



CITY OF DURHAM | NORTH CAROLINA

**Date:** May 7, 2013

**To:** Thomas J. Bonfield, City Manager

**Through:** Keith Chadwell, Deputy City Manager

**From:** Mark D. Ahrendsen, Director, Department of Transportation  
Harmon E. Crutchfield, Assistant Director, Department of Transportation

**Subject:** Parking Fees Change

#### **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 \$10 per month and reducing the fee for the first hour of parking in Lot 8, (change to Part 17-108 of the Fee Schedule) by increasing special events parking by \$1.00 per vehicle and implementing additional options for residential parking.

With the effective date of October 1, 2013, the amendment to Part 17-107 (Parking Fees) of the Fee Schedule anticipates generating an additional \$176,130 in monthly revenue (includes \$32,130 in revenue collected from residential parkers utilizing the parking facilities as a monthly parker during operational hours) and the amendment to Part 17-108 (Special Events Parking Fees) which consists of \$10.00 residential parking fee (\$7,920) and special events parking fees (\$46,500) for a total expected parking revenue increase of \$54,420. 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.

There have been three parking fee changes within the last twelve years: June 18, 2001, June 18, 2007, and July 1, 2010. The June 18, 2007 change was minor, adding a special parking fee for motorcycles as well as modifying the initial fee for hourly parking to be charged within the first hour instead of the first two hours. The changes in June 18, 2001 and July 1, 2010 were significant changes where both hourly and monthly rates were changed.

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 Events Parking Fees) of the Fee Schedule along with a copy of the ordinance to be approved, amending the parking fees.

#### **Recommendation**

Staff recommends that City Council approve the Ordinance to Change Parking Fees

## **Background**

The City has implemented parking fee changes three times within the last twelve 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. The fee changes increased parking fee revenue by approximately \$126,500. 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. The fee changes increased parking fee revenue by approximately \$411,000.

During this fiscal year, the City of Durham under contract with Kimley-Horn conducted a Downtown Parking Study which will be presented to City Council upon completion of the final report. The preliminary report of the Downtown Parking Study provided a comparative analysis of parking fees in Durham with other cities within and outside of North Carolina, as shown within Peer City Outreach attachment. Based upon this analysis, the City is currently charging at or below rate(s) of other comparable cities. Highlighted within the Downtown Parking Study is the recommendation to establish a goal of making the Parking Fund a self-sustaining enterprise fund. Consequently, as first step toward this goal, Kimley-Horn has recommended changes in the fees as outlined in this recommendation.

A \$10.00 per month residential parking permit was established in May 1999. This permit was implemented to recognize the growing competition between the parking needs of downtown residents and special events parkers. Specifically, the permit was implemented for residents that required parking in the garages during hours from 6:00 pm – 8:00 am, Monday – Friday and weekends. These permits would provide downtown residents a parking space in City parking facilities on an after hour basis. These permits were established at a nominal amount of \$10.00 per month for off-peak hours. During FY 2004, it was discovered that the majority of residential parkers (30 parkers) had been permitted to park without paying for parking during the designated hours. Consequently, to alleviate issues with future parkers, the Administration decided to waive this fee for all residential parkers until a future downtown parking study was performed. Subsequently, the current Downtown Parking Study has reviewed this issue and is recommending the residential parking fees outlined in this recommendation.

The \$2.00 per vehicle fee for special events was established in May 1999 to cover 90% of the costs associated with providing a higher level of security for special events for parkers that utilize the Church, Corcoran, and Centre Parking Garages. The \$4.00 per vehicle fee for special events was established in November 2008 to cover costs associated with providing a higher level of security for special events for parkers that utilize the North Parking Garage. The proposed increase of \$1.00 per vehicle for special events is based upon three things: 1) recover the increased cost of staffing parking facilities for special events at Church, Corcoran, and Centre garage; 2) increase rate to market rate; and 3) make the special events fee in the North Garage equal to the special event fee in the South Garage at American Tobacco Campus.

## **Issues/Analysis**

The recommended parking fee changes have been reviewed with stakeholders and are generally supported by those involved in the Downtown Parking Study. The Downtown stakeholders acknowledge the need for changes with the monthly parking fee schedule. However, there are reservations and objections to limiting the hours associated with the

existing residential parking permit and charging the regular monthly parking rate for Downtown residents that use the City parking facilities during weekday daytime hours.

