

City of Kirkland, Parking Advisory Board

October 20, 2008 (Revised January 2009)

Financing New Parking Supply

Introduction

This report was prepared by the Parking Advisory Board after consultation with downtown stakeholders. The purpose of the report is to provide a framework for financing new parking supply in downtown Kirkland.

There is widespread acknowledgement of a “parking problem” in downtown Kirkland. However, there is little consensus as to the causes and what to do about the parking problem. Before proposing a solution the causes are reviewed. Then public provision of new parking supply is compared to a public-private partnership approach. Then, public finance principles are reviewed to fashion an equitable approach. Finally, we call for the development of a contingency financing plan that the City can implement in conjunction with a developer’s project.

Causes of Parking Problem

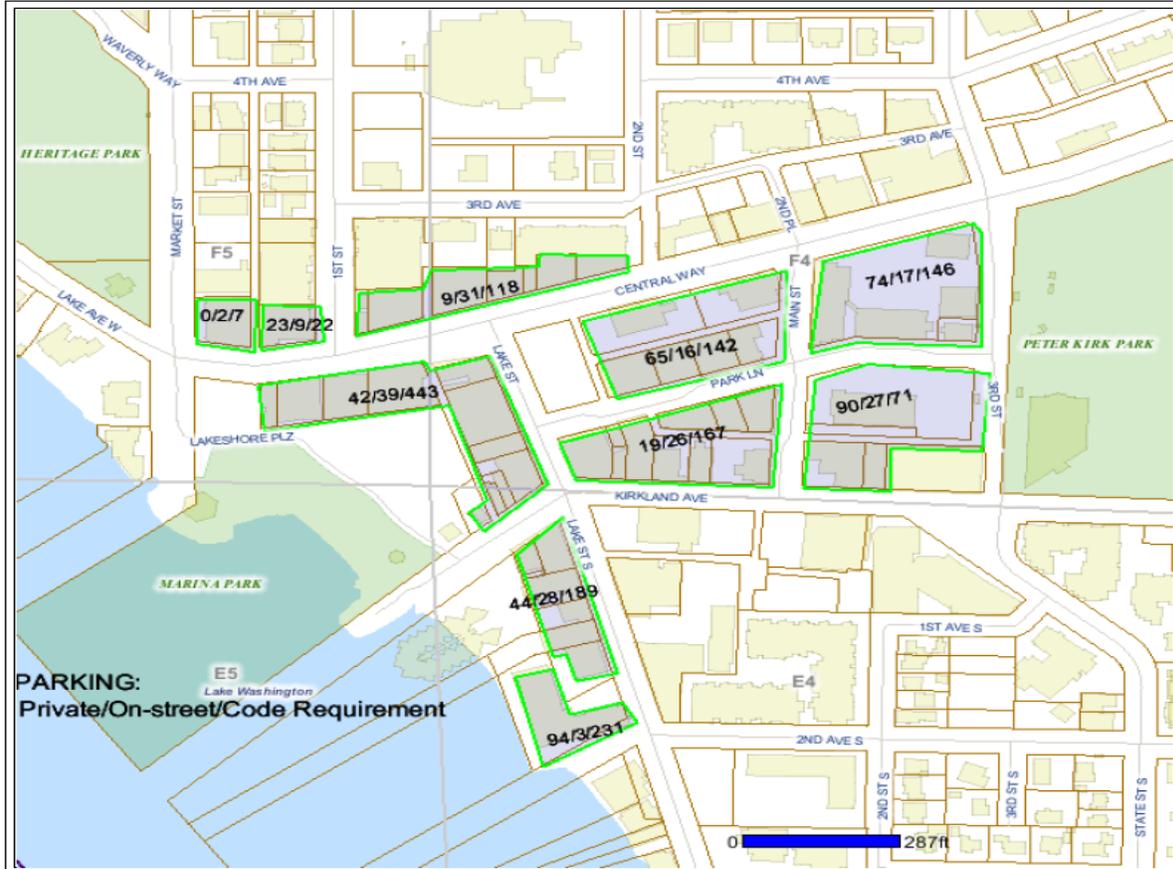
There are several causes to the parking problem in downtown Kirkland. The primary problem is seasonal and weather related. On a warm summer day downtown and Marina Park make for an attractive destination. Restaurants, sidewalks, and shops are full, and traffic is heavy; much of it is cruising and looking for parking. Unfortunately, there are not enough warm and sunny days to warrant building a large amount of parking that will handle peak demand. When it is cool and damp, downtown is dead and there is ample parking. Retail businesses have trouble making it through the off season.

