	\$0.50
Pasadena, CA	\$1.00	\$1.00	\$1.00
Portland, OR	\$1.60	\$1.60	\$1.60
Sacramento, CA	\$1.50	\$1.50	\$1.50
Santa Cruz, CA	\$0.75	\$1.25	\$2.00
San Diego, CA	\$1.25	\$1.25	\$1.25
San Luis Obispo, CA	\$0.75 - \$1.50	\$0.75 - \$1.50	\$0.75 - \$1.50
Santa Rosa, CA	\$1.00	\$1.00	\$1.00
Seattle, WA	\$2.50	\$2.50	\$2.50
Spokane, WA	\$0.50 - \$1.20	\$0.50	\$0.25
Tacoma, WA	\$0.75	N/A	N/A
Vancouver, WA	\$0.50	\$0.50	\$0.50
Ventura, CA	\$1.00	\$1.50	N/A
National Average	\$1.67	\$1.23	\$0.89

¹ The City of Tacoma will need to identify cities it considers "market comparable." Such a list should be developed by the PMATF and then routinely tracked to assist Tacoma in its rate setting process.

² Sources: Colliers International North American Parking Rate Survey 2011, internet reviews and consultant calls to cities. Not all cities have similar time stay designations to those of Tacoma.

Table 2
Off-street Monthly Rates in Other Select Cities*

City	Monthly Rate
Bakersfield, CA	\$55
Bellevue, WA	\$110 - \$150
Bellingham, WA	\$33 - \$90
Boise, ID	\$80
Everett, WA	\$50 - \$75
Fresno, CA	\$60
Olympia, WA	\$60
Redwood City, CA	\$30 - \$60
Salem, OR	\$50 - \$75
San Luis Obispo, CA	\$40
Santa Cruz, CA	\$25 - \$31
Santa Rosa, CA	\$85 - \$140
Tacoma, WA	\$80
Vancouver, WA	\$37 - \$84
Ventura, CA	\$75

* Sources: Internet reviews and consultant calls to cities.

B. Recommendations

At this point in time, there is no formal system within the municipal code that provides a basis for rate setting in both the on and off-street systems. It appears that what is lacking at this time is a routine commitment to rate evaluation at all levels (e.g., this could include enforcement fines and fees as well) that objectively calibrates rates against a set standard of performance metrics.

To this end, it is recommended that the City (through the Parking Division) establish the following rate policies:

General policies

1. Rate ranges. Adopt “rate ranges” for parking *on and off-street* and establish rate setting as an administrative process under the purview of the City Manager (informed by the Parking Manager and PMATF). City Council should approve ranges that establish a minimum rate and an upper rate to which adjustments can be made over time. For instance, Vancouver, WA has rate ranges for on-street parking that range from \$0.35 - \$2.00 per hour and \$30 - \$150 per month for monthly passes. The decision to adjust rates is made based on clearly established criteria that are documented, measured and reviewed by the PMATF (see below). If criteria are met, then the City Manager has

the authority to adjust rates within the approved ranges without Council approval. Once the top end of a rate range was achieved, City Council would need to approve new ranges.

2. Standardized Visitor Rate (Priority User). The priority user of the public parking system is ultimately the short-term visitor. The goal within the public parking system is to ensure that the “short-term rate” (usually stays of less than four hours) is consistent in the public supply. In other words, off-street visitor rates should be pegged to the on-street hourly rate. This increases the attractiveness of off-street parking as an option for visitors who (a) experience constrained parking on-street and/or (b) need more time in the downtown that on-street time limits allow.
3. Use/Mix Targets (Off-street supply). Off-street parking garages are most effectively managed if they are “classified” as to its (a) current operating format and (b) long-term goal. This is best achieved by establishing “use/mix targets” for each facility. For instance, a facility classified as “visitor/retail” would have a use/mix goal of 85%/15%, short-term to long-term use. In other words, the goal would be to manage the facility to ensure that, over time, a higher percentage of parking transactions are those for stays of four hours or less. Also, all day and monthly pass rates might be higher and monthlies could be reduced or eliminated over time. A garage classified as “employee/commuter” facility might have a mix/use target of 30%/70%, short-term to long-term use. As such, all day and monthly rates could be lower than in visitor facilities. Mix/use targets allow decision-making to be framed in the “vision” for a facility while recognizing near-term or current realities. The result is a strategic transition of facilities to their highest and best use for serving the downtown.
4. Sales of Monthly Passes. To the highest degree possible, monthly passes in publicly owned garages should be sold on a month to month basis, which allows the City to (a) raise rates as occupancy demands increase and/or (b) attrition the total number of passes sold as the 85% Occupancy Standard is triggered.³ Also, the City should stratify its rates more between lots based on type of stall (i.e., general access versus reserved) and occupancy data.

Operational policies

1. Adopt **performance metrics** for rate review and adjustment.

Best practices would indicate two different levels of analysis for determining adjustments in hourly parking rates. The first level would include the following:

- a. The true cost necessary to cover the normal operating cost of the parking inventory in question. This would include the cost of supplies, operating fees, maintenance, support and operation of the on-street pay-to-park system as well as the reasonable cost of financing debt. Cost

³ This could be modified to say that the City will not engage monthly pass agreements that exceed a specific time period (e.g., 2 years).

recovery would be the base hourly rate plus annual/bi-annual adjustments to cover the costs of inflation within operating cost expenses.

- b. What are reasonable increments necessary to assure continued growth and replacement of the operating system itself? This would include turnover of equipment due to life cycle replacement, new technologies and/or other factors of growth in the *operating* system.

The second level that would substantiate decisions to adjust rates would include:

- c. Sustained occupancies in excess of 85% (i.e., market demand)
 - d. Consistency with comparable cities.
2. *Annually* review rates and adjust as needed in accordance with established performance metrics for its publicly owned off-street parking assets using performance metrics as described above, with particular emphasis on assuring consistency with documented variations in normal operating costs.
 3. *Bi-annually* review and adjust rates as needed in accordance with adopted performance metrics for its publicly owned on-street parking, with particular emphasis on assuring consistency with documented variations in normal operating costs.
 4. Develop a set of reasonable comparable cities and routinely track their rate performance over time for on-street, off-street and enforcement.
 5. Integrate routine assessments of occupancy performance into both annual and bi-annual rate evaluations.

Overall, it is essential that the issue of rate calibration be viewed as a standard operating procedure within the overall City parking management system.

SUMMARY OF RECOMMENDATIONS – RATE SETTING

Element of Parking Management (Rate Setting)	Recommendations
A. General Policies	<ol style="list-style-type: none"> 1. Adopt “rate ranges” for parking <i>on and off-street</i> and establish rate setting as an administrative process under the purview of the City Manager (informed by the Parking Manager and PMATF). 2. Standardize Visitor Rate (on and off-street). 3. Establish “use/mix targets” for each off-street facility. 4. Limit long-term agreements for monthly parking and stratify rates per demand/facility.
B. Parking Rates	<ol style="list-style-type: none"> 1. Adopt performance metrics for rate review and adjustment. 2. <i>Annually</i> review rates and adjust as needed in accordance with established performance metrics for its publicly owned <u>off-street parking</u> assets. 3. <i>Bi-annually</i> review and adjust rates as needed in accordance with adopted performance metrics for its publicly owned <u>on-street parking</u>. 4. Develop a set of reasonable comparable cities and routinely track their rate performance over time for on-street, off-street and enforcement. 5. Integrate routine assessments of occupancy performance into both annual and bi-annual rate evaluations.