The City's parking lots and garages operate as an enterprise fund. The FY 2014 projected budget breakdown for the Parking Fund before and after the proposed increase is illustrated below:

	<b>Before Increase</b>	<b>After Increase</b>	<b>Change</b>
<b>Revenues</b>			
Interest Income	\$ 2,480	\$ 2,480	\$ -
Monthly	\$ 1,712,918	\$ 1,896,338	\$ 183,420
Hourly	\$ 309,000	\$ 309,000	\$ -
Special Events	\$ 155,000	\$ 201,500	\$ 46,500
Parking Violations	\$ 250,000	\$ 250,000	\$ -
Transfer from Debt Service Fund	\$ 1,999,039	\$ 1,999,039	\$ -
<b>Total Revenues</b>	<b>\$ 4,428,437</b>	<b>\$ 4,658,357</b>	<b>\$ 229,920</b>
<b>Appropriations</b>			
Personal Services	\$ 121,369	\$ 121,369	\$ -
Operating	\$ 2,305,163	\$ 2,305,163	\$ -
Debt Service	\$ 1,999,039	\$ 1,999,039	\$ -
Transfer to Fund Balance	\$ 2,866	\$ 232,786	\$ 229,920
<b>Total Appropriations</b>	<b>\$ 4,428,437</b>	<b>\$ 4,658,357</b>	<b>\$ 229,920</b>

While the FY 2014 projected budget is balanced without a rate increase, the overall Downtown Parking Study suggests that the proposed increase is needed to begin to build reserves for future debt service and maintenance needs within the parking facilities. Thus, the Administration is recommending the following changes:

#### Monthly Rate

The proposed rate change for non-reserved monthly parking in the decks would increase from \$55 to \$65 per month and the rate change for reserved deck parking would increase from \$70 to \$80 per month. In addition, the proposed rate increase for non-reserved monthly parking in the surface parking lots would go from \$45 to \$55 per month. A new 24 hour residential parking rate of \$90 per month is also proposed and discussed further later. The proposed monthly rate increase without residential usage impact (effective date 10/1/2013) is projected to increase parking revenue by \$144,000.

#### Special Event Fee

The proposed special event fee for the Church Street, Corcoran Street, and Durham Centre garages would increase from \$2.00 to \$3.00 per vehicle and for the North Garage would increase from \$4.00 to \$5.00 per vehicle. The special event fee for the South Garage in American Tobacco Campus is currently \$5.00 per vehicle. The proposed change (effective 10/1/2013) is projected to increase parking revenue by \$46,500.

### Residential Parking Fee

The goal of the recommendation is to effectively recognize and reinstitute charging the \$10.00 per month residential parking fee originally established in May 1999 that applies to parking in the garages from 6:00 pm to 8:00 am, Monday – Friday and weekends. In addition, due to current and anticipated growth and changes in residential parking activity in Downtown, this ordinance recognizes residents who may want to park beyond hours designated within the \$10 residential parking fee. Based upon usage and residential parking needs beyond the hours of 6:00 pm - 8:00 am, Monday- Friday, residents will have three additional options: 1) Monday – Friday, 8:00 am – 7:00 pm, no reserved parking, \$65.00 per month, 2) Monday – Friday, 8:00 am – 7:00 pm, reserved parking, \$80.00 per month, and 3) Monday – Sunday, 24 hours a day, reserved parking, \$90.00 per month. The rates presented reflect the need to bring the parking rates in line with other local and regional markets and provide sufficient revenue to help support the costs of the parking system. Currently, there are 135 residential parkers utilizing the parking facilities within the surface lots (10), Corcoran Street (55) Chapel Hill Street (40), Church Street (20) and Durham Centre (10) parking garages. The proposed monthly parking rates are projected to increase the parking revenue from these existing residential parkers by \$39,420.

### **Alternatives**

1. Increase monthly and special event parking fees and implement residential parking fees as recommended, projected to increase annual parking revenue by \$229,920.
2. Increase monthly parking fees only; projected to increase annual parking revenue by \$144,000.
3. Increase special events parking fees only; projected to increase annual parking revenue by \$46,500.
4. Implement residential parking fees only; projected to increase annual parking revenue by \$23,640.
5. Increase monthly and special events parking fees and implement residential parking fees by an amount less than what is recommended.
6. Do not change parking fees at this time.

