

## **3.0 Parking Structure Financial Analysis**

This section presents the parking program costs and financing techniques to implement parking improvements in the Old Town 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 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 Old Town area, such as:

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

Each of these is discussed in more detail 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. 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. It should also be noted that the City's current policy regarding parking meter revenues 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 paid parking facility.

Several groups within the Old Town Community, such as the Old Town Community Planning Committee; the Old Town Historic Community Foundation; the Old Town Chamber of Commerce; the Economic Restructuring Committee; SOHO; and the State Park Concessionaires, have advised us that there would be tremendous opposition to implementing a charge for parking unless it was restricted solely for the purpose of funding the construction of a new structure and at a premium parking location.

However, in the long-term and considering public acceptance, on-street metered parking and off-street paid parking in a parking structure should be considered.

### **Valet Parking Lease and Franchise Programs**

The City is exploring the possibility of 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 is developing a similar leasing arrangement. The Valet Parking Franchise program has not yet been used in California. Old Town may be a candidate for either program, as valet parking for evening and weekend shopping, restaurant, and entertainment activities could be popular. The 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 Old Town area, the City could possibly receive between approximately \$21,900 and \$30,700 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 Old Town, 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 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. Therefore, very strong property owner support is required to set up such a district. At present there is an organized group of business community representatives in Old Town that are lobbying for parking improvements which would help in the formation of a parking assessment district. The land that is part of the State Park or is owned by Caltrans would not be part of the district. 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.

## **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.

Old Town is adjacent to the boundaries of the existing North Bay Redevelopment Area, and potentially, could be added to the existing redevelopment area. 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 Old Town, this funding mechanism is not very appropriate. However, one potential application could relate to the planned reuse of the Caltrans property. If Caltrans were to sell this property and put it on the tax rolls, it would represent a major increase in property taxes. However, Caltrans is currently in the process of developing a new office building on their property and it seems unlikely that the property would be sold or developed for other uses in the near-term.

Tax Increment Financing and/or developing an Infrastructure Finance District is not considered realistic for this project. However, the concept of adding the area to the North Bay Redevelopment Area should be discussed with the City's Planning and Finance Department staff before being dismissed completely.

## **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. At the current time no particular development interest has emerged in the Old Town area as a candidate for a public/private partnership. However, as noted above the sale or other reuse of the Caltrans property might open up an opportunity for a partnership arrangement. The Caltrans property currently serves as overflow parking for Old Town on weekend evenings and days.

Public/private partnership opportunities should be considered as a means to providing parking improvements in the Old Town 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 Old Town 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 to 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 activity in Old Town seems limited. However, it appears that an “In-Lieu Fee Program” would contribute to an overall parking improvement plan.

## **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. One potential source of federal and state funding relates to projects, which are part of inter-modal or multi-modal transit facilities such as transit centers, rail stations, and park-and-ride facilities. MTDB has considered the concept of building structured parking on the commuter parking lot at the Old Town Transit Center. Although this site is relatively far from the Old Town activity centers, one option might be to develop some parking in this location as remote parking for area employees.

In summary, it appears that the funding mechanisms that are most applicable to the Old Town community are the “Valet Parking Franchise Program,” the “In-Lieu Parking Fees Program” and “Special Grants and Funding Programs.” “Public/Private Partnership” opportunities should also be considered. The other funding mechanisms described above are unlikely to be accepted or implemented.

## **Transient Occupancy Tax**

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

## **3.2 Parking Program Costs**

This section of the report examines the financial implications of developing a public parking structure in Old Town. It examines the potential costs of developing a parking structure, the annual costs to maintain and operate a structure, and revenue to potentially fund a structure.

## **Construction and Bond Issue Costs**

Table 3.1 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. Without 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. More detailed tables showing the itemized cost estimates for each of the two Old Town concepts are provided in the appendix to this report.

<b>Table 3.1 Summary Comparison of Parking Structure Concepts</b>						
<b>Site</b>	<b>Description</b>	<b>Parking Spaces</b>	<b>Construction Cost (1)</b>	<b>Construction Cost Per Space</b>	<b>Total Bond Issue Amount (2)</b>	<b>Total Cost per Space</b>
Harney & Juan	5 levels 3 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

Notes:

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.

2) The Total Bond Issue Amount does not include the additional 50% Debt Service Coverage Requirement.

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 percent 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.

### **3.3 Potential Parking Revenues**

This section of the report examines the potential parking revenues the City could realize from both a parking structure and on-street meter parking in the Old Town 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 3.2 shows a comparison of the parking rates charged by 14 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 Old Town. Nine of the 14 cities have parking rates ranging from \$0.15 to \$1.00 per hour. The average hourly charge for all 14 cities was \$0.52. The average monthly permit rate for the 14 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 Old Town, 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.

