



**CITY OF SALINAS
CITY COUNCIL STAFF REPORT**

DATE: AUGUST 4, 2020

DEPARTMENT: PUBLIC WORKS DEPARTMENT

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR

BY: JAMES SERRANO, TRANSPORTATION MANAGER

TITLE: DOWNTOWN PARKING DISTRICT PARKING RATES

RECOMMENDED MOTION:

A motion to consider deferring the Fiscal Year 2020-21 Council-approved rate increase until October 1, 2020, retroactive to July 1, 2020.

RECOMMENDATION:

It is recommended that the Council receive this report on the downtown parking district and consider deferring the Fiscal Year 2020-21 Council-approved rate increase until October 1, 2020, retroactive to July 1, 2020.

EXECUTIVE SUMMARY:

On February 19, 2019, the Council adopted Resolution approving parking rates in the Downtown Parking District to improve the program's sustainability. In addition, the Council adopted the Salinas Plan that includes objectives to reduce the dependence of the program on the City's General Fund. The first-year implementation of the fee adjustments is indicating that the changes implemented to improve the program's solvency are meeting the objectives of the City. However, due to the economic concerns related to Covid-19 the city has taken actions to roll back fee increases in support of local businesses. Consistent with those actions, staff recommends Council consider deferring the Fiscal Year 2020-21 Council-approved rate increase to October 1, 2020, retroactive to July 1, 2020.

BACKGROUND:

The City currently provides short-term on-street parking at no cost to downtown visitors. Ninety-minute parking is available along the Main Street corridor and on nearby downtown streets. The City also offers free parking with 2-hour time restrictions at city-operated parking lots. The time restrictions help encourage turnover so that downtown customers can avail themselves of goods and services downtown.

The City offers paid parking at garages and parking lots within the downtown parking district for convenient off-street parking for both customers and those who work downtown. Downtown employers, employees, and visitors who need to park for a longer time may purchase hourly parking time at the Monterey Street Parking Garage or purchase monthly parking permits at the lots below.

Salinas Street Garage

The Salinas Street garage is a 2-story structure between Salinas Street and Lincoln Avenue, next to the Permit Center and approximately a block away from City Hall. There are 264 parking spaces that are allocated for public, City vehicle parking and time-restricted parking. The garage provides covered parking at the ground level. It is within walking distance to Main Street, Steinbeck Library, the Recreation Center, City Hall, and the County Government Center. Parking is used by monthly permit-holders and there are limited 2-hour parking spaces. Approximately 155 permits are available for sale each month for all day parking.

City Municipal Parking Lot 5

This lot is located immediately east of the Rabobank building. This lot has 144 spaces, which are 61% full on weekdays. The lot provides convenient access to the 300 Block of Main Street. Approximately 65 monthly parking permits are available for sale each month for all day parking.

City Municipal Lot 8

This lot is located immediately east, across Lincoln Avenue, from City Hall. Most of the spaces are allocated for City parking. Approximately 12 permits are available each month for all day parking.

DISCUSSION

At the end of the 2017-18 Fiscal Year, the district reported a loss of \$399,701. Similarly, in previous fiscal years the program reports losses of similar magnitude. It was established that the user rates, the fees that are charged to those that use the facilities, no longer covered the costs of operating the parking district. Furthermore, the lack of reinvestment in the program erodes the value of the City's parking garages and parking lots, which ultimately impact the downtown economy.

To end the continuing program deficit, staff proposed to increase parking rates for the above parking facilities in the Downtown Parking District. In August 2018, staff brought a proposed rate increase to Council. After public discussion, the rate proposal was tabled to provide more discussion with the community. This resulted in another year of losses in FY 18-19 in the amount of \$350,423.

As a result of consultation with downtown businesses, the Salinas City council approved a phased rate increase through the next three fiscal years. The resulting rate adjustments were however

delayed almost one year from the initial proposal in August 2018 and to take effect on July 1, 2019. Council’s approval included the following considerations for reducing impact to businesses.

1. A phased rate increase for 3 years.
2. An annual rate review and adjustments beginning 2022 (last year of rate adjustments) and thereafter.
3. A reduced rate increase for Lot 5.
4. Re-balancing of rate at the lower and upper deck of the Salinas Street Garage.
5. New costs for Parking Garage contract operator.
 - a. Council approved a contract with Laz Parking on November 20, 2018. With the contract, garage management costs are fixed for 2 years at \$280,039, which is over \$30,000 less than the previous contract. Note that the contract with Laz Parking expires this fall and will have to re-negotiated.
6. Re-distribution of the Parking staff costs to other city programs to reflect the actual cost to the parking district (only 25% retained in the Downtown Parking District).

Table A below represents approved phasing of parking rates.

