3.0 Parking Structure Financial Analysis

This section presents the parking program costs and financing techniques to implement parking improvements in the La Jolla area. These program costs and financing techniques are conceptual in nature and are only intended to aid the City and the community in the planning process. If and when the City policy makers decide in favor of making these improvements, a financial advisor specializing in municipal parking (such as an investment banker) should be consulted to evaluate the feasibility of these financing techniques and the feasibility of using parking revenues and supplemental revenue sources as a payment mechanism. The scope of this study did not include evaluation of these details.

3.1 Financial Planning Techniques

A number of possible funding mechanisms were considered for their applicability to finance parking improvements in the La Jolla area, such as:

- Parking Revenue Bonds
- Valet Parking - Leasing and/or Franchise Programs
- Parking Assessment District Bonds
- Tax Increment Financing
- Public/Private Partnerships
- In-Lieu Parking Fees
- Special Grants and Funding Programs
- Retail and/or Residential Space Leasing
- Transient Occupancy Tax

Each of these is discussed in more detailed below.

Parking Revenue Bonds

Revenue collected from new and/or existing parking facilities is typically used to support the issuance of bonds. However, revenue from a new parking structure is typically not sufficient to cover both the operating costs and the annual debt service for bond payments. In addition, because there are certain risks in depending on the revenues from parking as the sole backing for a bond issue, the bond underwriters will require that revenue from parking exceed the debt service requirement by 50 percent or more. It should also be noted that the City's current policy regarding parking meter fees is that 45 percent of the revenue collected returns to the community, 45 percent goes to the City's General Fund, and 10 percent is allocated for operations, maintenance, and administration of the parking meter program. As a result, in order to use parking revenue as a source for funding a parking structure or other major improvement, additional sources of revenue need to be developed. These sources could include charging a fee for on-street parking. Other sources are described below. Parking revenue bonds would be applicable to this project if supplemented by other sources.

Valet Parking - Leasing and/or Franchise Programs

The City is exploring the possibility of selling or leasing the right to operate valet parking on City streets in commercial areas. While the City currently licenses valet operators, it does not collect any revenue from this transaction. The opportunity may exist for the City to enter into an agreement with private companies to lease on-street valet spaces and/or to operate a "Valet Parking Franchise." Under the lease arrangement the City would lease spaces at a rate equivalent to the rate of occupying a metered parking space for a full day. Under the Valet Parking Franchise arrangement the City would solicit competitive bids from companies that could operate valet services for a specified area or community. The qualified high bidder would be awarded a contract to operate a Valet Parking Franchise for the specified area. In return the City would earn revenue from the licensing of the franchise and/or the franchisee's operations. The City of Santa Monica recently developed a leasing program for on-street valet parking. The Valet Parking Franchise program has not yet been used in California.

La Jolla may be a candidate for either program, as valet parking for evening and weekend shopping, restaurant, and entertainment activities could be popular. Revenues from this program could be used to help support the construction and/or operation of new parking facilities. Based on current valet services within the La Jolla area, the City could possibly receive between approximately $128,000 and $180,000 annually under the parking space lease agreements.

Parking Assessment District Bonds

California state law empowers municipalities to create special districts for the funding of parking improvements. This can be done through the formation of a Parking Authority or a local business improvement assessment district. A local business improvement mechanism would be more appropriate for La Jolla, as it would allow a committee of local business community interests to oversee the parking district operation. An assessment district is a mechanism where the property owners within the district boundary agree to assess themselves through property taxes to fund the desired parking improvements.

Prior to 1997, parking assessment districts could be formed if fewer the than half of the property owners in the district expressed opposition. With the passage of proposition 218, which went into effect in 1997, the requirements became much more rigorous. Now a two-thirds approval vote is required of all the property owners in the district, with the vote based on the assessed valuation of the property. Proposition 218 also requires that assessments be limited to the benefits conferred and that fees and charges are limited to the cost of providing the service. Very strong property owner support is required to set up such a district. La Jolla has the advantage of having a motivated group of business and community leaders and a ad-hoc parking committee currently exists which could lead an effort to set up a district.

Tax Increment Financing

The most common form of tax increment financing is the formation of a redevelopment area. The redevelopment mechanism was designed to financially assist portions of cities with blight and depressed economic conditions.

When a redevelopment area is formed, the incremental property taxes generated within the area from the date of formation accrue directly back to the area and can be used to fund infrastructure improvements such as parking. This would require an action by the City Council and the approval of the County.

Since the passage of Proposition 13, which limits the growth of property taxes, the amount of tax increment that actually accrues to most redevelopment agencies has been greatly diminished. A second type of tax increment mechanism, the Infrastructure Finance District, allows cities to leverage the large increase in property taxes when major new development occurs in an area. The City of Carlsbad used this mechanism to fund the infrastructure improvement associated with the development of Legoland. In a developed area, such as La Jolla, this funding mechanism is not appropriate.

Tax Increment Financing is not considered realistic for the La Jolla area and is therefore not recommended.

Public/Private Partnerships

Sometimes a special circumstance exists where a private developer or property owner and a city would mutually benefit from a partnership approach. An example would be a developer who wishes to invest in an area, but does not own the appropriate property. The City could provide the developer with the land in exchange for the developer providing an agreed number of public parking spaces in excess of the code requirements for the project. The reverse could also occur, for example, a developer who has land could be given special development rights or payment to provide public parking as part of the project. For example, there has been some discussion of relocating and restoring the historic Red Rest and Red Roost Cottages, which could possibly allow development of that site. The City and the developer could possibly work together to provide some public parking within this development.

Public/private partnership opportunities should be considered as a means to providing parking improvements in the La Jolla area.

In-Lieu Parking Fees

It is a common practice in many cities to offer property owners in downtown commercial districts the option to pay a fee “in-lieu” of providing the amount of on-site parking required by code. An in-lieu fee program is typically established for a specific area, such as the La Jolla area, as opposed to establishing a citywide program. The amount of the fee is often set at a value that is estimated to represent actual cost of developing a new parking space in the downtown area. The fee can be a one-time payment or an annual lease payment.

One problem with many in-lieu fee programs is that the amount of money generated tends be insufficient to fund a complete new parking facility. In-lieu fees work best when they are used in combination with other funding mechanisms to fund parking improvements.

The amount of development/redevelopment activity in La Jolla seems limited. However, it appears that an "In-Lieu Fee Program" could contribute to an overall parking improvement plan. In order to avoid additional parking deficiencies associated with development/redevelopment, additional parking facilities should be constructed prior to actually implementing an in-lieu fee program.

Special Grants and Funding Programs

Historically there have been various federal and state funding programs used to fund downtown parking improvements. At present, however, this type of funding is almost non-existent. A potential source for federal and state funding relates to projects that contribute to congestion mitigation such as transit centers and park-and-ride facilities. The Metropolitan Transit Development Board (MTDB) is in the process of implementing their "Transit First" plan, which is an enhanced bus transit service. The City and the community should work with the MTDB to identify a "Transit First" program with potential transit center sites that could serve employees and visitors to the community.

Retail and/or Residential Space Leasing

An additional source of revenue could come from the lease of retail and/or residential space in those parking structures that could include these components. Table 3.1 summarizes the estimated annual retail and residential space and possible revenues from the lease of this space for the various parking structure concepts identified.

Table 3.1 – Summary of Potential Retail and/or Residential Lease Revenues

Site	Description	Retail and/or Residential Space (Sq. Ft.)	Estimated Gross Annual Revenue (a)
Shell Site	1st ground floor retail and 2nd floor residential	17,000 20,000	$200,000 $400,000
La Valencia Parking Lot Site (Concept 1)	50% ground floor retail	12,200	$292,800
La Valencia Parking Lot Site (Concept 2)	20% ground floor retail	3,760	$ 90,240
Union Bank Site (Concept 1)	50% ground floor retail	11,900	$285,600
Union Bank Site (Concept 2)	20% ground floor retail	5,920	$142,080
Helen Smith Site (Concept 1)	50% ground floor retail	9,800	$235,200
Helen Smith Site (Concept 2)	20% ground floor retail	3,920	$ 94,080

(a) Assumes $2.00 per square foot monthly lease rate for the retail component. The retail lease rate was provided by the Real Estate Asset Department, City of San Diego. The estimated residential revenue was provided by the Planning & Development Review Dept.

Transient Occupancy Tax

Another general source of funding to support the parking improvements in La Jolla could be an increase in the City's Transient Occupancy Tax (TOT). A substantial amount of parking in La Jolla is related to visitor activities. This funding mechanism should be evaluated in further detail.

In summary, it appears that the funding mechanisms that are most applicable to the La Jolla community are Parking Revenue Bonds, the Valet Parking – Leasing and/or Franchise Program, Public/Private Partnerships, the In-Lieu Parking Fees Program, Special Grants and Funding Programs, Retail and/or Residential Space Leasing, and the Transient Occupancy Tax. Parking Assessment District Bonds could also be considered, however, it is unlikely that this funding mechanism would be implemented.

3.2 Parking Program Costs

This section examines the financial implications of developing a public parking structure in La Jolla. It also examines the annual costs to maintain and operate a structure, and revenue to potentially fund a structure.

Construction and Bond Issue Costs

Table 3.2 below summarizes the construction and total bond issue costs of parking structure concepts in La Jolla. Construction costs are the actual costs to physically construct the parking structure, while the bond issue costs include the total costs of parking structure development, including land costs, design fees, and the cost of obtaining financing for the structure. The construction cost per space is typically used to compare one alternative against another. It can also be used to compare the per space cost with other local projects. As indicated in Table 3.2, the average construction cost of the parking structure concepts identified is about $6,746,000, which is approximately $22,900 per space. However, this average includes retail space and multi-level underground parking, which has a much higher square foot cost than above ground parking levels. The average per space cost without retail space and assuming no underground parking would be approximately $15,750. This is typical of the per space cost of other parking structure projects in Southern California, which are in the range of $14,500 to $16,500 per space.

Without selecting a specific site, it is clear that the average cost of developing structured parking in La Jolla will be about $54,600 per space. More detailed tables showing the itemized cost estimates/pro formas for each of the La Jolla concepts are provided in the appendix to this report. Assuming a structure that would provide about 300 spaces yields a total bond issue amount of $16,088,300. This amount financed over a 25-year period at a 7.5 percent interest rate would require an annual debt service payment of $1,427,200, or about $4,757 per year per space.

Operating Costs

Operating and maintenance (O&M) costs cover such ongoing expenses as utilities, custodial services, landscape maintenance, administration and management, repairs, and other related items. O&M costs can vary considerably between municipalities and by the type of facilities available. Variables include type of facility (surface lot or parking structure), type of parking revenue collection system, reserve for major maintenance and repairs, and insurance costs. O&M costs for parking structures are generally higher than for surface lots. Operation of a parking structure will add to the costs the city currently incurs for maintenance of surface lots and administration. It was assumed that O&M costs would run in the range of $400 to $500 per space for any new parking structure. An average of $450 per space was used in the analysis in this report.

Table 3.2 – Summary Comparison of Parking Structure Concepts

Site	Description	Parking Spaces	Construction Cost (See Note 1, below)	Construction Cost per Space	Total Bond Issue Amount	Total Cost per Space
Red Roost/ Red Rest Site	5 levels, 2 below grade	150	$4,000,000	$26,667	$18,107,200	$120,715
The "Dip" Site	5 levels below grade. No parking above ground.	304	$9,010,000	$29,638	$14, 911,600	$49,051
"Old Shell Station" Site	5 levels below grade. No parking above ground. (See Note 2 below)	315	$9,600,000	$30,476	$17,078,900	$54,219
The Helen Smith Site (Concept 1)	5 levels, 2 below grade, No retail.	215	$4,700,000	$21,860	$13,125,800	$61,050
The Helen Smith Site (Concept 2)	5 levels, 2 below grade, 50% ground floor retail (includes approx. 9,800 s.f. of retail)	194	$5,290,000	$27,268	$14,030,200	$72,321
The Helen Smith Site (Concept 3)	5 levels, 2 below grade, 20% ground floor retail (includes approx. 3,920 s.f. of retail)	206	$4,940,000	$23,980	$13,493,600	$65,503
Cave Street (Concept 1)	5 levels, 2.5 below grade	230	$5,100,000	$22,174	$13,700,500	$59,567
La Valencia Parking Lot Site (Concept 1)	5 levels, 2 below grade, 50% ground floor retail (includes approx. 12,220 s.f. of retail)	275	$6,600,000	$24,000	$16,822,400	$61,172
La Valencia Parking Lot Site (Concept 2)	5 levels, 2 below grade, 20% ground floor retail (includes approx. 3,760 s.f. of retail)	295	$6,100,000	$20,678	$16,055,900	$54,427
Union Bank Site (Concept 1)	5 levels, 2 below grade, 50% ground floor retail (includes approx. 11,900 s.f. of retail)	300	$6,400,000	$21,333	$16,088,300	$53,628
Union Bank Site (concept 2)	5 levels, 2 below grade, 20% ground floor retail (includes approx. 5,920 s.f. of retail)	320	$6,100,000	$19,063	$15,628,400	$48,839
Cave Street (Concept 2)	5 levels, 2 below grade	425	$7,100,000	$16,706	$21,042,200	$49,511
Average Costs	**(Excludes the Red Roost/Red Rest Site)**		**$5,912,667**	**$21,428**	**$13,331,483**	**$52,451**

