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To: Kirkland City Council

From: Parking Advisory Board, Ken Dueker Chair

Date: August 21, 2008

Subject: PAY PARKING AND PARKING SUPPLY

RECOMMENDATION:

It is recommended that Council review and comment on the work of the Parking Advisory Board and the Stakeholders group that has resulted in general support for the following five points.

1. The city of Kirkland needs to increase parking supply in downtown.
2. Existing parking lots at Lake & Central and Marina Park should be converted to fully pay from 5 to 9 PM and free during the day. This should be implemented as soon as practical, as described in Attachment 1.
3. New parking revenue shall be earmarked solely for financing new parking supply.
4. The first priority for additional parking supply is construction of a new city-owned free-standing facility. However, opportunities such as buying or leasing parking in a privately developed project should also be pursued as they become available.
5. Without over-burdening a benefit district or general revenue, on-street pay parking may be needed to generate enough user revenue for the projects described in (4). On-street pay parking should only be implemented after agreements for such projects have been finalized.

BACKGROUND:

Earlier this year, the Council directed the Parking Advisory Board to convene a group of stakeholders to examine two issues: 1) pricing of parking lots at Lake & Central and Marina Park during the evening hours, and 2) exploring ways to build new parking supply downtown. This update consists of this cover memo and four attachments: 1) the recommendation to price parking at city owned lots during the evening hours, 5 to 9 PM, 2) points of agreement on building new supply, 3) a draft of an open letter to developers inviting their ideas for adding new parking supply by means of public-private ventures, and 4) comments by downtown commercial property owners concerning specific sites. We invite Council comment and suggestions regarding this information. The PAB seeks your comment and mid-course correction, if needed.

The pricing of parking in evening hours (Attachment 1) is an important step to create a market for parking that will be needed to finance new supply. But the next step will require deciding how much of the cost of new supply will be borne by users. If users are to pay a significant share of that cost, pricing of on-street parking will generate more revenue than extending pay parking during the daytime in city owned lots. Leaving the lots free during the day may reduce opposition to the introduction of pricing on-street parking. However, extending pay parking beyond the 5 to 9 PM in city lots should only be done when new supply is firmly committed.

The extra revenue generated from the 5 PM to 9 PM plan is estimated to be \$87,000 per year. There will be one time costs associated with purchase of additional pay stations and revised signs and markings which are estimated to be \$45,000. Annual pay station maintenance costs are estimated to increase from \$2,200 per year to \$6,600 per year. Additional enforcement costs are not anticipated.

Everyone agrees there is a downtown parking problem, but there is no easy solution to it. Every site we examined for development of a stand alone parking garage has advantages and disadvantages, and there is no single best site to recommend. Attachment 2 discusses the pros and cons of potential sites, but more analysis is needed before a recommendation can be made. Meanwhile, we suggest private developers be asked for ideas and suggestions regarding private participation (Attachment 3). Downtown commercial property owners have expressed their concerns and suggestions with specific sites (Attachment 4).

NEXT STEPS

Based on Council comment, the Stakeholders will reconvene to finalize points of agreement and return to Council with a final plan. We seek your concurrence in our recommendation to proceed with evening pay parking. We need direction from Council before proceeding farther with increasing the supply of parking.

We would like to engage the Council in discussion of four options to increasing the supply of parking downtown:

1. Building a stand-alone parking structure in the Marina Park parking lot. This site best serves the downtown core, particularly visitors to downtown and the lakefront. But, this would be an architectural challenge and may be opposed by existing businesses and property owners whose property values may be affected. However, this proposal for a free standing garage in the Marina Park parking lot might lead to reconsideration of the Lakeshore Plaza proposal, which would better integrate parking within a redevelopment of this part of downtown.
2. Elevate Lee Johnson Field to the roof of a new parking structure. Although this location does not serve well the downtown core, it may serve to better link the downtown core with a redeveloped Parkplace, which will strengthen a greater downtown. This location may require in-lieu participation by Parkplace to reduce their parking requirements and/or locating the proposed recreation center where the