Table A. Proposed Monthly Permit and Hourly Parking Rate Increases				
Facility	FY 18-19 Monthly Rate	FY 19-20 Monthly Rate	Current FY 20-21 Monthly Rate	Proposed FY 21-22 Monthly Rate
<u>Monterey St Garage</u>	\$20	\$30	\$45	\$50
<u>Salinas St Garage</u>				
Lower Level	\$40	\$30	\$35	\$40
Upper Level	\$20	\$30	\$35	\$40
<u>Lot 5</u>	\$40	\$45	\$50	\$55
<u>Lot 8</u>	\$40	\$45	\$50	\$55
Transient Parking				
<u>Monterey St Garage</u>	\$0.50/hr	\$1.00/hr	\$1.00/hr	\$1.25/hr

The Operations Summary below shows that the implementation of approved rate adjustments in FY 19-20 has been successful in moving the program’s fiscal position to one that nearly covers operations cost.

Parking District Fund Operating Revenue and Expense 2015-16 through 2017-18*				Actual	Through 06/30/2020
Account Description	2015-16	2016-17	2017-18	2018-19	2019-20
Off Street Revenue					
Parking Lot Permits	\$37,855	\$53,888	\$60,020	\$50,270	\$26,818
Salinas Street Garage	\$35,309	\$24,902	\$27,464	\$24,146	\$103,390
Montrey Street Garage	\$127,618	\$134,544	\$322,717	\$242,014	\$285,725
Other Revenue (Misc.)			\$34		
Total Revenue	\$200,782	\$213,334	\$410,235	\$316,430	\$415,933
Off Street Expenses					
Personnel: Parking Supervisor	\$125,547	\$123,499	\$151,580	\$129,720	\$31,315
Administrative Overhead	\$69,065	\$78,100	\$101,725	\$79,506	\$35,096
Supplies and Materials	\$8,494	\$17,296	\$21,660	\$11,878	\$12,088
Outside Services					
Utilities	\$36,161	\$26,914	\$33,984	\$31,839	\$33,113
Maintenance & Repairs	\$17,510	\$17,573	\$24,532	\$23,018	\$39,160
Monterey St Garage Ops	\$162,518	\$281,460	\$385,635	\$351,447	\$234,935
Outside Services Other	\$126,418	\$21,365	\$47,997	\$0	\$0
Outside Services Total	\$342,607	\$347,312	\$492,148	\$406,303	\$307,208
Other Expenditures					
Taxes & Memberships	\$3,601	\$4,008	\$3,609	\$3,611	\$3,624
Capital Outlay	\$46,021	\$92,043	\$6,414	\$562	\$0
Insurance	\$0	\$0	\$0	\$0	\$7,194
Energy Efficiency Debt Service	\$0	\$0	\$32,800	\$33,465	\$34,145
Transfers to Capital Projects	\$0	\$0	\$0	\$1,809	\$0
Parking Debt Service	\$19,585				
Total Expenses	\$614,920	\$662,258	\$809,936	\$666,853	\$430,670
Profit/Loss	-\$414,138	-\$448,924	-\$399,701	-\$350,423	-\$14,737
* Shared with Council - March 2019.					

Deferment of Fiscal Year 2020-21 Rate Increase

With the first-year implementation of the rate adjustments the district deficit has been reduced significantly. However, the district still cannot cover all its costs. To keep revenue aligned with costs of operations, the City cut capital improvement costs and continues to defer maintenance.

Examples of deferred maintenance that need to be scheduled, including cost estimates for desired services, are listed as follows:

1. Re-lamping of lighting fixtures at both garages (\$33,000)
2. Repainting of Salinas Street Garage (\$20,000)
3. Annual cleaning of the elevator at Monterey Street Garage (\$5,000)
4. Security for Salinas Street Garage – (\$10,000 annually)
5. Replacement of Monterey Street Garage Security System (\$13,000)
6. Repainting of the Monterey Street Garage (~\$35,000)
7. Re-striping of lots and garages (~\$82,000)
8. Replacement of Electric utility vehicle for parking district (~\$20,000)

Providing these services enhances the value of the garages to downtown. For example, resurfacing of parking lots are needed for safety and aesthetics. These parking lots are the first experience of visitors in the downtown and some lots are lacking in reinvestment. Deferring maintenance and improvements will lead to higher maintenance costs in the future. Management costs for the Monterey Street Garage is likely to increase with the renewal of the garage management contract this fall.

The 20-21 rate adjustments took effect on July 1, 2020. Customers have purchased parking permits at the Council approved rates. As a result of the Covid19 lockdown, representatives of the downtown have requested postponement of the FY 20-21 rate increase even as the demand for permit parking continues. It is important to note that the rate adjustments are merely catching up to a decade of subsidized parking and the FY 20-21 increase is only a partial attempt to recover costs. The target rate does not take into effect until year three of the phasing plan.

It is also important to note that the priorities of the Council-approved Salinas Plan are gradually being addressed by the rate adjustments. Delaying needed revenue for services that are in demand will certainly not meet the Council's objectives and will require General Funds to subsidize the program, funds that may no longer be available to prop the parking district artificially. Covid-19 has also affected future projected general fund revenues. Subsidizing the parking district which can be self-sufficient is not a sustainable option.