Note 1: This cost only includes cost of the parking structure, which can be used to compare one alternative to another. It does not include property purchase, site preparation, demolition, contingencies, architectural/engineering fees, construction administration and management. The Total Bond Issue Amount includes all these costs.

Note 2: The Shell Site could also include retail and residential space above ground. The costs identified do not include the retail or residential component for this site.

3.3 Potential Parking Revenue Sources

This section of the report examines potential parking revenues the City could realize from both a parking structure and on-street meter parking in the La Jolla area. A comparative analysis of similar sized City parking rates was performed forming the basis for this on-street parking revenue analysis and the off street parking cost / revenue analysis.

Potential Parking Fees

An important consideration in the development of a potential paid parking program is to set the amount of the parking fees to be paid. Typically operators of private parking facilities will set the fees at the highest amount the market will bear, as they want to sell all or most of their parking each day to maximize their income. Public parking fees typically take other factors into consideration. For example, the fees should be high enough to cover the costs of the parking program, but not so high as to discourage business or to encourage employees and visitors to park in nearby neighborhoods.

Table 3.3 shows a comparison of the parking rates charged by other California cities for public on-street and off-street parking. These cities were chosen, because they have small to medium size downtown areas similar in some ways to La Jolla.

Most of the cities have parking rates ranging from $0.15 to $1.00 per hour. The average hourly charge for all cities was $0.52. The average monthly permit rate for the all cities was $39.46, ranging from a low of $2.00 per month to a high of $125 per month.

Based upon this information and the current private parking rates in La Jolla, for the purposes of the revenue analysis in this study, an hourly rate of $1.00 per hour, and a monthly rate of $65 per month were used. These rates are typical of the cities with higher-end retail and restaurant uses, such as Santa Barbara, Beverly Hills, and Pasadena.

Table 3.3 - Comparison of Parking Rates – California Cities							
CITY		ON-STREET METERS		OFF-STREET			
Name	**Population**	**Number in City**	**Hourly Rate**	**1st Hour**	**Each Add'l Hour**	**Daily Max**	**Monthly Permit Rates (typical)**
Santa Barbara	90,000	Not used	N/A	1st 90 minutes free	$1 after 90 minutes	$9	$40-90 (Lot 10)
Beverly Hills	36,000	2,570	$1	1st 2 hours free (except in evenings $2 flat rate)	$2 after 2 hours	$13 ($2 flat rate in evening)	$80-$125 for central facilities. $50 for fringe parking
Davis	50,000	0	N/A	1st 3 hours free	No hourly rate	N/A (to 3 hr. max)	$2 ($24/year). Also $75/year for on street "X" permits.
Palo Alto	56,000	0	N/A	1st 2 to 3 hours free	No hourly rate	$8 (all day lot)	$23-$30 for central location. (Also, $8 for fringe parking)
Pasadena	130,000	2,500 down-town	$1	Old Pasadena 1st hour free. Other downtown garages $1	$1 after 1st hour	$3	$15-45
Salinas	102,000	0	N/A	2 hrs. free – no hourly parking	2 hrs. free – no hourly parking	One lot charges $2/day	$5-40, depending on location
San Luis Obispo	43,000	1,150	$0.50	$0 (first 90 min. free)	$0.50	$3	$40
San Rafael	50,000	3,000	$0.30	$0.35	$0.35	$3.50	$45
Santa Cruz	50,000	2,450	$0.15 to $0.33	$0.50	$0.50	$0.75 ($1/day for automated, $0.15 per hour for metered)	$10-31
Santa Monica	92,000	5,500	$0.50 ($0.35 in industrial areas,)	1st 2 hours free	$1.50 after 2 hrs.	$7	$55-70
Santa Rosa	135,000	878	$0.25	1st hour free	$0.50 after 1st hour	$7.50	About $60/month, $15 for rooftop
West Hollywood	39,000	1,700	$0.75 to $1	1st 2 hours free	No hourly rate	$5-10	$40-100
Average	64,625	2,103	$0.52	$0.22 for 1st hour, $0.80 for 1st hour actually charged	N/A	$5.48	$39.46