- swimming pool is now. One or both of these may be needed to warrant another parking structure near the Library Parking Garage.
3. Purchase the Antique Mall or part of Kirkland Square and build a parking garage. However, the land cost may require a mixed-use development that might require most of the parking to serve the new development.
 4. Build an underground parking garage at Lake & Central and sell development rights above.
 5. Buy or lease parking from a developer. However, unless the City can negotiate the "best" area for public customer parking, this approach would be more limited to function as employee parking.

In conjunction with selecting from among these options the Council will need to develop a policy for financing the new supply. New parking supply in downtowns is normally financed with a mix of parking revenue, benefit district revenue, and general revenue. Some cities rely more on one part than another. For example, Ventura, CA prices on-street parking and not lots and garages, while Salem, OR does not price parking downtown at all, but finances parking supply with a benefit district, and Pasadena, CA and Redwood City, CA rely on pricing both on- and off-street parking to finance parking and for downtown betterment. What mix of revenue is best for Kirkland? One potential source of revenue is the amount of general fund revenue currently dedicated to retiring the Library Garage debt. Continuing the current commitment of \$400,000 in general revenue after the debt for the Library Garage is retired, would be a good, but insufficient amount for a new parking garage. We understand that Council is considering other uses for this revenue after the library debt is retired. Parking revenue and a local improvement district would also be needed.

It might be necessary to engage an architectural engineering firm to analyze these sites, functionally, economically, and visually. This would produce more tangible options to consider.

ATTACHMENT 1 STAKEHOLDER AGREEMENT ON EVENING PAY PARKING

The Parking Advisory Board held two stakeholder meetings on April 16th and 24th on evening pay parking. The meetings were lead by Penny Mabie from Envirolssues. The following stakeholder groups were invited to participate:

- Downtown Commercial Property owners
- KDA
- Chamber
- Restaurant operators
- Gallery owners
- Salon and Spa operators
- Park Board
- Condo owners
- Moss Bay Neighborhood Association

The purpose of the meetings was to review a parking proposal converts all the parking stalls to be free from 9:00 a.m. to 5:00 p.m. -and conversion to pay parking from 5:00 p.m. – 9:00 p.m. This would be in effect Monday – Saturday in both the Lake and Central and Lakeshore Plaza parking lots.

After the stakeholder meetings concluded, we asked each stakeholder group to review what we thought we heard them say about the different proposal attributes. We also asked for their final feedback in either support of, or opposition to, the proposal along with their reasons as to why. The Chamber of Commerce representative came back with the comment:

The acceptance of the proposal could only be given if all the new revenue and a large portion of the existing revenue go to additional future parking supply and not into the general fund.

Below is the recap input sheet we asked stakeholders to comment on, which was based on Council's approval to the original Scope of discussion attributes. Only number 19 was added after the discussions began:

Attribute	Proposal Element	General Agreement	General Disagreement	Stakeholder Comments
1. Pay Parking	This is first phase of a larger plan.			Stakeholders are not in universal agreement about this. Many want to know when the next phase kicks in and what the plan is for more supply. A comment was that “we don’t want a pay parking program if it is only to raise funds to administer itself. More supply is the issue.”
2. Location	Lake & Central lot and Lakeshore Plaza Lot (also known as Marina Lot)	√		
3. How much of the lot	The entire lot, except for 30-minute free stalls and accessible stalls	√		
4. Number of always free 30-min stalls	Same as current in Lake & Central Lot. At least same as current in Lakeshore with two issues undecided.	√		Undecided: 1) Suggestion to add two 30-min. free stalls for Lakeshore Plaza Lot. 2) Should accessible stalls be increased in Lakeshore Plaza lot to meet requirements.
5. Location of always free 30-min stalls	Current locations	√		Note: If two additional 30-min free stalls are added to Lakeshore Plaza lot, they should be at the ends of the two rows that don’t currently have them, consistent with the other 30-min free stalls.
6. Hours of pay parking	5 - 9 p.m., M - Sa.	√		
7. Maximum length of stay during pay parking	4 hours	√		
8. Maximum length of stay when pay parking is not in effect, 9:00 am to 5:00 pm, Mon – Sat.	30 minutes and 3 hours	√		Many business stakeholders preferred 4 hours but agreed that 3 hours was the minimum needed. This would accommodate those who are lunching and doing errands, or visiting salons or other businesses where you typically need more than two hours. Other stakeholders and enforcement staff had concerns with lack of turnover if using 4 hours max length of stay. It was universally agreed that there should be no more than two different time limits to avoid confusion.
9. Library garage	No change.	√		