The next two years of approved rate adjustments are still needed to ensure the Downtown Parking District's is self-sufficient.

Accomplishments

The following mark accomplishments in the parking district in the 2019-20 fiscal year:

1. Implementation of Rate adjustments.
2. Development and launch of the downtown Validation program.
3. Partial conversion of lighting at the Monterey Street garage to energy saving LED lights.
4. Increasing investment in maintenance of City lots (trash and litter control, landscaping).
5. Managing costs and rapid cost containment in response to Covid19.
6. Managing opening the of Monterey Street garage in response to downtown business opening.
7. Improving web presence for the Downtown Parking District.
8. Implementing on-line orders for monthly permits.

Other considerations:

Staff has received requests from downtown business representatives to consider expanding supply of parking in downtown in support of businesses returning after complying with Public Health restrictions for the current pandemic.

Staff is examining the feasibility of opening Lot 12 (current City employee parking lot) for Monthly Parking for downtown employees. There are costs for the conversion that must be considered to keep with the Salinas Plan objectives. There needs to be enough commitment or demand for permits to sustain operation costs. During weekends and after hours, the lot is available for public parking and supports the Oldtown Farmers Market operation on Saturdays.

Staff also received a request from the Small Business Task Force to offer the sale of monthly permits at the parking garage annually, i.e. can the City sell a year's worth of monthly permits to those who need them. This will eliminate inconveniences of having to purchase permits every month and pick them up at city hall or the parking garage. Staff is looking at the feasibility of this suggestion.

Developing Sustainable Programs for Continued and Better Service

The approved phased parking rate adjustments are modest and responds to the concerns of the City Council to balance the budget and continue providing value in the parking district. It is important to note that the City has supported downtown businesses with its parking program through the years and has shouldered the cost of parking for more than a decade. City staff has endeavored to sustainably increase parking rates, manage costs and still provide valuable service to downtown parking customers. Not raising parking rates to meet costs would cause the City's General Fund to continue to subsidize the downtown parking district. The "Salinas Plan: Final Report on Fiscal Sustainability and Housing Affordability" recommends eliminating the downtown parking fund deficits (Section MC01) to achieve the fiscal stability needed to continue providing services to residents.

However, due to the impacts of the pandemic on businesses including those in downtown the City has deferred other city fees until October 1, 2020. Upon the request of Councilmember McShane and Mayor Pro Tem Cromeenes, and consistent with these actions, Council may consider deferring the increase in Downtown Parking Rates to October 1, 2020. This will continue General Fund subsidy of the program for a short-term. Note that this action is inconsistent with the Salinas Plan.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

Managing downtown parking programs is an objective of the Salinas Downtown Vibrancy Plan. In addition, the *Salinas Plan* recommends fixing the parking district fiscal issues.

FISCAL AND SUSTAINABILITY IMPACT:

With the implementation of the Council approved rate adjustments, annual revenues begin to reduce dependence on the General Fund. Assured reinvestment of developed revenues into the program improves the sustainability and the ability of the Downtown Parking District to provide supporting services to downtown.

Work is continuing to consider and develop other revenue measures to improve the fiscal health and sustainability of the district, such as on-street metered parking. In addition to pursuing sustainability of the district's parking programs, the City will need to plan how to meet the anticipated growth in parking demand for downtown. The City is actively pursuing economic vitality as well as increasing density in downtown, including encouraging commercial and housing development. Meeting these economic objectives within the Parking District will also mean a corresponding need for valuable parking services.

However, consistent with Council's recent actions responding to the pandemic's economic impacts, the Council may consider deferring Fiscal Year 2020-21 parking rate increases until October 1, 2020 retroactive to July 1, 2020. This will continue the City's subsidy of downtown parking operations in the short run.

RESOLUTION NO. _____ (N.C.S.)

A RESOLUTION DEFERRING FISCAL YEAR 2020-21 RATE INCREASE TO OCTOBER 1, 2020 RETROACTIVE TO JULY 1, 2020

WHEREAS, the City of Salinas is actively promoting a vibrant Downtown; and

WHEREAS, the City operates and maintains parking assets, such as garages and parking lots within the Downtown Parking District that support and benefit the downtown economy; and

WHEREAS, the Downtown Parking District continues to report operational losses in previous years; and

WHEREAS, the City approved a phased rate increase on February 19, 2019 to improve solvency of the Parking District; and

WHEREAS, in response to the economic impacts of the pandemic, the City has deferred city fees to October 1, 2020; and

WHEREAS, the City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

NOW, THEREFORE, BE IT RESOLVED that Council defers the Fiscal Year 2020-21 Council-approved rate increase until October 1, 2020, retroactive to July 1, 2020.

PASSED AND APPROVED this 4th day of August, 2020 by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Christie Cromeenes, Mayor Pro Tem

ATTEST:

Patricia M. Barajas, City Clerk