



Date: June 6, 2022

To: Wanda S. Page, City Manager
Through: Keith Chadwell, Deputy City Manager
From: Sean Egan, Transportation Director
Subject: Ordinance to Change Parking Fees

Executive Summary

This item recommends adoption of an Ordinance to change parking fees (change to Part 17-107 of the Fee Schedule) by generally increasing monthly parking rates by \$40, increasing the special event rate from \$5 to \$7, implementing the hourly rate increases approved by City Council in September 2020 that were delayed due to the COVID-19 pandemic; and eliminating the daily flat-rate parking fee effective July 1, 2022. In addition to fee changes within the overall Fee Schedule, sections within the Fee Schedule have been modified for clarity but will not change existing practice.

Attached is a copy of the current Ordinance identifying the changes to be applied to Part 17-107 (Parking Fees) and Part 17-108 (Special Event Parking Fees) of the Fee Schedule along with a copy of the ordinance to be approved, amending the parking fees.

Recommendation

To adopt the Ordinance to Revise Parking Fees to be effective July 1, 2022.

Background

The City has implemented parking fee changes six times within the last twenty (20) years. On June 18, 2001, the City implemented three changes: 1) increased hourly rates at parking decks and surface lots; 2) increased monthly contract fees; and 3) eliminated employee subsidy for parking. On June 18, 2007, the City implemented two changes: 1) a motorcycle fee and 2) the fee charged in the initial hour instead of across the first and second hours. The changes did not represent a significant revenue increase. On July 1, 2010, the City implemented two changes: 1) increased hourly rates at parking decks and surface lots; 2) increased monthly contract fees. On October 1, 2014, the City increased monthly residential permits for Downtown residents, increased special events parking by \$1.00 per vehicle and implemented additional options for residential parking. On September 6, 2016, the City increased hourly and special event parking rates. On July 1, 2017, the City implemented one change that increased monthly parking rates at parking garages and surface lots. On July 1, 2019, the City increased monthly parking fees at parking garages and surface lots. On October 1, 2020, the City increased hourly parking fees at parking garages and surface lots. Due to the fiscal impacts of the COVID-19 pandemic, the hourly parking fees were delayed.

With more than \$1.9 billion dollars invested over the past 20 years, Downtown Durham is continuing to experience vibrant growth. According to Downtown Durham Inc. (DDI), downtown has grown from just 1,450 residents to more than 7,000; to approximately 168 restaurants and bars, 716 hotel rooms, in excess of 300 start-up firms; and approximately 23,000 employees who work within the area.

Improvements made by the city and others have played a significant role in this growth. The Transportation Department has tried to keep pace with the parking demand created by the rapid growth. Working in partnership with Downtown Durham, Inc. (DDI), the Department has recognized that in order to maintain an attractive and vibrant city center, parking policies and practices must facilitate the broader goals for the Downtown Durham district and realistically address the needs of local visitors. An effective parking management plan that helps to strategically maximize existing parking assets, without compromising the character of Downtown Durham, will support the City of Durham's long-term success.

Issues and Analysis

The City's parking facilities operate as an enterprise fund. Durham's parking policies should be dynamic to respond to changes in parking supply and demand. The primary purpose of charging a fee for parking convenience is not the collection of revenue, although this is important, but rather to allocate a scarce resource efficiently.

Downtown Durham has experienced vibrant growth since the late 2000s. Improvements made by the city, such as improvements to parking lots, have played a significant role in this growth. The city has recognized that in order to maintain an attractive and vibrant city center, parking policies and practices must facilitate the broader goals for the Downtown Durham district and realistically address the needs of residents, businesses, employees and visitors. An effective parking pricing strategy helps to strategically maximize existing parking assets, without compromising the character of Downtown Durham, will support the City of Durham's long-term success.