Most downtowns have a parking problem in the daytime working hours due to a large office workforce. Without a large office workforce, Kirkland’s parking problem is in the evening hours as a result of an active restaurant trade. With few office buildings there is not much parking that can be used for office workers during the day and for others in the evening.

Another important cause of the parking problem in downtown Kirkland is a legacy of small buildings on small lots that do not provide on-site parking for their customers and employees. If current parking requirements were applied to buildings downtown as called for by the zoning code, there would need to be 1077 additional off-street parking spaces for the selected blocks in downtown that are not slated for redevelopment or that have been recently redeveloped. Clearly, this is not feasible or really needed given the amount of multiple-purpose trips and 191 existing public surface lot spaces and 196 on-street spaces adjacent to the selected blocks. Map 1 shows the selected blocks and the parking spaces required under code and the existing number of private off- and public on-street spaces. In total, the parking requirement is 1537 spaces while

only 460 off-street parking spaces are provided privately. The City provides 191 spaces in Lake & Central and Marina Park lots, and 196 on-street spaces adjacent to the selected blocks. The total of 847 spaces amounts to a little over 50 per cent of the number of spaces required under code. Although this is a high side estimate of parking deficiency downtown, it does indicate a parking deficiency. It is high because the parking requirements under code represents meeting demand for free spaces in single use suburban settings.

Sample Parking Inventory



The more pedestrian and mixed use character of downtown does not warrant applying these standards to the fullest extent.

Some redevelopment of the larger lots is occurring and they are required to provide parking on site to serve their customers and employees. However, on-site parking is not feasible or desired for small-lot redevelopment. Shared parking is more desirable than imposing parking requirements on each lot in downtown areas where there is more pedestrian access to businesses and fewer individual auto trips. Usually, the municipality plays a major role in the provision of shared parking in downtowns to foster multiple-purpose pedestrian trips and to discourage auto travel. Park once, eat, and shop many times is an important objective for downtown economic development.

Residential developments, even those that are mixed use, do not provide shared parking, whereas mixed-use developments with office above do provide parking that can be shared in evening hours and weekends.

Employees in legacy buildings have no place to park. ParkSmart is designed to prohibit employees from parking on street in the downtown. However, it is difficult to enforce due to rapid turnover of employees and autos, and there is little incentive to participate. Even though ParkSmart provides for some of them to park in the lower levels of the Library Garage, many choose to fight the system and hide out on street. In addition, the space in the Library Garage is inadequate to park employees of new developments. The PAB is considering restricting access to Library Parking Garage for employees from new developments that meet parking requirements while prohibiting them from parking on street.

The root of the parking problem is that it is free. But there is no such thing as free parking. The City and business may bear the cost, or users pay by means of search time or walking distance. When it is given away, users tend to over use or abuse it, and the cost of managing parking by regulation is high. Pricing parking, particularly on-street parking is more self regulating, and priced parking would generate revenue to increase parking supply.

Public or Private Provision

Increasing the amount of shared parking in downtown Kirkland can be done by public provision or by means of public-private partnerships. Public provision can be accomplished by building a parking structure on publically owned land, such as in Marina Park, Lake&Cental, or in Peter Kirk Park. Or the City could acquire land and build a parking structure, but that would essentially double the cost outlay.

The cost of building a public parking structure depends on the size and whether it is above or below ground. Table 1 illustrates this cost.

Table 1

Cost to build a parking garage on a site already owned by City

	Small Garage (200 spaces)	Large Garage (400 spaces)
Above Ground (@\$20,000 per space)	\$4,000,000	\$8,000,000
Below Ground (@\$40,000 per space)	\$8,000,000	\$16,000,000

The advantage of a city owned structure is a visible public commitment that would generate economic development within 1000 feet of the garage. It would provide parking for those properties within walking distance of the garage.

Perhaps a lower cost option would be to partner with a developer and buy or lease a floor of parking. This might cost \$30,000 per space and would cost \$3,000,000 for 100 spaces. The disadvantage might be that the spaces would be less visible to the public and might be better suited for employee parking than for customer parking. The advantage would be that the City could enter into three such partnerships in three different locations for the cost of one public structure.

Equitable Financing

The cost of adding new parking supply ought to be allocated to beneficiaries in an equitable manner. There are three major benefited groups: users, benefited properties and businesses within walking distance of the new supply, and the general public of Kirkland.

Users are those who park downtown who will find it easier to find parking near to where their destinations. This includes those who use the new parking facility and those who park on street

or in other public parking structures. Income from the whole parking system downtown can be pledged to pay for parking revenue bonds to pay off some of the capital and operating costs of the parking system.

Properties and businesses within walking distance of a new parking facility will receive a special benefit, and should bear some of the cost. A local improvement district could be created to allocate some of the cost to property owners, and/or a business improvement area to allocate costs to businesses within walking distance. Income from a LID or BIA would be used to retire bonds to pay for some of the new parking supply.

The City of Kirkland benefits from a vital downtown, which is the center for city-wide events. General obligation bonds are a means of city-wide participation in financing infrastructure that benefits the City as a whole.

The appropriate share of the cost from these three sources depends on the location and parking pricing policy. A location in the center of retail activity, such as Lake&Central would benefit businesses more than a location beneath Lee Johnson field, which would benefit the general public more. A parking structure in Marina Park parking lot would more equally benefit businesses and the general public.

The City could choose to allocate a larger proportion of the cost to users by pricing on-street parking. In the long term, users need to be responsible for a larger proportion of the cost of the parking system than is now the case. Although pricing both on- and off-street parking would generate adequate revenue to finance new parking supply, lack of public acceptance of paying to park may dictate subsidy from these other sources, at least initially.

Recommendations

The PAB recommends the staff and Transportation Commission explore use of traffic impact fees as a source of funding for new parking supply downtown. New development is subject to traffic impact fees used to fund capital projects to mitigate traffic impacts caused by that development. The PAB requests inclusion of new parking supply in downtown in the City's Capital Improvement Program. Traffic impact fees used for additional parking supply would reduce cruising in the downtown looking for parking and thereby reduce traffic congestion in the downtown. Even though the new development may include adequate parking, mixed uses in the downtown makes it impossible to sort parking by site, and thereby would mitigate general traffic congestion in downtown.

However, the PAB does not recommend building a stand-alone parking garage at this time. There is not a well-located, city-owned site without complications where a free-standing parking garage can be built. And, revenue from the new parking structure would not be sufficient to retire the entire cost, particularly if a site has to be acquired. There are only difficult sites with high costs.

The PAB recommends that the City develop a contingency financial plan for a public-private provision of new parking supply. This plan assumes working with a developer for sites, such as the Antique Mall or Peter Kirk Square shopping center. Both sites are well located to serve the downtown core businesses, and park users of Peter Kirk Park and Marina Park.

The initial parameters would be to purchase or lease 100 spaces at each of these locations when redeveloped at a capital cost to the City of \$2.5 to \$3 Million, each. If split equally between users, benefited properties, and the City, the capital cost is estimated at \$0.8 to \$1 Million. The annual cost at each location would be \$64,000 to \$80,000 for each of the three benefited groups, based on 5% for 20 years.

The expectation would be that the Antique Mall site would develop within the next three years, but there is no plan to redevelop the Peter Kirk Square site.

The contingency plan needs to make ready the financing of the public share of the joint development so as not to delay the development project. The financial plan might include the following:

- A commitment to price on-street parking to pledge for retirement of parking revenue bonds for a portion of the City's share.
- Establish a Local Improvement District containing properties within walking distance of the new public parking supply to be actuated when bonds are sold to finance a portion of the cost.
- Include new parking supply in the Capital Improvements Program to be financed from general revenue and/or traffic impact fee bonding.