10. When will pay parking begin?	Implement the change at both lots at the same time if Council makes the decision to proceed. Begin as soon as practically possible.	√	Make as few changes as possible and all at the same time. Implement as soon as practical once the decision is made, with appropriate time taken for necessary infrastructure changes (signage, pay station installations, etc.), customer education, and problem solving to ensure a smooth transition.
11. Conditions until new pay parking is implemented	No change.	√	
12. Use of excess revenue beyond what is currently being collected	All excess revenue to go towards funding new parking supply.	√	Some stakeholders expressed concern that the amount of excess revenue may be too little to matter. Several business stakeholders expressed dissatisfaction that all revenues collected from the lots don't go to developing new supply.
13. Technology for collection	More of the same pay stations.	√	Not everyone likes the current pay and display technology. The group all agreed that new technologies should be looked at as part of bigger effort, e.g. if pay parking is expanded.
14. Seasonal variation in rates	None.	√	Suggested but not fully discussed: Consider suspending pay parking for month of December to stimulate holiday shopping.
15. Validation techniques	Use existing token program. PAB should make it part of their workplan to investigate other validation programs.	√	The group is very interested in providing the ability for easy validation.
16. ParkSmart program	No change. PAB should explore ways to improve the program.	√	Several stakeholders and enforcement staff said ParkSmart is not working as well as it could. Stakeholders offered to provide their ideas to PAB for how to improve the ParkSmart program.
18. Evaluation	Keep in place for at least one year. If possible, evaluate the program over two summers in order to collect comparative data.	√	
19. Price of paid parking in lots during 5 to 9, M - Sa	\$1 per hour.	√	Evaluation should include looking at whether the pricing stimulates turnover. Some stakeholders initially recommended higher pricing to ensure turnover.

The PAB feels it is important to keep the key points noted by the stakeholders in mind when moving forward with the proposal:

- 1) The proposal should be implemented as soon as approval is given. If installation is possible, prior to the 2008 holiday season, about mid-November, but no later than March-April 2009.

- 2) There should be at least 3-hour free parking during the day. The current 2-hour free is not conducive to the salons, lunch goers and browsers. However, there are concerns with lack of turnover if there was a 4-hour maximum length of stay.
- 3) The current \$1.00 per hour pricing may be too low to create the desired turnover.
- 4) Not all stakeholders like the current pay stations, but for now keep what is in. Looking at new technology should be considered if pay parking is expanded throughout downtown.
- 5) There is interest in the ability for an easy validation system and it should be explored.
- 6) The evaluation period of the new program should include at least one year, or over two summers in order to collect comparative data.

Even though the overall consensus is acceptance of the proposal, it behooves us to look at the positives and negatives this proposal could present:

Positives will provide...

