



PARKING MATTERS

 **PARKING
MATTERS** | A Strategic Plan for
Parking + Mobility
in Savannah

Technical Report 10.1 FINANCIAL OPTIONS AND PUBLIC-PRIVATE PARTNERSHIP MODELS

Prepared for the
Chatham County-Savannah Metropolitan Planning Commission
and the
City of Savannah Department of Mobility and Parking Services

May 2016



Prepared by
Nelson\Nygaard Consulting Associates in partnership with
Symbioscity | VHB | Carl Walker, Inc.

This page intentionally left blank for double-sided printing.

Technical Report 10.1

Financial Options and Public-Private Partnership Models

This report provides a brief summary of a recommended financial and operational approach for the City of Savannah's parking system and downtown transportation services, administered by the City's Department of Mobility and Parking Services (MPS). It is based on findings and conclusions of earlier reports developed in the Parking Matters study, specifically as follows:

- **Technical Reports 1.1 and 12.1 – Policy Working Group Strategic Planning Workshops and Results/Public Involvement and Stakeholder Outreach**, both of which provided detail on feedback and information provided by stakeholders and members of the general public.
- **Technical Report 3.1 – Data Research and Parking Demand**, which provided an extensive overview of study area parking activity based on utilization field surveys and identified large portions of the study area that generally have ample unused parking throughout the day but specific portions, especially in the core Historic District, that are functionally full at key times.
- **Technical Report 3.2 – Role of Transit and Bike/Ped Facilities**, which provided a survey of current multimodal transportation infrastructure and systems in the Parking Matters study area.
- **Technical Report 4.1 – Parking Demand Estimates from Existing and Future Land Use**, which developed shared parking models to estimate current and future demand and showed that actual parking use levels were lower.
- **Technical Report 5.1 – Operations, Revenues and Capital Cost Data**, which provided a summary of current MPS revenues and costs and noted the sound financial position of the department, which does not operate at a loss and has maintained and staffed its facilities effectively over the five years prior to the study.
- **Technical Report 6.1 – Current Parking Regulations**, which outlined the portions of the study area with pricing and time limits applied to on-street parking and compared these on-street prices to those of nearby public garages and lots.

Collectively, these Technical Reports have informed the following conclusions and strategic directions for the Parking Matters study's recommendations:

- Based on current and understood forthcoming parking demand in and adjacent to the study area, there is not presently a need for major investment in new parking facilities, although future land development, especially on the study area's eastern and western edges near the Savannah River, may occur at intensities where a large-scale facility would be needed.

- The current financial stability of MPS should allow the Department to make short-term strategic investments, especially in purchasing new capital equipment and infrastructure, that would in turn enable it to implement management approaches focused on more efficient use of current parking supply.
- Although overall parking utilization throughout a typical weekday and Saturday suggests that there is available parking throughout central Savannah, there are peak times and peak locations where parking is functionally full, and these extend beyond the times when parking is currently enforced downtown.
- In spite of many central locations having relatively low levels of utilization, even when near parking spaces with higher levels of utilization, Downtown residents and stakeholders continually expressed a limited willingness to walk to destinations from remote parking, suggesting that other mobility options are needed to fill the gap beyond a comfortable walking distance.

Based on these major directions, the Parking Matters study has recommended that the City reposition its parking authority and MPS to serve as a broader mobility authority. This agency would oversee a central budget combining revenue from multiple sources as it does today, although revenue from parking payment is expected to remain the dominant single source and even increase its share of overall revenues. In turn, it would distribute funds to an expanded suite of transportation and parking-based services that include expanded downtown circulator transit; enhanced signage, wayfinding and real-time availability displays for parking facilities; assuming operation and management responsibility for the current CAT Bike bicycle sharing program; and contributing to funds for street enhancement projects intended to expand walking, bicycling and transit use throughout Central Savannah. The Parking Matters recommendations also include expansion of parking enforcement, through a combination of extended enforcement span on weekdays, new enforcement on Saturdays, and expansion of the enforced area to parts of the Parking Matters study area not currently enforced. This will also mean additional enforcement costs and potentially additions to MPS staff.

Although Technical Report 8.1 discusses recommendations in greater detail and presents an implementation framework detailing timeframe and responsibility for recommended actions, the table on the following page offers a summary of a financial model is intended to provide basic information on estimated revenues and costs and explain various assumptions in the recommended program for MPS.

