



Office of the City Manager

CONSENT CALENDAR
October 29, 2013

To: Honorable Mayor and Members of the City Council
From:  Christine Daniel, City Manager
Submitted by: Andrew Clough, Director, Public Works
Subject: Enable Off-Street Parking Rate Changes in goBerkeley Pilot Program

RECOMMENDATION

Adopt a Resolution amending Resolution No. 66,245-N.S. authorizing the City Manager to set hourly parking rates at City parking garages and lots in amounts up to \$4 per hour to enable “First Hour Free” programs where justified within demand-responsive off-street parking in the goBerkeley Pilot Project Areas.

FISCAL IMPACTS OF RECOMMENDATION

This recommendation would enable the City Manager to authorize rates below \$1 per hour in City parking garages and lots. The goBerkeley changes to the City’s garages scheduled for December 2, 2013 are estimated, assuming a First Hour Free at Telegraph Channing Garage, to increase revenue at Center Street by 13%, Oxford Garage by 20%, and decrease revenue at Telegraph Channing by 9%. Overall garage revenue is expected to increase and remain well above the City’s required 1.25 debt service ratio.

CURRENT SITUATION AND ITS EFFECTS

On July 2, 2013, City Council adopted Resolution No. 66,245-N.S. to enable the goBerkeley Pilot Program to carry out coordinated management of on-street meters and off-street City-owned parking garages and lots, including adjustments to parking rates at City off-street parking facilities within the goBerkeley Pilot Areas. The first policy guiding the City garage and lot parking rates authorizes the City Manager to set hourly parking rates at City garages in an amount between \$1 per hour and \$4 per hour.

This language does not allow the City Manager to establish garage or municipal lot rates below \$1 per hour – meaning that incentive rates such as a “First Hour Free” cannot currently be authorized by the City Manager within the goBerkeley pilot program.

Resolution No. 66,245-N.S. authorized the City Manager to make rate changes that must be supported by parking usage data, and support the goal of achieving 65-85% parking occupancy as established in the goBerkeley Pilot Program Guidelines. In addition, the City Manager must consider the fiscal impact of off-street parking rate changes on the debt service coverage requirement of the City’s parking garage bond.

BACKGROUND

The goBerkeley Pilot Program is developing value pricing approaches to on-street and off-street parking, including better coordination between off-street and on-street parking rates. The first changes of the goBerkeley effort were implemented at on-street meters on October 15, 2013. The City is planning to make coordinated off-street parking rate changes beginning on December 2, 2013 consistent with parking data and the policies goals and legal requirements of the City, which are to:

- A. Ensure parking availability (~85% usage of spaces)
- B. Encourage visitor parking in garages to reduce demand for on-street parking
- C. Improve driver information
- D. Maintain debt service ratio above 1.25 as required by Off-Street Parking Revenue Bond

The City's goBerkeley pilot program seeks to adjust rates and time limits to create "just right" parking availability of between 65% and 85% both on-street and off-street. The December 2 off-street parking rate changes are designed to create some availability in "too full" Center Street and Oxford garages, and encourage the use of the Telegraph Channing Garage, which generally has available parking.

The City is also trying to offer much simpler parking rate structures. Current parking garage rate structures are complicated and confusing, with different rates based on time of entry, day of week, and validations.

RATIONALE FOR RECOMMENDATION

In some circumstances, price incentives need to be quite significant to change driver behavior – and hourly fees below \$1 per hour may be justified. The parking situation in the Telegraph Southside area around the Telegraph Channing Garage appears to be such a circumstance.

In September 2013, the \$0.50 cost difference between on-street parking meters in the Telegraph Southside area (\$1.50/hr.) and the Telegraph Channing Garage (\$1/hr. w/validation) was apparently not sufficient to encourage off-street parking. The Telegraph Channing Garage was, on average, 74% full on weekdays (Tue, Wed, Thur), and only 59% full on Saturdays, and 56% full on Sundays. It was below 65% full on 13 days in September. In contrast, on-street parking was more than 85% occupied on 5 out of 10 block faces around the garage on a sample weekday.

Garage usage is likely to increase somewhat as a result of the October 15th on-street meter rate increase to \$2.25/hr in the area. Nevertheless, it is reasonable at this time to establish a stronger price differential to encourage people to 1) come to the area, and 2) drive directly to a garage, thereby preserving on-street spaces for short-term parkers.

A revenue analysis shows a revenue reduction of 9% from the Telegraph Channing Garage. Counter-intuitively, a First Hour Free rate can even buoy revenue -- if the free

parking attracts new visitors to the area, some will stay beyond the first free hour and pay parking fees that they would not have without the incentive. In addition, this change will reduce costs of administering the validation program for both the City and merchants.

In any case, total revenue from the City's 3 garages well exceeds the debt service coverage ratio required by the City's parking garage bond. Finally, if prices set below \$1/hour prove to be ill-advised or become unwarranted based on usage, adjustments can be made quickly. For instance, if the goBerkeley price changes result in the Telegraph Channing Garage filling beyond 85% regularly, the City Manager can authorize adjustments based on the goBerkeley Pilot Program Guidelines.

ALTERNATIVE ACTIONS CONSIDERED

Staff considered making the goBerkeley off-street parking rate changes only within the \$1-\$4 per hour rate parameters established by Resolution No. 66,245-N.S. This would mean the lowest rate that could be offered at the Telegraph Channing Garage would be \$1 for the first hour. This is already the lowest rate offered (with validation), and so does not enable the City to increase the incentive to use the Telegraph Channing Garage.

CONTACT PERSON

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Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

AMENDING OFF-STREET PARKING POLICY AND FEE SCHEDULE TO ENABLE THE GOBERKELEY PILOT PROGRAM; AMENDING RESOLUTION NO. 66,245-N.S.

WHEREAS, on July 2, 2013, Council adopted Resolution No. 66,245-N.S. to enable the goBerkeley Pilot Program to carry out coordinated management of on-street meters and off-street City-owned parking garages and lots, including adjustments to parking rates at City parking garages within the goBerkeley Pilot Areas; and

WHEREAS, the policy guiding the City Garage parking rates authorizes the City Manager to set hourly parking rates at City garages in an amount between \$1.00 per hour and \$4.00 per hour, which does not allow the City Manager to establish rates below \$1 per hour such as “First Hour Free” programs; and

WHEREAS, in some circumstances, hourly fees below \$1 per hour are justified, where price incentives need to be quite significant to change driver behavior; and

WHEREAS, the parking situation in the Telegraph Southside area around the Telegraph Channing Garage appears to be such a circumstance; and

WHEREAS, a “First Hour Free” rate in the Telegraph Channing Garage is strongly supported by the Telegraph Business Improvement District, and also supported by parking usage data and the goBerkeley Pilot Program Guidelines; and

WHEREAS, revenue estimates indicate that, even with a “First Hour Free” at the Telegraph Channing Garage, the City’s off-street parking fund will performing well above the required 1.25 debt service ratio required by the City’s garage bond; and

WHEREAS, price adjustments can be made quickly if the any price changes result in the garages filling beyond 85% regularly or in inadequate debt service coverage, the City Manager can authorize price increases based on the goBerkeley Pilot Program Guidelines, including termination of a “First Hour Free” incentive.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that Resolution No. 66,245-N.S., shall be amended to read “The City Manager is authorized to set hourly parking rates at City garages in an amount up to \$4.00 per hour”; in the second resolved clause, first bullet under “Center Street Garage, Telegraph Channing Garage, Oxford Garage”; and

BE IT FURTHER RESOLVED by the Council that Resolution No. 66,245-N.S., shall be amended to read “The City Manager is authorized to set hourly parking rates at municipal parking lots in an amount up to \$4.00 per hour”; in the third resolved clause, first bullet under “Berkeley Way Lot and Elmwood Lot”.