- consistency in both parking lots; the current part pay, part free parking in the lots have caused many "confusion" complaints
- turnover which increases the number of open spaces available
- 3-hour free daytime parking vs. the current 2-hour stay
- free parking during the day addressing merchants' issues who have strongly opposed the pay parking
- a revenue stream for future additional parking supply. Currently, pay parking revenue is budgeted at \$69,000 per year. Upon implementation of this proposal net new revenue (in addition to the budgeted amount) from pay parking is estimated to be \$87,000¹ per year. Maintenance costs of pay stations will increase from about \$2200 per year to about \$6600 per year.
- free parking in all 30-minute spaces in both lots.
- beginning steps to a market based approach to downtown parking
- enforcement presence to effectively weed out evening employees parked in the downtown core where parking is in such high demand

Negatives may include...

- Parking rates may not be high enough to get adequate turnover.
- some customers parking prior to 5:00 PM who transition into the evening pay parking time could be confused on when to pay
- some stakeholders do not buy-in to the market based pricing for the future of downtown

CONCLUSIONS:

After the stakeholder meetings, the PAB met to discuss what we heard. It is the position of the board to recommend action to move forward with the proposed parking changes to include 3-hour free parking during the daytime and evening pay parking to begin at 5:00 PM in both Lake and

¹ Estimate based on 170 stalls, utilization of 85%, 4 hours per day, 6 days per week, at a charge of \$1/hour. Credit card charges average 11% and annual maintenance costs of pay stations are estimated to be \$1100/year. Six pay stations will be needed.

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Attachment 1
Pay Parking Agreement

Central and Lakeshore Plaza locations. If possible, it is our recommendation these changes be implemented by mid-November 2008.

Attachment 2: Downtown Parking Stakeholder's Points of Agreement

The following are areas of agreement among the Downtown Parking Stakeholders:

1. The city of Kirkland needs to increase parking supply in downtown.
2. Existing parking lots at Lake & Central and Marina Park should be converted to fully pay from 5 to 9 PM and free during the day. This should be implemented as soon as practical.
3. New parking revenue shall be earmarked solely for financing new parking supply.
4. The first priority for additional parking supply is construction of a new city-owned free-standing facility. However, opportunities such as buying or leasing parking in a privately developed project should also be pursued as they become available.
5. Without over-burdening a benefit district or general revenue, on-street pay parking may be needed to generate enough user revenue for the projects described in (4). On-street pay parking should only be implemented after agreements for such projects have been finalized.
- 6.

The stakeholders reviewed with a consultant, Rick Williams, the construction of a generic 3-level parking garage on a parcel of land of 40,000 sq ft. The generic garage totaled 343 parking spaces and 20,000 sq. ft of ground floor retail space. The gross development cost would be nearly \$15 million, with a debt service of \$0.5 million a year after retail space income.

However, problems were encountered in applying the template to specific sites in downtown. First, we looked at city owned sites – Lake & Central, Marina Park, and under Lee Johnson Field. Lake & Central is too small (20,000 sq ft) and too valuable to be devoted solely to parking. If combined with U.S. Bank it becomes a complex mixed-use project and parking as a secondary use, not the primary use. Building a free-standing parking garage in the parking lot at Marina Park would conflict with existing buildings along Central Way and Lake Street. Better integration of parking would require redevelopment along the lines of the proposed Lakeshore Plaza, making this location for public parking problematic and not timely. Under Lee Johnson Field is the best location for a free standing parking garage, but it is not within the downtown core and would require the participation of Parkplace, in the form of in-lieu financing or a long-term lease of spaces to reduce further their parking requirements.

Privately owned sites have the problem of site acquisition costs. Either the Antique Mall or Kirkland Square sites are well located to serve both the downtown core and Peter Kirk Park. But adding \$10 to \$15 Million for site acquisition would require a mixed use project to generate more revenue to offset the land cost. Instead of the City taking the lead on a mixed use project led to discussion of buying or leasing space in a private development. However, the City would need a revenue source and an ability to respond quickly to developer initiatives.