**TABLE 1: FINANCIAL MODEL FOR PARKING MATTERS RECOMMENDATIONS:
ANNUAL REVENUES AND EXPENSES**

		CURRENT PROGRAM		PARKING MATTERS RECOMMENDATIONS	
		Low	High	Low	High
REVENUES	Parking Revenue	\$ 8,350,000	\$ 9,080,000	\$ 11,330,000	\$ 15,400,000
	On-Street Meter Payments	\$ 1,600,000	\$ 2,000,000	\$ 5,000,000	\$ 8,740,000
	Pass Products (Day Passes)	\$ 150,000	\$ 180,000	\$ 130,000	\$ 160,000
	Parking Revenue - Off-Street	\$ 6,600,000	\$ 6,900,000	\$ 6,200,000	\$ 6,500,000
	Citation Revenue	\$ 2,680,000	\$ 2,900,000	\$ 800,000	\$ 1,550,000
	Fees, Leases and Rents	\$ 160,000	\$ 190,000	\$ 160,000	\$ 190,000
	Miscellaneous Revenue	\$ 100,000	\$ 120,000	\$ 100,000	\$ 120,000
	TOTAL REVENUES	\$ 11,290,000	12,290,000	\$ 12,390,000	\$ 17,260,000
EXPENSES	Enforcement Labor Costs	\$ 1,500,000	\$ 1,600,000	\$ 2,000,000	\$ 2,200,000
	Staff Costs	\$ 1,750,000	\$ 1,950,000	\$ 2,050,000	\$ 2,450,000
	Contract Services	\$ 1,300,000	\$ 1,500,000	\$ 1,300,000	\$ 1,500,000
	Debt Service	\$ 2,400,000	\$ 2,600,000	\$ 2,400,000	\$ 2,600,000
	Other Services	\$ 2,100,000	\$ 2,300,000	\$ 2,300,000	\$ 2,500,000
	Transportation Management Services	N/A	N/A	\$ 100,000	\$ 500,000
	Transit System Operations & Maintenance	N/A	N/A	\$ 1,000,000	\$ 2,000,000
	Bicycle Sharing Program	N/A	N/A	\$ 250,000	\$ 750,000
	Capital Investments	N/A	N/A	\$ 430,000	\$ 610,000
	<i>Parking Kiosks</i>	N/A	N/A	\$ 230,000	\$ 340,000
	<i>Garage Payment Technology</i>	N/A	N/A	\$ 80,000	\$ 120,000
	<i>Real-Time Information</i>	N/A	N/A	\$ 120,000	\$ 150,000
	TOTAL EXPENSES	\$ 9,050,000	\$ 9,950,000	\$ 11,830,000	\$ 15,110,000
ANNUAL NET BALANCE	\$ 2,240,000	\$ 2,340,000	\$ 560,000	\$ 2,150,000	

MODEL ASSUMPTIONS

Table 1 above provides general ranges for expected revenues and costs for implementation of the Parking Matters recommendations under MPS's jurisdiction. It outlines general ranges of costs based on current financial reporting and forecast revenue under the Parking Matters recommendations discussed in Technical Report 8.1. Specific assumptions are explained as follows.

Revenues

Parking Revenue is the combined total of on-street and off-street revenue collected through current and future payment systems, to include smartphone payment applications and other forms of open payment. In addition to the expected increase in meter revenue expected from adopting these technologies, revenue estimates also include a substantial increase in meter revenue from Parking Matters recommendations of expanding pricing and increasing price levels on select meters.

In addition, parking revenue estimates also assume the following:

- On-street revenue estimates are calculated by multiplying the number of spaces in each recommended pricing zone by the average weekend and Saturday occupancy rates for those zones, then the number of hours in the daily enforcement span, then by an efficiency factor that incorporates actual duration of stay during a given period of time, reduction in revenue potential based on residential permits and other payment exemptions, and basic compliance with payment.
- On-street meter revenue under Parking Matters recommendations is given as both a low estimate, which assumes moderately increased pricing of \$1.50 per hour in Zone 1 and \$0.75 per hour in Zone 2 with an efficiency factor of 0.65, and a high estimate, which assumes more aggressively increased pricing of \$2.00 per hour in Zone 1 and \$1.00 per hour in Zone 2 and an efficiency factor of 0.85. In either case, on-street revenue is estimated to increase substantially due to a longer enforcement span, the addition of Saturday enforcement, increased pricing and generally higher efficiency factors than those currently observed.
- Day pass sales and revenue decline slightly under Parking Matters recommendations due to the advent of mobile payment technology and the elimination of time limits in Zones 1 and 2. It is assumed that customers still aware of this program will use it but that payment forms not requiring direct engagement with MPS to secure a payment product will eventually supersede the Day Pass program.
- Off-street revenue declines slightly under Parking Matters recommendations due to lowered sales of monthly pass products in order to reduce the rate of oversell in downtown garages.

