CITY COUNCIL REPORT

DATE: April 9, 2015

TO: Mayor and Councilmembers

FROM: Karl Eberhard, Community Design & Redevelopment Manager
David McIntire, Interim Community Investment Director
Heidi Hansen, Interim Economic Vitality Director

CC: Jeff Meilbeck, Josh Copley, Jerene Watson, Leadership Team

SUBJECT: NOVEMBER 2011 STAFF SUMMARY REGARDING POTENTIAL SOUTHSIDE PERMIT PARKING PROGRAM

This is in response to the City Council request for a copy of the November 2011 Staff Summary Memo regarding the potential Southside Permit Parking Program. The request arose when the City Council considered Item #7, Parking Issues in the Vicinity of the Northern Arizona University Campus (Previously item #10) at a Work Session on March 31, 2015.

DISCUSSION

Please find the subject memo attached.

RECOMMENDATION / CONCLUSION

This report is for information only.

November 16, 2011

MEMO

TO: Honorable Mayor and City Council Members

FROM: Karl Eberhard, AIA
Community Design and Redevelopment Manager

RE: Southside Parking

Parking in the Southside has been an issue for some time. Historically, there has not been an objection to other (outside) people parking in the neighborhood. The concern has been parking in front of driveways, fire hydrants, and other nuisance parking. This concern is primarily solved by the enforcement of existing parking laws. However, some capital investment for signage, curbs, and curb markings may be appropriate. Please find following some policy matters that will assist City staff in developing a solution for the City Council to consider.

Human Resources:

Currently Flagstaff has one parking enforcement staff person who generally covers approximately thirteen square blocks (52 block faces) of north downtown. Given the area covered, the interval of "laps" required for effective enforcement, administrative and judicial responsibilities, sick days, and so forth, this allocation of human resources is used herein as the baseline level of service. This allows for about 30 hours a week of "on the street" time and more consistent enforcement may require more human resources.

To cover additional areas we need to allocate additional enforcement staff, either through re-allocation or by adding staff. The re-allocation option could involve providing less coverage in north downtown or pulling patrol officers in to write parking tickets. For nuisance parking enforcement only, the overtime grant, or the COPS grant, could be used as funding for a few years. Another option of re-allocating other City staff (and corresponding services) could be explored as well. The following discussion points primarily address various options for adding staff if the Council chooses that direction.

Level of Subsidy:

If choosing the option to add parking enforcement staff, the immediate question is, how self-sufficient should the program be? At the fully subsidized end of the spectrum, additional staff could simply be hired for Southside parking enforcement. Funding would need to be developed, or other funding re-allocated, to cover these costs. Looking toward a self-sufficient program, parking permits could be employed to offset the costs of enforcement.

To help with this consideration, it is helpful to understand some of the data about enforcement and parking tickets. Keeping in mind the coverage of about thirteen square blocks each, enforcement staff has approximately $5,000 in training and equipment (excluding a cart) and costs about $45,000 in burdened salary. This figure includes associated management costs and is the baseline cost used herein.

After the State takes their portion, we get $8.00 on a $33.00 over-time parking ticket. The revenue generated from issuing parking tickets does not quite cover the court costs associated with them, and thus the issuance of tickets is not a source of funds to cover the cost of enforcement. Increasing the cost of tickets only yields a percentage of the increase to the City, thus requiring tickets "in hundreds of dollars" in order to fund enforcement. And, as the amount of tickets increases, so does failure to pay and contesting of tickets, both of which being offsets against the increase. The parking tickets themselves are not a reasonable potential revenue source for the City of Flagstaff.

Boundaries:

For each of the revenue generating permit options, it is necessary to understand the boundaries of the area to be covered as it directly affects the target revenue. For example, if we choose to address a twenty-six square block area, one hundred and four block faces, with a level of enforcement that is comparable to what we currently do in north downtown, we need to make the target revenue $90,000 just to cover salaries.

Minimal Area: An area bounded by NAU, Humphreys Street, Butler Avenue, and Lone Tree Road (see attached map) is roughly the same amount of area as the north side enforcement area and could be covered by one staff person. It encompasses eighteen square blocks, but only about fifty-two block faces that require enforcement, and approximately 325 on-street parking spaces. The number of units in that area, residential and non-residential, is estimated at 400. However, this boundary misses the area immediately north of the High Country Conference Center where spill-over parking occurs now, and the greater Southside area would remain convenient for yet more spill-over parking if there is no enforcement north of Butler Avenue.

Up to Phoenix Avenue: If that same general area were expanded northward to Phoenix Avenue, with Milton Road making up the rest of the western boundary (see attached map), the spill-over issue would be pretty well addressed. That expansion encompasses another eighty block faces, so that the total area would need at least two enforcement staff, possibly three, for the same level of service as north downtown. This

adds roughly 425 on-street parking spaces and roughly 400 units. The staffing baseline and options look like this:

	Block Faces	Staff Needed
North Downtown	52	1.00
Minimal Area Option	52	1.00
Up to Phoenix Avenue Option	132	2.54

Because expanding up to Phoenix Avenue requires 2.54 staff, the following materials address sub-options of having two (2) or three (3) staff members.

Other possible Service Areas: Other areas surrounding the University may need or want service, such as the commercial zones to the west along Milton Road. However, these areas have limited on-street parking for revenue generating parking permits. A program to also address these areas would be substantially more complicated, and thus the following materials do not address this option.

Permit Options:

Keep It Simple: There are numerous options when it comes to the permits themselves. They range from simple hanging cards to complex permits with serial numbers, holograms, and ties to the purchaser. The more complex the permit, the more complex the sales and enforcement, the establishment and maintenance of databases, requiring more time per car for enforcement, and there are various enforcement equipment options. With some solutions, guest and temporary permits become a sub-system, or second system, introducing another layer of complexity. Each of these options adds significantly to the operating cost of the system.

One simple permit parking system involves making all of the on-street parking spaces have a time limit (75 or 90 minutes, or two-hours, for example) with a "Permit Exempt" provision. Parking for the time specified is permissible for anyone, but to exceed the time limit, a permit is required. A fixed number of permits would be printed and issued and we would not concern ourselves with transfers, lending, re-sale, lost permits, and other similar issues. Because of its "low cost" nature, for demonstration of the math involved, the following materials are based on such a simple permit parking system.

Cost of Sales and Collections: In addition to the enforcement staff cost, there is a cost of sales for the permits and collections. For efficiency, we can utilize our existing sales counters, likely the City Hall lobby counter, but there are still some added expenses for securing (printing) and managing the permits, financial planning and reporting, and other general management. For the "Minimal Area" option, the estimated cost of sales is $10,000 annually and is increased to $15,000 for the "Up to Phoenix" options. This needs to be added into the target revenues.

Cost to Property Owners: Some communities find that parking permit programs are a service to the property owners and thus charge the cost to the property owners. This is spreading the program cost over the number of units. Non-residents would only be allowed to park for the time limit posted. In this approach, it is necessary to adjust for the vacancy rate and for residents that choose not to buy a permit. Expecting sales of permits at 50% reasonably addresses these two variables, and thus the cost of the permits looks something like this:

Minimal Area Option	$140
Up to Phoenix Avenue (2) Option	$130
Up to Phoenix Avenue (3) Option	$190

Getting back toward a subsidized program, other communities find differently and choose to make permits for property owners at no cost or a token charge. The "token charge" is really just so that they have some value and this has been found to reduce loss and other similar minor issues. Another variation chosen by other communities is to provide free or token cost permits to residents and owners of non-residential property are required to purchase permits. In any case, other revenue sources are needed.

Non-property Owner Permits: An alternate means of obtaining other revenues is to make permits available to non-property owners. This is spreading the program cost over the number of on-street parking spaces. If a number of permits are reserved for property owners (at no charge), and an amount equal to 50% of the on-street spaces (375) are made available to non-residents, then the cost of permits is:

Minimal Area Option	$340
Up to Phoenix Avenue (2) Option	$280
Up to Phoenix Avenue (3) Option	$400

Something in Between: Notably, it is possible to create a program that spreads the costs over both the property owners and non-property owners – that blends the two options addressed above. A program having an income from the property owners is more stable, or predictable, as they are less likely to spill-over into other areas. With a $52 charge for property owner permits and with 50% of the spaces available for non-property owners (375), the cost of the non-property owner permits is:

Minimal Area Option	$290
Up to Phoenix Avenue (2) Option	$230
Up to Phoenix Avenue (3) Option	$350

Some of the Possible Pitfalls:

Keep it Simple: Keeping the whole approach (boundaries, method, and permits) simple allows for low start-up costs, low operating costs, and ready implementation. At the same time, it ignores the complexities that exist and that may cause problems in the future. For example, it may turn out that property owners need more than 50% of the available spaces and if the number of spaces available to non-property owners is changed to 40%, the cost of permits increases by 25%.

Cheating is a particularly vulnerable aspect of keeping it simple. If property owners (in large numbers) choose to sell their free or essentially free permits to non-residents, the whole business plan fails. This behavior is countered by complex permits tied to cars, people, addresses, or parking spaces, and requires enforcement equipment and staff time to check that such ties exist for each particular permit. Such strategies might use license plate readers, which are expensive and don't address guest parking[1] very well. By keeping it simple we may avoid expenses initially but may find ourselves needing to subsidize the system if large scale cheating occurs and/or needing to implement and enforce these complex permits. We end up having a less sustainable program at a later date.

