7.0 Parking Program Costs

Parking program costs include the costs of developing a parking structure and the annual costs to maintain and operate a structure.

Construction and Bond Issue Costs

Table 7.1 below summarizes the construction and total bond issue costs of the two parking structure concepts. 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. With out selecting a specific site, it is clear that the average cost of developing structured parking in Old Town (on land owned by the City or State, hence no land costs) will be approximately $25,200 to $31,200 per space.

Table 7.1
Summary Comparison of Parking Structure Concepts

Site	Description	Parking Spaces	Construction Cost	Construction Cost Per Space	Total Bond Issue	Total Cost per Space
Harney & Juan	5 levels 2 below grade	875	$17,500,000	$20,000	$27,283,000	$31,181
Twiggs & Congress	5 levels 2.5 below grade	540	$8,700,000	$16,111	$13,610,700	$25,205

Assuming a parking structure on the Twiggs and Congress Street site (providing 540 spaces), the total bond issue would be just over $13,600,000. This amount financed over a 25-year period at a 7.5% interest rate would require an annual debt service of $1,207,400, or about $2,200 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.

8.0 Potential Parking Revenues

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. 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.

Parking Structure Revenues

Once constructed, a parking structure could generate 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, this could yield revenue of approximately $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 2.7 hours and that a typical space turns over 2.5 times per day.

At a $1.00 per hour fee this suggests that a short-term space could generate $6.75 per day or about $1,950 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. The analysis assumed that 50 percent of the parking spaces would be used for employee parking and the remaining spaces would be used for short-term parking.

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.

This analysis indicates 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, even once practical capacity is achieved in the structure, assumed in the fourth year of operation. 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 revenues as identified previously. A year by year summary of debt service compared with net revenue is provided for each structure concept in the appendix.

On-Street Metered Parking

As indicated previously, on-street metered parking is not recommended at this time because it was determined that their use would not make a significant difference in existing parking supply and in fact may exacerbate deficiencies or increase pressure on prime parking because there are insufficient off-street parking facilities available to accommodate longer-term parkers that would be displaced by the use of on-street parking meters. However, when additional parking facilities are provided, implementing on-street metered parking in high-demand areas would aid in financing new parking facilities and increase on-street parking availability. For this analysis, Sub Area 3 as identified in Figure i.2 was targeted as a potential area for implementing paid on-street parking. However, the residential portion of Sub Area 3 was not considered for paid on-street parking. 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.

The 318 parking spaces in Sub Area 3 (less 54 spaces in the residential portion of the Sub Area) would generate on average $1,925 per day on weekdays and $1,140 per day on weekends. On an annual basis (with Sundays free), on-street parking would generate approximately $560,000. Assuming a 20 percent cost for administration, enforcement and revenue collection, the net revenue from on-street parking would be in the order of $450,000. 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.

Table 8.1 shows the combined results of the cost and revenues analysis presented above for each of the two parking structure alternatives evaluated in Old Town.

Table 8.1
Off- Street 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)
Harney & Juan	5 levels, 2 below grade	875	$25,213,700	$393,750	$1,063,700	$670,000	$3,630,450	($2,960,450)
Twiggs & Congress	5 levels, 2.5 below grade	540	$13,610,700	$243,000	$656,700	$413,700	$1,811,100	($1,397,400)

It is unlikely that either of the two structures could generate enough revenue to cover the annual operating costs, the annual debt service, and the debt service coverage requirement. They would have a net income deficiency ranging from a low of ($1,397,400) for the 540-space structure to ($2,960,450) for the 875-space structure. In order to overcome this deficiency an additional source of revenue would be necessary. Implementing paid on-street parking in Sub Area 3 could yield approximately $450,000, which could offset some of the revenue deficiency for the 540-space structure on the Twiggs and Congress Street site.

9.0 Conclusions and Recommendations

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) Consider removal of excess red curb on Juan Street and Congress Street. This change would result in additional parallel parking spaces.

B) In anticipation that parking structures will be needed in the area, amend Municipal Code Section 103.0203(f)(2) to permit (Only by Special Use Permit) a minimum of 500 parking spaces in the structure. The Old Town PDO currently requires a minimum of 1000 parking spaces be provided in the structure.

C) In anticipation that parking structures will be needed in the area, amend Municipal Code Section 103.0203(f)(3) to permit (Only by Special Use Permit) the maximum height of the building to not exceed 30-feet. The PDO currently limits the height of buildings to twenty-six-feet.

D) Post a 2-hour time limit along the following streets: Congress Street, from Taylor Street to San Diego Avenue; Harney Street, from Jefferson Street to San Diego Avenue; and Conde Street, from Jefferson Street to the east end. Post a 3-hour time limit along the following streets: Juan Street, from Wallace Street to Harney Street; and Twiggs Street, from the west end to Congress Street. Imposing time limits at these locations would create more parking space turnover in the core visitor area of Old Town. This change should be re-evaluated after six months to ensure its effectiveness.

E) 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.

F) Explore shuttle service and satellite/peripheral parking possibilities to alleviate long term parking in the core activity areas of the Historic District.

G) Encourage employees working in the core activity area to park in lots further away from the core area, such as the Old Town Transit Lot. This concept should be discussed with MTDB before being seriously considered.

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

I) Implement a public awareness campaign to promote awareness of the availability of alternate public transportation that would connect visitors and employees to the Old Town Area (e.g. the trolley, Coaster, and the Old Town Trolley bus routes).

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 Old Town would justify the construction of a parking structure, even after the appropriate management measures are implemented. A parking structure on the Twiggs and Congress Street Site would have significant environmental constraints relating to the historic nature of the site as well as the use of State Park Lands. Additionally, the community and the State Parks Department have expressed concern about using this site for parking and they would oppose any such action. Therefore, the parking structure at Harney Avenue and Juan Street is the preferred site for development of a parking structure.

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 establishing a parking assessment district or and In lieu-fee program.

B) 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.

C) The City should pursue "Special Grants and Funding Programs."

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

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

The best approach would be to pursue a combination of these measures, as no single measure appears likely to generate enough funds to finance development of a parking structure.

- END -

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

Appendix Figures