Parking Structure Revenues

Once constructed, a parking structure could possibly generate enough revenues from parking to cover the operating costs of the structure and the costs of the debt service and debt service coverage requirement on the bonds that would be issued to finance the development of the structure. For the purpose of this analysis, public off-street parking fees of $1.00 per hour for short-term parking and $65 per month for employee parking were assumed. Spaces designated for employee parking would earn $65 per month or $780 per year. However, it is common practice to oversell permits for these spaces by 10 percent or more. Assuming a 10 percent oversell would yield revenue of $860 per year per space for employee parking. For short term parking the characteristics of the area as determined in the existing conditions analysis suggest that the average duration is about two hours and that a typical space turns over 3.5 times per day.

At a one dollar per hour fee this suggests that a short-term space could generate $7.00 per day or about $2,016 per year assuming 288 days of operation. 288 days of operation assume that a structure will be utilized seven days per week between the Memorial Day and Labor Day weeks, and five days per week for the remainder of the year. If it is assumed that 50 percent of the parking spaces would be used for employee parking and the remaining spaces for short-term parking, the average annual revenue per stall would be $1,400. The percentage of employee parking use was based on site specific observations and also studies of similar areas.

This analysis assumed a ramp-up period of five years in which time the percent utilization of public spaces is assumed to incrementally increase as the public becomes accustomed to the location of the structure. It is assumed that 55 percent of the available public parking spaces will be utilized in the first year of operation. This value is expected to increase by 10 percent per year, until practical capacity of 85 percent is achieved by the fourth year of operation.

Using the 300 space structure example previously mentioned, financed over a 25-year period at a 7.5 percent interest rate would require an annual debt service payment of $1,427,200, or about $4,757 per year per space. The potential revenue of $1,400 per stall would be enough to cover the operating costs of $450 per space and provide $950 per space to cover a portion of the $4,757 per space debt service. However, a shortfall of $3,807 per space would remain. This analysis suggests that the revenue from the parking structure alone would not be enough to cover all the costs of developing the structure and that additional revenues would be necessary. Additionally, this assumes that 100 percent of the net revenues would be applied to cover the operating costs of the structure and debt service on the bonds, which may not be the case given the City's current policy on parking meter fees as identified previously.

On-Street Parking Revenues

Developing revenues by charging for on-street parking in high-demand areas will aid in financing a new parking structure or structures in La Jolla. As described in Chapter 1 of this report, on-street paid parking is recommended for all streets west of Prospect Street between Cave Street and Cuvier Street (Sub Areas 1 and 2) and, on the following streets within Sub Areas 3, 4, and 5:

- Prospect Street from Cuvier Street to Cave Street;
- Girard Avenue from Kline Street to Prospect Street;
- Herschel Avenue from Kline Street to Prospect Street;
- Ivanhoe Avenue from Wall Street to Prospect Street;
- Wall Street from Ivanhoe Avenue to Girard Avenue;
- Fay Avenue from Kline Street to Prospect Street;
- Cuvier Street from Coast Boulevard to Prospect Street;
- Eads Avenue from Silverado Street to Prospect Street; and
- Silverado Street from Draper Avenue to Ivanhoe Avenue.

It was assumed that charges for parking would be in effect six days a week, with Sunday parking remaining free. Parking charges were assumed to be $1.00 per hour.

City data regarding number of on-street parking spaces, average duration, and turnover of parking were used in the analysis. It was assumed that the duration and turnover values would remain constant even with charges for parking implemented. In reality, parking turnover would likely increase with parking charges, potentially resulting in more revenue than shown below in the calculations. Table 3.4 summarizes the results of the analysis.