**Table 3.2 - Comparison of Parking Rates – California Cities**

City		On-Street		Off-Street			
Name	Population	No. in City	Hourly Rate	1 <sup>st</sup> Hour	Each Add'l Hour	Daily Max	Monthly Permit Rates (typical)
Santa Barbara	90,000	Not used	N/A	1 <sup>st</sup> 90 minutes free	\$1 after 90 minutes	\$9	\$40-90 (Lot 10)
Beverly Hills	36,000	2,570	\$1	1 <sup>st</sup> 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	1 <sup>st</sup> 3 hours free	No hourly rate	N/A (to 3 hr. max)	\$2 (\$24/year). Also \$75/year for on street "X" permits.
Monterey	30,000	570	\$0.75	\$0.25 to \$1	\$0.25 to \$1	\$4 to \$8	\$30
Mountain View	69,000	0	N/A	1 <sup>st</sup> 2 hours free	No hourly rate	N/A	\$10
Palo Alto	56,000	0	N/A	1 <sup>st</sup> 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 downtown	\$1	Old Pasadena 1 <sup>st</sup> hour free. Other downtown garages \$1	\$1 after 1 <sup>st</sup> 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,)	1 <sup>st</sup> 2 hours free	\$1.50 after 2 hrs.	\$7	\$55-70
Santa Rosa	135,000	878	\$0.25	1 <sup>st</sup> hour free	\$0.50 after 1 <sup>st</sup> hour	\$7.50	About \$60/month, \$15 for rooftop
Walnut Creek	62,000	1,750	\$0.25	\$0.25	\$0.25	\$2	\$30
West Hollywood	39,000	1,700	\$0.75 to \$1	1 <sup>st</sup> 2 hours free	No hourly rate	\$5-10	\$40-100
Average for the 14 cities	64,625	2,103	\$0.52	\$0.22 for 1 <sup>st</sup> hour, \$0.80 for 1 <sup>st</sup> hour actually charged	N/A	\$5.48	\$39.46

## **Parking Structure Revenues**

Once constructed, a parking structure could possibly 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.

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. 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. The percentage of employee parking use was based on site specific observations and also studies of similar areas.

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, 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 fees as identified previously. A year by year summary of debt service compared with net revenue is provided for each structure concept in the appendix.

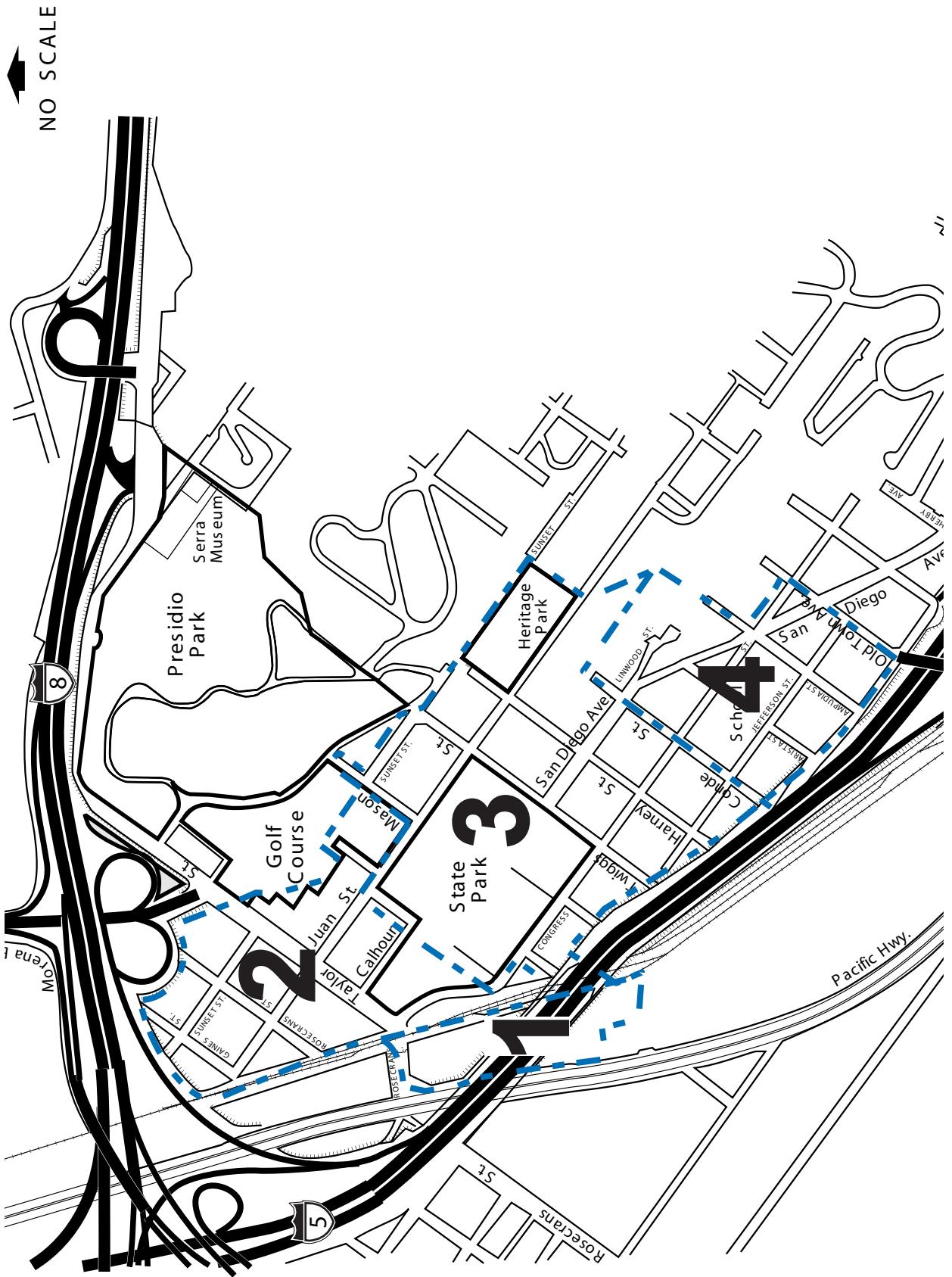
## **On-Street Metered Parking**

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 facilities. For this analysis, Sub Area 3 as detailed in Figure 3.1 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. Data regarding the number of on-street parking spaces, average duration, and turnover of parking was 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 3.3 summarizes the results of the analysis.

The 318 parking spaces in Sub Area 3 (less 54 spaces in the residential portion of the Sub Area) could 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 could generate as much as \$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. 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 \$200,000 to \$250,000. Parking meter procurement and installation costs should be evaluated in detail in the next phase of the study.



**1** Sub-Area Identification  
**—** Sub-Area Boundary

**Old Town Sub Areas**  
**City of San Diego Visitor Oriented Parking Survey**  
**Figure 3.1**

<b>Table 3.3</b> <b>On-Street Paid Parking Revenue Estimates</b>					
<b>Weekday</b>		<b>Parking Spaces</b>	<b>Turnover</b>	<b>Duration</b>	<b>Hours</b>
Sub Area 3 (Total)		318	2.8	2.6	2,315
Less Residential Areas:					
Twiggs	S. Terminus to Congress	-7	1.3	6.2	-56
Harney	S. Terminus to Jefferson	-5	1.4	3.3	-23
	Jefferson to Congress	-20	3.4	2.4	-163
Conde	S. Terminus to Jefferson	-12	1.9	3.3	-75
	Jefferson to Congress	-10	2.2	3.3	-73
					<b>1,925</b>
<b>Weekend</b>					
Sub Area 3 (Total)		318	1.6	2.7	1,374
Less Residential Areas:					
Twiggs	S. Terminus to Congress	-7	1.0	5.0	-35
Harney	S. Terminus to Jefferson	-5	1.1	2.8	-15
	Jefferson to Congress	-20	2.1	2.2	-92
Conde	S. Terminus to Jefferson	-12	1.1	3.3	-44
	Jefferson to Congress	-10	1.8	2.7	-49
					<b>1,139</b>
<b>Gross Revenue (@ \$1.00 per hour)</b>		<b>\$559,728</b>			
<b>Net Revenue (@ 20% for O&amp;M) (a)</b>		<b>\$447,782</b>			

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

### Cost/Revenue Analysis

Table 3.4 shows the combined results of the cost and revenues analysis presented above for each of the two parking structure alternatives evaluated in Old Town.

<b>Table 3.4</b> <b>Off- Street Cost/Revenue Analysis</b>									
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, 3 below grade, 1 at grade, and 1 above grade	875	\$27,283,000	\$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.

### **3.4 Conclusions**

The amount of revenue generated by either structure alone would be far 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. The best approach would be to pursue a combination of the funding mechanisms identified above, as no single measure appears likely to generate enough funds to finance development of a parking structure.

## **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) Consider removal of excess red curb on Juan Street and Congress Street. This change would result in additional parallel parking spaces. This concept should be reviewed with the Fire Department and the Traffic Engineering Department to determine if the red curb should remain.
- 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 an 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 -