Another notable drawback of keeping it simple is that in addition to any general objection to paying for parking on the street, any flaws (ignored complexities) that require "fixes", particularly those that take some time to fix, will draw a lot of criticism.

Boundaries: If the boundary of the program area is such that there is a convenient adjacent neighborhood for parking to spill-over into, permit sales will be impacted. This could completely invalidate the revenue projections and is particularly true for programs with permits available to non-property owners.

Note that implementing this program may cause spill-over parking onto the Sawmill properties. We have studied the current and planned development, including the development agreement terms regarding parking and do not feel that an extension of this program onto those properties is workable. As with Milton Road, it will be necessary to devise another strategy for this neighborhood. We will initiate a discussion with the property owners and will follow up. A program for this area could be accomplished at the same time as this program if we expect problems, or alternatively, after this one is implemented elsewhere and only if needed.

Over-selling Permits: There are less on-street parking spaces in any of these area configurations than there are units. So, unless the spaces are oversold, the property owners would have to pay for the system. And, even then, for each unit to have just one permit, we would have to oversell them by approximately 6%.

Thus for all of these approaches herein, we would be over-selling the permits – potentially by quite a bit. For example, for the "Up to Phoenix" option, if all units get two

[1] Necessary in residential areas.

permits, 1,600 permits are needed[2]. If 50% of the spaces are available to non-property owners, 375 more permits are needed. So, we would be putting 1,975 permits out for the 750 parking spaces – nearly three to one. In this example, to get a balance and make 375 spaces available to non-property owners, we need about 55% of the property owners to choose *not* park on the street. Such choices can be influenced by permit cost.

But "balance" isn't entirely necessary. We can expect that a certain number of permits will be obtained for cars that actually park off-street – only parking on the street for unusual reasons or when used as guest permits. Also, not all non-resident held permits would be used at the same time. So, some level of over-selling is quite workable and is in fact quite common in parking permit areas. However, note that over-selling is also a common factor in angering parking customers when spaces are not available. Because of this, most entities are not forward about their over-selling rate. That being said, the highest over-selling rate we found is two to one - most are much less.

Permit Cost/Price Point: Since permits sales are desirable to pay the costs of enforcement, if the cost is too competitive with NAU, permit sales will be negatively affected. Since NAU parking permits run $415 per year, we may want to target a price less than, but near that amount. This and limiting the number of permits are means to not over-incentivize parking in the neighborhood.

Start-up Costs: Instituting a permit program will require the installation of parking restricting signs. At two per block face (low), at $150 each, the "Minimal Area" option needs approximately $7,500 worth of signs. The "Up to Phoenix Avenue" option needs about $20,000 for signs. In addition, the first year of operations, including cost of sales and salaries needs to be advanced. The start-up costs are estimated as follows:

Minimal Area Option	$70,500
Up to Phoenix Avenue (2) Option	$138,750
Up to Phoenix Avenue (3) Option	$188,750

Business Plan Failure: The materials presented herein are projections based on many variables. While we have used our business and municipal experience to establish business plans for various scenarios (see "Southside Parking Math" attached), because there are so many variables, it is possible that a component, or several components, turn out differently than projected. Importantly, as noted above, small changes in one variable can make large changes in the cost of permits. Thus, like any business plan, success is not guaranteed and it will likely be necessary to adjust the program in the future (possibly including the level of subsidy).

[2] This is likely if they are free.

Possible Upgrades:

Enforcement Carts: With higher start-up costs, we could reduce operating costs by using vehicles for enforcement. This would allow a single to person cover more territory which could for example make the "Up to Phoenix" option quite workable with just two staff members. Alternatively, this efficiency could be used to increase the level of service, allowing more "laps" per day than we currently do in north Downtown. The initial cost may be as high as $20,000 for an electric cart, equipped for winter.

Capital Improvements: One of the issues for enforcement in this area, mostly the "Minimal Area", is some infrastructure shortfalls. There are areas without curbs or space markings that delineate where parking should or should not occur. The cost of curb installations can climb quickly as these types of projects typically evoke drainage (re-building streets) and other issues that need resolution as a result of installing curbs. Staff can study this further and develop some cost estimates if this course of action is desired.

At much lesser cost, for any of the options, the addition of a healthy number of "No Parking" signs and similar advisories would be appropriate. Assuming that twenty would be enough, the cost would be $3,000.

Packaged Scenarios:

The previous information presented various individual decision points (human resources, level of subsidy, boundaries, permit options, and so forth) that when combined would make up a whole parking program. The following presents four sketches of possible whole programs.

Pilot Program: For all of the following sketches, rapid deployment and minimal costs depend on containing the scope of the parking program. They are based on a "pilot program" approach for the "Up to Phoenix Avenue" boundary.

Scenario 1 - Enforcement Blitz: An option to consider would be to simply employ a short-term blitz of enforcement in the Southside neighborhood. We can cover such a program within existing budgets and staffing levels. Following such actions there will be brief period of compliance that will gradually revert back as parkers realize that the program has concluded. It will need to be repeated, and doing so yearly is common in college communities. More often may be required, and during periods in between, the problems and the concerns will re-surface. Without additional ongoing funds, resources would be pulled from other services each time this is done.

Scenario 2 - Maximum Subsidy: In this scenario, the City would simply hire one or two enforcement officers, dedicated to the Southside. This eliminates the added costs of a permit program and has predictable costs. This option requires nominal start-up funds and requires between $45,000 and $90,000 per year. A variation of this scenario would involve adding signage to the area, requiring $3,000 in additional start-up cost. Another variation would include the purchase of an enforcement cart thus increasing the staff efficiency.

Scenario 3 – Minimum Subsidy Option 1: We would initiate a permit parking program wherein all spaces would be marked for two hours, "Permit Exempt". Property owners would have a nominal fee of $52 for permits, maximum one per water meter, and 375 permits would be available to anyone including non-residents for $340[3] each. All sales would be on a first-come, first-serve basis. We would start with two enforcement staff and one electric cart. This option requires approximately $160,000 in start-up funding.

Note that with one permit per meter, a Guest Permit system will be needed. The cost of this second permit system has not been determined, but an online system may be affordable. The alternative of issuing two permits per meter alleviates this, but requires over-selling of permits on the magnitude of three to one.

Scenario 4 – Minimum Subsidy Option 2: If prohibiting non-resident parking on the residential streets is in fact desired, the residential streets could be posted as "Permit Parking Only" and the commercial streets posted as "Two Hour Parking". Permits would cost property owners $150[4] at two per water meter, but assuming only 50% sales. The area would be served by two enforcement staff and one electric cart, and this option also requires start-up funding of $160,000.

For this scenario, and for Scenario 3, we can expect a second year adjustment in the permit price when actual sales volumes are determined. For example in this case, if more than 50% of the property owners purchase permits, the price for each can be reduced.

Attachments:

1. Minimal Area Map
2. Up to Phoenix Area Map
3. Southside Parking Math

Contributing Staff:

Community Development - Rick Barrett (Capital Improvements),
Mark Sawyers (Development Services), Jeffrey Bauman (Traffic)
Courts - Don Jacobson, Jessica Cortes
Economic Vitality - Stacey Button, Steve Saville
Legal - David Womochil
Management Services - Barbara Goodrich, Andy Wagemaker
Police Department - Kevin Treadway, Josh Copley, Greg Hartman
Public Works - Erik Solberg, Michael O'Connor (Streets)

[3] The math indicates $228 is the break-even amount – increased due to NAU price. The extra would offset advanced start-up costs and serve as a contingency.

[4] The math indicates $131 is the break-even amount. The extra would offset advanced start-up costs and serve as a contingency.

Southside Parking math

	Minimal Area			Up to Phoenix (2)			Up to Phoenix (3)		
	Start-up	One-time	Annual	Start-up	One-time	Annual	Start-up	One-time	Annual
Number of Enforcement Staff:			1			2			3
Revenue Option 1 (Property Owners):									
Commercial / Residential Units			400			800			800
Number of Permits:			400			800			800
(2 per Unit)									
(10% Vacancy)									
(40% No Sale)									
Permit Cost per Unit:			138			131			188
Revenue Option 2 (Non-owners):									
On-street Parking Spaces			325			750			750
Number of Spaces Available:			163			375			375
(50% Available)									
Permit Cost per Space:			338			280			400
Revenue Option 3 (In Between):									
Token Cost to Residents:			52			52			52
Permit Cost per Space:			286			228			348
Program Expense:									
"Permit Parking" Signs:	7,500	7,500		20,000	20,000		20,000	20,000	
Other Parking Control Signs:	3,000	3,000		3,750	3,750		3,750	3,750	
Print Permits:	5,000		5,000	7,500		7,500	7,500		7,500
Cost of Sales:	5,000		5,000	7,500		7,500	7,500		7,500
Enforcement Staff:	50,000	5,000	45,000	100,000	10,000	90,000	150,000	15,000	135,000
Total:	70,500	15,500	55,000	138,750	33,750	105,000	188,750	38,750	150,000