With the financial implications of the COVID-19 pandemic as well as the need to examine citywide fees through the lens of racial equity and inclusion, and to ensure the fiscal solvency of the parking enterprise fund to cover expenses, including debt service and capital improvement projects, a parking pricing study analysis was conducted. The parking pricing study examined the existing parking pricing program to recalibrate on- and off-street rates and ensure that they are equitably set, comparable to peer cities, maximizing the existing parking supply, facilitating the continued economic growth of Downtown Durham and to address the significant financial deficits resulting from the pandemic and continued debt service obligations.

Monthly Parking Rate Increase

The Transportation Department implements monthly rate fee increases every two years by applying differing parking rates off-street parking spaces. These increases are necessary to allow appropriate investment in infrastructure and technology, maintenance of facilities, provision of overall facility security, and to maintain the Parking Enterprise Fund.

The Transportation Department conducted a monthly rate analysis, provided as Exhibit C, that outlines monthly parking price points in peer cities. Durham's current monthly rate of \$100 is near the middle of the range. The monthly parking rates in Raleigh, N.C. and Chapel Hill, N.C. is \$125.00.

Hourly Parking Rate Increase

The hourly rate for parking in on-street metered spaces is currently at \$1.50 per hour. The hourly City-owned off-street parking garages and lots is currently at \$1.25 per hour. Durham's \$1.50 hourly on-street parking rate is aligned with its peer city Raleigh, N.C. Chapel Hill's hourly on-street rate is \$1.75 per hour.

The last hourly rate increase was approved in September 2020 which increased the hourly rate from \$1.50 to \$1.75 for on-street metered parking and from \$1.25 to \$1.50 for off-street hourly parking. However, due to the pandemic, these rate increases were delayed and not implemented. It is recommended that the hourly rates for both on-street and off-street hourly parking be increase by \$0.75 per hour. However, the parking customer will realize a \$1.00 fee increase due to the delayed hourly rate increases not being implemented as a result of the pandemic. This relationship (higher rate for on-street, lower rate for off-street) encourages those with plans to stay in the area for longer periods of time to use the off-street facilities leaving on-street spaces for those requiring shorter durations.

Special Event Parking Rate

The current \$5.00 per vehicle fee for special events was established in Downtown Durham has become a destination that attracts residents and visitors during the evening hours. The 2018 Downtown Parking Study and the 2021-22 Parking Pricing Study concluded that the off-street special event rate was slightly lower than comparative cities at a current flat rate of \$5.00. The Downtown Parking Study recommended that in conjunction with continued review of the hourly and monthly rates that the special event rat should also be considered for an increase of \$7.00 - \$10.00 based on event.

The Transportation Department is recommending that a daily evening flat-rate be replaced with a \$7.00 special event parking rate. The recommendation is based on feedback from thirteen (13) downtown stakeholder engagement sessions.

Stakeholder Engagement

The Transportation Department through Nelson Nygaard conducted 13 community engagement sessions with downtown stakeholders to solicit input on the parking rate proposals. The stakeholders expressed concerns regarding the monthly and hourly parking rate increases. The consensus was that they preferred that the City implement the hourly rate increases approved in September 2020 that were delayed due to the continuing impacts of the COVID-19 pandemic. The stakeholders also preferred a \$25 increase in the monthly parking rates.

Alternatives

1. Amend the Ordinance to Revise Monthly Parking Fees as requested. Recommended.
2. Do not amend the Ordinance to Revise Monthly Parking Fees. Not recommended as the current Fee Ordinance does not address the parking needs of evening-hour employees.

Financial Impact

The City's parking facilities operate as an enterprise. The additional revenue is anticipated to be placed into the Parking Enterprise Fund to offset the costs of improvements to the parking system.

Equal Business Opportunity Summary

The Equal Business Opportunity Program is not an issue that is associated with acceptance and implementation of fee changes.

Attachments

- Exhibit A: Proposed Changes to Fee Schedule (Mark-Up Version)
- Exhibit B: Ordinance to Revise Parking Fees
- Exhibit C: Peer City Market Rate Analysis