### **Financial Impact**

The total annual increase in parking fees is estimated to provide an additional \$229,920 in revenue in FY 2014. This additional revenue is anticipated to be placed into fund balance to be used to help pay for improvements to the parking system in the future.

### **DBE Summary**

DBE participation is not an issue that is associated with acceptance and implementation of fee changes.

### **Attachments**

Peer City Outreach  
Proposed Changes to Parking Fees  
Ordinance to Change Parking Fees

## PEER CITY OUTREACH

### HOURLY RATES

The hourly parking rates in the City of Durham were increased in FY 2010. A comparison of Durham's off-street hourly parking rates to other peer cities is provided below. The preliminary Downtown Parking Study recommends charging for on-street parking in FY 2014-2015 but recommends no increase in off-street hourly parking rates at this time. However, since the activity in Lot 8 is down considerably since relocation of the Durham County Courthouse, it is recommended that the hourly rate at Lot 8 go from \$2.00 the first hour to \$1.00 the first hour with a daily maximum of \$8.00 (effective 7/1/2013) and that this Lot be made available for monthly activity as well. While Lot 14 is currently only available for monthly parking, it is recommended that this Lot is also made available for hourly parking (effective 7/1/2013).

### **Current Rates**

The current hourly off-street parking rate in Durham is \$1.00 per hour with a daily maximum of \$8.00. The only variance from this rate is Lot 8, which is \$2.00 per hour with a \$10.00 per day maximum.

### **Comparable Markets**

	Winston-Salem	Charlotte	Greensboro	Raleigh	Greenville, SC	Chattanooga, TN
Avg. Hourly Rate	\$1.00/hour	\$4.00-\$6.00/hour	\$1.00/hour	\$2.00/hour with first 15 minutes free	\$1.00/hour	\$1.00 - \$4.00/hour
Avg. Daily Maximum	\$9.00	\$15.00-\$20.00	\$9.00	\$12.00	\$6.00	\$7.00

### **Current Hourly Rates**

Chapel Hill Street, Church Street, Corcoran Street, and Durham Centre Garages

0-1 hour	1-2 hours	2-3 hours	3-4 hours	4-5 hours	5-6 hours	6-7 hours	7+ hours
\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$8.00

- Approximately 47% of the hourly users are within the one hour range.

Lot 8

0-1 hour	1-2 hours	2-3 hours	3-4 hours	4-5 hours	5-6 hours	6-7 hours	7-8 hours	8+ hours
\$2.00	\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$8.00	\$9.00	\$10.00

### **Proposed Hourly Rates**

Chapel Hill Street, Church Street, Corcoran Street, and Durham Centre Garages – No change from current hourly rates

**Lot 8 and Lot 14 Proposed Rates**

0-1 hour	1-2 hours	2-3 hours	3-4 hours	4-5 hours	5-6 hours	6-7 hours	7-8 hours	8 + hours
\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$8.00	\$8.00

**Revenue Projection (hourly)**

The change in hourly rates for Lots 8 and 14 are not expected to result in an overall change in hourly parking revenue.

**MONTHLY RATES**

The monthly parking rates for the City's off-street parking facilities last increased in FY 2010. The current rates are indicated below:

**Current Rates**

Garages - Non Reserved	Garages - Reserved	Surface Lots
\$55.00	\$70.00	\$45.00

**Comparable Markets**

	Winston-Salem	Charlotte	Greensboro	Raleigh	Greenville SC	Chattanooga, TN
Avg. Monthly Rate Decks	\$65.00 - \$95/mo.	\$110.00- \$200.00/mo.	\$50.00/mo.	\$100 - 125.00/mo.	\$70.00	\$44.00- \$60.00/mo.
Avg. Monthly Rate Lots	\$42 - 65/mo.	\$65.00- \$120.00/mo. \$200.00 reserved	\$50.00/mo.	\$60.00/mo.	\$52.00	N/A

**Proposed Monthly Rates**

	Current Rate	Proposed Rate
8:00 am – 7:00 pm (M-F)		
Non Reserved	\$55.00	\$65.00
Reserved	\$70.00	\$80.00
Surface Lot	\$45.00	\$55.00
24 hours Residential		
Reserved	N/A	\$90.00

**Revenue Projections (monthly)**

If implemented October 1, 2013, it is projected that the above rates would generate an additional \$176,100 in monthly parking revenue: