

**PARKING ADVISORY BOARD
STAKEHOLDER MEETING Notes
November 23, 2009**

Jack Wherry, Parking Advisory Board chair, updated the stakeholders about leasing the Antique Mall site for public parking. Stakeholders support the City in securing this parking site. Pay parking would be without time-limits from 9AM – 9PM, Monday - Saturday. It could be a good measure of utilization of pay parking during the daytime.

From the last meeting, the stakeholders identified three funding sources; Pay Parking, City/General Funds, and Property Owners. The stakeholders were divided up into three groups, one for each funding source. They were directed to include the following in their discussions:

- 1) Develop a feasible plan to raise \$1M from your sources
- 2) What are your assumptions?
- 3) What are the barriers?
- 4) How feasible is your plan?
- 5) Can the money be raised in a year?
- 6) What would it take to raise \$3M?

Each group reported back to everyone and they rated 0-10, 10 being most likely, the probability to get their funding source done in 1 – 2 years. (The detailed summaries from each group are attached). Overall conclusions from each group include:

The acceptability of the Pay Parking option was 47% and the probability was 7 out of 10. This group considered these factors, \$1M, not 100 spaces, if there were more spaces available, the hourly charge could be less. They looked at all-day pay parking at Lake & Central and Marina Park parking lots. On-street parking needs to be managed better and the purchase of enforcement's License Plate Recognition device would help with these efforts. Currently the total pay parking stalls are 173, by adding 100 new stalls, monthly revenue would be approximately \$26K or about \$5 per day/per stall which under the \$1M scenario only \$10K would be needed. Another important option is to look at are the seasonal/demand based pay parking variables.

The acceptability of the City/General Fund option was 36% and the probability was 2.5 out of 10. This group considered funding through pay parking which is currently \$100K/yr. (approx.), develop Lake & Central property, and explore the bond issue which is difficult to do through businesses/property owners if a Parking LID is imposed on property owners as discussed below. Therefore the need to work with residents, assuming a 4% annual interest rate would be approximately 51 cents per \$100K of assessed valuation, per household (this doesn't include the annex area). The probability to undergo within a one year plan isn't likely as the need for City Council's approval will be foremost. The group noted the current library debt service is \$409K/yr which will complete sometime in 2014.

The acceptability of assessing Property Owners was 17% and the probability was 5 out of 10. This group reviewed the method used to assess property owners for acquiring the Lake & Central lot in 1980 and another approach that handles better multi-story buildings and structured parking. Using assessed value and distance the group estimated the assessment for

typical properties of size \$1M and \$3M assessed value within 500 feet of a new parking facility, to be \$4000 and \$11,000 or about 1/10 those amounts per year if amortized over a twenty year period, respectfully. The Group concluded the method to allocate a \$1M share among property owners could be done reasonably and equitably, however, it was recognized that there could be resistance to this approach from property owners

Through out the two stakeholders meetings, opinions were expressed numerous times regarding the desirability of a dedicated multi floor public parking facility versus having one level of dedicated public parking in multiple privately owned commercial buildings. There were advantages and disadvantages of either approach that were discussed. Given the current financial recession griping the US and the uncertainty regarding the likelihood of any private commercial development in foreseeable future, it was felt it would be prudent to wait before choosing any particular course of action.

At this time, the stakeholders agreed not to hold a third meeting, but were willing to reconvene if necessary. The next steps include the PAB preparing a memo to City Council about the outcome of the stakeholder process. The board will seek direction and feedback from Council to a commitment on the part of the City to be ready to partner by preparing a financing plan as to not delay a developer. Prior to Council receiving the memo, the stakeholders will be able to review and comment. This information will be presented in early 2010.

Pay Parking Group:

Georgie Kilrain, Lakeshore Gallery

Rob Brown, Portsmouth

Mike Nelson, Frontier Bank

Joel Ostroff, Property Owner

Jennifer Lindsay, PAB

Tami White, City

Jack Wherry, PAB

Pay Parking Option for \$1,000,000 toward 100 additional parking spaces from a Private/Public joint venture.

After a lot of discussion the group decided that a plan utilizing a larger number of pay parking spaces resulting in a significantly lower hourly cost per space would make pay parking much more attractive, fair and likely to succeed.

A discussion of who should pay was then taken up. It was noted that shoppers do not like to pay for parking and that restaurant and bar customers were less affected, but not entirely immune to pay parking. Employee parking was very sensitive to pay parking and often resulted in increased street parking.

It was pointed out that without a plan that included integrated management of street as well as pay lots there would be little incentive for parkers to utilize pay parking except as a last resort. A plan should include all downtown lots to be pay and street parking should be managed to produce adequate turnover for the benefit of the downtown business. Lots should be priced at a level that would lead to about an 85-90% utilization rate.

The group then tackled the problem of slow periods in the downtown. During late fall, the winter months, and early spring there is plenty of parking, yet during the late spring and summer as well as during events finding parking can be quite difficult. Parking is plentiful most days until late morning. The solution to this seems to be variable pricing. The cost to park would change by time and season. During the slow months the price could be lower or even free. The same for morning parking. The challenge is to make this understandable to the users. The very reason we change from half pay all day to pay only 5-9pm was to simplify the process and make it easier to understand.

Through the use of Parking Stations additional incentives could be created by retailers paying for parking for customers that make purchases. With variable pay parking this benefit would be only needed during the high demand time of the year when parking is hard to find.

The group then took up the pricing question. It was felt that \$1.00 per hour was a good starting point. With the use of proper monitoring this price could be adjusted if necessary.

Each table was asked to come up with an estimate of what the chances were that their plan would be able to achieve a cash flow level that would fund \$1,000,000 over a 20 year period toward the creation of 100 new parking spaces now. The group felt that there was a 7 out of 10 chance of success based on a utilization rate of 5 hrs per day per at \$1.00 per hr and a 40% utilization rate.

Parking Benefit District Group

Joe Castleberry, Ken Dueker, Andy Loos, Bonny McLeod, Jeremy McMahan,

The stakeholders explored assessment methods by which properties that receive special benefit due to walking distance proximity share in the cost of providing new parking supply. They started by examining the way the cost of the parking lot at Lake & Central was allocating among benefited properties in 1980, and then discussed ways in which to improve upon that method.

In 1980 cost was allocated by the share of land area. This was modified to reduce the share by one half for properties farther than 400 feet, and reduced by the amount of land area devoted to parking. This was equitable in 1980 when most buildings in downtown were one story and most parking was surface. But today land area would not be an equitable method for allocating costs among benefited properties.

Consequently, an alternative method was examined that employed share of assessed value. Assessed value is a better proxy for income potential of properties. Instead of an abrupt reduction at 400 feet a gradual distance gradient was employed to reduce the rate of assessment by distance. Then the assessed value was reduced by the value of surface and structured parking spaces. Scenarios were examined that showed the amounts of assessment for typical properties, that showed parcels in the range of \$1M of assessed value at a distance of 500 feet would be levied 1% of the cost of new parking that might be assigned to a parking benefit district. For example, if \$1M were to be the amount to be raised from a parking benefit district, the share for a property assessed at \$1M would be about \$4000, or \$300 per year, based on bonds at 5% over 20 years.

Although this method seemed more equitable to the stakeholders, there were suggestions to modify the approach to assess more heavily land uses that require more parking, and to factor out residential portions of properties. Stakeholders concluded that refinements may be needed to insure that the method to allocate cost among property owners is equitable.

In addition, the amount or share of cost of providing new supply assigned to a benefit district depends on the location. A location such as Lake& Central is in the heart of the commercial district and warrants a larger share from downtown properties than does a location at the periphery of downtown, such as beneath Lee Johnson Field or as part of a city hall expansion.

Public funding group: Chris Dotson, Vince Isaacson, Michael Olson, Dave Godfrey

We looked at two types of financing, voted and Councilmanic or non-voted. The group felt that getting the Council to commit general funds to support new debt for downtown parking was highly unlikely and so we spent most of our time discussing voted debt. However, we did feel that the current payments on the library garage were a possible source of funding from the general fund that was worth pursuing. These payments are about \$400,000 a year and would become available when the current bonds are retired in 2014. Interestingly, this amount would be adequate to finance about \$5.5 million dollars at 4% for 20 years. Therefore even a portion of the current funding would be adequate to fund \$1,000,000.

The Finance Department supplied us with a formula for computing the property tax necessary to raise a given amount of money. In order to finance \$1,000,000 over 20 years at 4%, an annual tax of about 51¢ per \$100,000 of assessed value would be necessary.

The group felt that this small amount would be an advantage to city funding, but also felt there were several major political and logistical hurdles to overcome. These included questions around timing; if a developer were ready to begin work, the City could not commit until a successful vote were taken, and this would not occur until a November general election. On the other hand, it would be difficult to consider a ballot measure unless a specific development opportunity were identified. The fact that any tax increase is viewed negatively by many is also a difficulty that would require a strong and unified "yes" campaign in response. Downtown businesses and property owners would have to spearhead such a campaign. The group thought that the overall likelihood of obtaining city funding was 3 on a 1 to 10 scale.