For the on-street parking revenue analysis, a total of 1,421 on-street parking spaces would be metered. On weekdays, the metered parking could generate approximately $10,335 per day. On weekends, the metered parking could generate approximately $11,507 per day. On an annual basis (with Sundays free), on-street parking could generate approximately $3,285,000. Assuming a 20 percent cost for administration, enforcement and revenue collection, the net revenue from on-street parking would be in the order of $2,628,000. The amount allocated for administration, enforcement and revenue collection is closer to 10 percent per the City of San Diego's current policy described earlier. If on-street parking revenues are used as a factor to subsidize the bond issue then the net revenue should also consider the capital costs of procurement and installation of parking meters. This cost is dependent on the type of meter used, number of meters, and location, which is outside the scope of this study. However, for budgeting purposes, assuming that multi-space meters are used and each meter would cover 8 parking spaces, capital costs could be in the range of $600,000 to $700,000. Parking meter procurement and installation costs should be evaluated in detail in the next phase of the study.

Table 3.4 - On-Street Paid Parking Revenue Estimates

Paid Parking in Sub Areas 1, 2, and on Selected Streets

Weekday	Location	Parking Spaces	Turnover	Duration	Hours
Sub Area 1		216	3.1	1.7	1,138
Sub Area 2		324	3.7	2.2	2,637
Prospect	Cuvier to Draper	44	2.9	1.6	204
	Draper to Eads	27	3.0	2.0	162
	Eads to Fay	40	3.8	2.2	334
	Fay to Girard	24	1.9	1.9	87
	Girard to Herschel	20	3.6	1.7	122
	Herschel to Ivanhoe	23	4.4	2.0	202
	Ivanhoe to Cave	61	4.3	2.0	525
Girard	Prospect to Wall	29	6.1	1.4	248
	Wall to Silverado	62	5.7	1.4	495
	Silverado to Kline	56	5.2	1.6	466
Herschel	Prospect to Wall	39	4.3	1.8	302
	Wall to Silverado	41	4.0	1.8	295
	Silverado to Kline	53	4.0	2.0	424
Ivanhoe	Prospect to Cave	29	4.1	2.0	238
Wall	Ivanhoe to Herschel	36	5.6	1.5	302
	Herschel to Girard	35	4.6	1.8	290
Fay	Prospect to Silverado	41	5.1	1.4	293
	Silverado to Kline	49	5.1	1.4	350
Cuvier	Coast to Prospect	19	2.9	1.6	88
Eads	Prospect to Silverado	38	2.3	3.2	280
Silverado	Draper to Eads	28	3.4	1.8	171
	Eads to Fay	23	3.4	1.8	141
	Fay to Girard	23	5.7	1.4	184
	Girard to Herschel	15	3.2	2.7	130
	Herschel to Ivanhoe	26	2.3	3.8	227
					10,335
Weekend					
Sub Area 1		216	5.3	1.6	1,832
Sub Area 2		324	3.8	2.3	2,832
Prospect	Cuvier to Draper	44	5.4	1.1	261
	Draper to Eads	27	4.4	1.6	190
	Eads to Fay	40	4.4	1.8	317
	Fay to Girard	24	3.9	2.0	187
	Girard to Herschel	20	4.0	1.8	144
	Herschel to Ivanhoe	23	3.3	2.3	175
	Ivanhoe to Cave	61	3.6	2.1	461
Girard	Prospect to Wall	29	5.6	1.6	260
	Wall to Silverado	62	6.2	1.4	538
	Silverado to Kline	56	6.1	1.4	478
Herschel	Prospect to Wall	39	4.7	1.8	330
	Wall to Silverado	41	4.4	1.8	325
	Silverado to Kline	53	4.4	1.9	443
Ivanhoe	Prospect to Cave	29	3.3	2.3	220
Wall	Ivanhoe to Herschel	36	5.6	1.4	282
	Herschel to Girard	35	5.0	1.7	298
Fay	Prospect to Silverado	41	4.1	1.6	269
	Silverado to Kline	49	4.1	1.6	321
Cuvier	Coast to Prospect	19	5.4	1.1	113
Eads	Prospect to Silverado	38	2.3	3.7	323
Silverado	Draper to Eads	28	4.4	1.9	234
	Eads to Fay	23	4.4	1.9	192
	Fay to Girard	23	6.2	1.4	200
	Girard to Herschel	15	3.3	1.8	89
	Herschel to Ivanhoe	26	1.9	3.9	193
					11,507
Gross Revenue (@ $1.00 per hour)			**$3,285,464**		
Net Revenue (@ 20% for O&M) (a)			**$2,628,371**		

a) The City of San Diego's current policy is 10%.

Cost/Revenue Analysis

Table 3.5 shows the combined results of the cost and revenues analysis presented above for each of the parking structure alternatives evaluated in La Jolla. It is unlikely that any of the structures could generate enough revenue to cover the annual operating costs, the annual debt service, and the debt service coverage requirement. They all would have a net income deficiency ranging from a low of ($1,575,750) for a 215 space structure on the Helen Smith site, to as much as ($2,461,750) for a 425 space structure on the Cave Street site. In order to overcome this deficiency an additional source of revenue would be necessary. Implementing paid on-street parking in all of Sub Areas 1 & 2 and on selected key streets in Sub Areas 3, 4, 5A, and 5B, would yield approximately $2,628,000, which would be sufficient to fund any of the individual projects. Additional revenue could come from leasing retail space on the ground floor of those parking structures that could accommodate retail space.

3.4 Conclusions

Current supply and demand conditions in La Jolla would justify the construction of one or more parking structures, even after the appropriate parking management measures are implemented. A number of sites for a parking structure have been evaluated. The costs of developing a structure are quite high due to the need for the City to acquire the land in order to build the structure. As a result of these high costs, a public parking structure in La Jolla is not likely to be self sufficient. The amount of revenue generated by the structure would likely be well short of the amount needed to cover the costs of operation and the debt service of the bonds issued to fund the construction of the structure.

Table 3.5 - Cost/Revenue Analysis

Site	Description	Parking Spaces	Total Bond Issue Amount	Annual Operating Costs	Annual Revenue	Net Revenue	Annual Debt Service & Coverage	Net Income Surplus/ (Deficiency)
Red Roost/ Red Rest Site	5 levels, 2 below grade	150	$18,107,200	$67,500	$187,000	$119,500	$2,409,450	($2,289,950)
The “Dip” Site	5 levels below grade. No parking above ground.	304	$14,911,600	$136,800	$379,000	$242,200	$1,984,200	($1,742,000)
“Old Shell Station” Site	5 levels below grade. No parking above ground.	315	$17,078,900	$141,750	$392,300	$250,550	$2,272,650	($2,022,100)

Table 3.5 (cont'd) Cost/Revenue Analysis								
Site	**Description**	**Parking Spaces**	**Total Bond Issue Amount**	**Annual Operating Costs**	**Annual Revenue**	**Net Revenue**	**Annual Debt Service & Coverage**	**Net Income Surplus/ (Deficiency)**
The Helen Smith Site (Concept 1)	5 levels, 2 below grade, No retail.	215	$13,125,800	$96,750	$267,600	$170,850	$1,746,600	($1,575,750)
The Helen Smith Site (Concept 2)	5 levels, 2 below grade, 50% ground floor retail	194	$14,030,200	$87,300	$231,600	$144,300	$1,866,900	($1,722,600)
The Helen Smith Site (Concept 3)	5 levels, 2 below grade, 20% ground floor retail	206	$13,493,600	$92,700	$252,200	$159,500	$1,795,500	($1,636,000)
Cave Street (Concept 1)	5 levels, 2.5 below grade	230	$13,700,500	$103,500	$286,800	$183,300	$1,823,100	($1,639,800)
Cave Street (Concept 2)	5 levels, 2 below grade	425	$21,042,200	$191,250	$529,400	$338,150	$2,799,900	($2,461,750)
La Valencia Parking Lot Site (Concept 1)	5 levels, 2 below grade, 50% ground floor retail	275	$16,822,400	$123,750	$342,400	$218,650	$2,238,450	($2,019,800)
La Valencia Parking Lot Site (Concept 2)	5 levels, 2 below grade, 20% ground floor retail	295	$16,055,900	$132,750	$367,300	$234,550	$2,136,450	($1,901,900)
Union Bank Site (Concept 1)	5 levels, 2 below grade, 50% ground floor retail	300	$16,088,300	$135,000	$374,000	$239,000	$2,141,100	($1,902,100)
Union Bank Site (Concept 2)	5 levels, 2 below grade, 20% ground floor retail	320	$15,628,400	$144,000	$399,000	$255,000	$2,079,600	($1,824,600)

4.0 Recommendations

This section identifies the overall conclusions and recommendations based on the analysis described in this report.

As presented earlier, there is clearly an existing parking deficiency throughout the study area. The following parking management strategies could be employed to help alleviate parking deficiencies.

A) Increase on-street parking supply by converting certain parallel parking spaces to diagonal parking spaces (as specified in the report).

B) Increase on-street parallel parking efficiency by providing painted guide markings.

C) In anticipation that parking structures will be needed in the Village area, amend Municipal Code Section 103.1205(a)(8)(B) to permit (Only by Special Use Permit) above ground parking structures in Zone 1. The La Jolla PDO currently does not allow above ground parking structures in Zone 1, which includes the primary Sub Areas 5A and 5B of this study.

D) In anticipation that parking structures will be needed in the Village area, amend Municipal Code Section 103.1205(b)(1) to eliminate the minimum percent of gross ground floor area requirement for above ground parking structures in Zone 1. This section addresses retail space requirements. This amendment would not change the minimum percent of retail space required on the structure's street frontage length. The La Jolla PDO currently requires that a minimum of fifty percent of the gross ground floor area and seventy-five percent of the structure's street frontage be allocated for retail use.

E) In anticipation that parking structures will be needed in the Village area, amend Municipal Code Section 103.1206(c)(3) to permit (Only by Special Use Permit) parking structures to exceed the two-story height restriction. This amendment would not change the thirty-foot maximum height restriction. The PDO currently limits the height of all structures in Zone 1 to two stories and a maximum height of thirty feet.

F) Post a 90-minute time limit throughout the area. A 1-hour time limit currently exists on Girard Avenue from Prospect Street to Kline Street. A 2-hour time limit is currently posted from Kline Street to Torrey Pines Road. This change should be re-evaluated after six-months to ensure its effectiveness.

G) Extend parking enforcement times to 8:00 P.M. This provision would discourage long term visitors from utilizing parking spaces intended for visitors. Employees would also be less likely to vehicle shuffle within time restricted parking spaces.

H) Develop a comprehensive signage program to maximize visitor awareness to public parking locations. This could be prepared in conjunction with a community-wide public parking map which would identify all available public parking locations as well as the time limits and parking fees, if any, associated with each of the locations. The program should consider directional signage in advance of the primary entry points to the area and also within the area. The basic idea is to attract the visitor's attention to parking locations before they get to the primary activity corridor.

I) Improve transit service and encourage increased carpooling for the business portions of the community in order to reduce parking demand.

J) Evaluate opportunities to for joint use or shared use satellite/peripheral-parking facilities as a possible means of providing parking and shuttle services for employees and for special events or peak summer weekend service.

K) Provide bicycle-parking facilities (bicycle lockers and/or parking racks) in the visitor areas of the community, as the areas along Coast Boulevard.

While the above parking management strategies could be employed to help alleviate parking deficiencies, the combination of all these parking management strategies will not significantly increase parking supply or decrease parking demand to accommodate the existing and anticipated parking demand growth in the area. The current and anticipated future supply and demand conditions in La Jolla would justify the construction of one or more parking structures, even after the appropriate management measures are implemented. The demand for parking in the area justifies charging a fee for the use of any new parking facilities. Discount fees could be charged for monthly parking and an hourly rate charged for short-term or daily parking.

The amount of revenue generated by parking fees would be far short of the amount needed to cover the costs of operation and debt service of the bonds issued to fund the construction of the structure. Therefore, in addition to charging parking fees for use of the parking structure, a number of other funding mechanisms should be considered, as indicated below:

A) The City should consider paid on-street parking. Paid parking in all of Sub Areas 1 & 2 and on selected key streets in Sub Areas 3, 4, 5A, and 5B could generate enough funds to finance a structure.

B) The City should consider forming a parking assessment district.

C) The City should consider implementing an “In lieu-fee Program.”

D) The City should further evaluate the concept of “Valet Parking – Leasing and/or Franchise Program.” Funds from this program could be earmarked for the parking construction and/or operation of a parking structure.

E) The City should pursue “Special Grants and Funding Programs.”

F) The City should pursue public/private partnerships or a partnership with the State.

G) The City should consider the use of retail and/or residential space for the various parking structure concepts that could include retail and/or residential.

H) The City should consider the use of the Transient Occupancy Tax.

The best approach may well be to pursue a combination of several of these measures.

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