DRAFT

To: Potential Downtown Kirkland Developers
From: Ken Dueker, Chair Parking Advisory Board

The Parking Advisory Board seeks to expand parking in downtown Kirkland and invites potential developers to indicate how their project might add to parking supply available to the public. This might take the form of:

1. A developer building extra parking and leasing or selling it to the City.
2. Opening private parking to the public after daytime working hours for public use in evening.
3. Using the in-lieu option to reduce a project's parking requirement and contributing to the City's parking supply.
4. Requesting a reduction in parking supply for a project by leasing space in a public parking garage.

Whether new downtown parking supply is provided privately or publicly, cooperation and coordination is needed, and we invite you to submit ideas and initiatives.

Attachment 4: Feedback from Commercial Property Owners

Joe Castleberry, PAB member and a downtown property owner, canvassed other downtown property owners and their report follows.

Marina Park Site

Commercial property owners expressed concern with the Marina Park site for a new downtown Kirkland parking garage. The primary objection to this site is the potential loss the rental revenue from the retail that adjacent property owners now have on the parking lot level. In fact, one property owner stated they "would lose 50% of our rental space income". So, the primary objection is an economic one.

The adjacent property owners were asked what it would take to support a future parking garage with a plaza lid at that site. Three action items were identified:

1. Provide commercial property owners financial compensation for their loss of revenue that would be a result of building the Lakeshore Plaza parking garage. This compensation could take a number of different forms, one idea being that perhaps low interest rate development funds could be made available.
2. Provide property owners additional building height such that redevelopment of their property would be financial feasible. This would also enable the property owners to replace the income producing space they lost.
3. An alternative would be to provide retail space (equivalent to the retail space lost) on the parking lot lid for all the property owners adversely impacted by the new garage. This would be in lieu of a third story on Lake Street.
4. Provide the property owners the ability to purchase additional parking to support their redevelopment on a fee-in-lieu basis (in the new garage). Current City code provides a fee-in-lieu provision but there is not a current supply to draw upon.

Added traffic congestion was also a concern expressed about the Lakeshore Plaza site - this should be carefully analyzed and proper mitigation determined prior to making any final site decision.

Lake & Central Site

Despite the small size of this site, the commercial property owners are not ready to discard it from consideration. An underground parking garage could be built, expanding the size of the garage to be partially beneath the rights-of-way of both Lake and Central streets. However, this may involve relocating some utilities. The result might be a 4 or 5 story underground

parking garage with retail on the street level and one or more stories office above.

The City could lease the space or sell it outright to a developer. Either the rental income or the proceeds from the sale of the development rights could significantly offset the cost of the large underground parking facility.

Again, the potential of added traffic congestion is a real concern, especially in an area of downtown Kirkland where traffic congestion is already a problem. This would have to be thoroughly analyzed before making a final decision.

This might lead to not building anything above ground; an open plaza with a five story parking garage located beneath it. This approach would certainly make the underground garage more expensive, but it might be preferable to the citizens of Kirkland.

Other Sites

The Antique Mall site is well located to develop into either an above ground (over retail) parking garage or an multiple level underground facility. The commercial property owners would be willing to talk to the owner to see if she would consider using her property for a project that would have major public benefit for the City of Kirkland and maybe be in the spirit that her father had in mind.

The baseball field is near and dear to many Kirklander's. It is the site with the least complications, but is not located as close to the downtown core area to serve well the legacy buildings. However, it is preferable to the "do nothing" alternative.

Other Ideas

The commercial property owners are receptive to working with the City on these sites and other development projects wherein the City might purchase or lease 50 or more parking places to help alleviate the current parking problem. The commercial property owners want to help in creative ways of solving the downtown parking problem.

Summary

A comprehensive feasibility study should be prepared for a short list of parking garage sites. The first step is to decide on the short list, and the second is a detailed feasibility study by an experienced consultant.

Funding a downtown parking garage is a big issue and there are many opinions and ideas Again, an independent consultant could provide relevant experience and needed expertise to address the funding question.