Citation Revenue is generated from parking and red light tickets, and based on Parking Matters recommendations of adopting a first-time-free warning policy and the elimination of time limits in Zone 1 and 2 priced parking, citation revenue is expected to decrease substantially from current levels. The current rate of citations is approximately 0.9%, or of all parking space-hours utilized throughout the day, citations are given in approximately 0.9% of them. The Parking Matters scenarios assume a low of 0.2% and a high of 0.4%.

Administrative fees, curbside leases, rents and other miscellaneous revenue sources are expected to remain unchanged with the implementation of Parking Matters recommendations.

Costs of Existing Responsibilities and Changes under Parking Matters

Enforcement Labor Costs are expected to increase with Parking Matters recommendations, although not proportionally with the increase in the number of regulated/enforced spaces. This is due in part to an increased staff efficiency from writing fewer citations and a resulting ability to cover greater distances in the enforcement area in a given period of time.

Staff Costs also increase, although primarily for the addition of a recommended Mobility Coordinator position and potentially another one to two full-time equivalents to assist with administrative functions. The Mobility Coordinator's role includes oversight of most recommended MPS functions other than parking enforcement and management; as such this responsibility is expected to increase beyond a single full-time staff position over time.

Contract Services costs for current maintenance and service functions are assumed to remain constant with Parking Matters recommendations.

Debt Service costs are expected to remain constant given current debt payment schedules. Other costs associated with Parking Matters recommendations that may be financed, such as the purchase of capital equipment and new information technology, are assumed as separate line items in Table 1.

Other services, which include vehicle capital costs, commodities, office and facility equipment, and miscellaneous services, are assumed to increase slightly to incorporate increases in administrative costs from other Parking Matters recommendations.

New Costs with Parking Matters Recommendations

Transportation Management Services refers to recommended transportation demand management programs that MPS would assume as part of its expanded role as a mobility authority. These types of services, which may include rideshare matching, transit pass subsidies, cash incentive programs, carpool and vanpool cost subsidies, and assistance programs for private employers wishing to encourage non-driving commutes, can cover wide ranges in cost. Parking Matters recommendations provide a general low-level cost of basic programs administered largely by MPS staff and a higher cost of more robust program offerings. Any staff needs for offering these programs are assumed under added staff costs.

Transit System Operations and Maintenance. As part of the Parking Matters recommendation of consolidated, re-branded circulator transit services focused on simple route alignments and increased frequencies, it is assumed that MPS will assist with operating costs or fund them entirely. The cost range provided in Table 1 would supplement current CAT funding levels and help to increase frequencies further, with potential operating headways of less than 10 minutes. It is not assumed that MPS will take responsibility for operations, but will instead contribute to funding based on overall parking revenue.

Bicycle Sharing Program. Parking Matters recommends that MPS assume responsibility for the CAT Bikeshare program and fund its operations, maintenance and an expansion of at least two stations per year. It is also recommended that MPS develop a public-private sponsorship based model for new station installation and/or maintenance, offering a series of options to private organization partners for how to help fund the system's expansion.

Capital Investments. Although MPS is currently spending funds on some of these programs, for purposes of this financial model it is assumed that these are new costs to be undertaken. The expansion of electronic meters downtown is an essential first step to other key Parking Matters recommendations, such as increasing hourly rates for on-street parking, adopting mobile payment platforms, and eliminating time limits. Other programs, such as installation of access technology for internal zones in parking garages based on the Parking Matters recommendation for reordering parking structures so that monthly permit holders use spaces within a nested access area on upper levels, are also included and should be assumed to be early actions. Annual costs listed in Table 1 assume a financed purchase of this capital equipment and a 10-year repayment schedule.

CONCLUSIONS

Under the low-level scenario for Parking Matters recommendations, MPS is expected to see a lower annual net balance, but is also committing to a substantially increased offering of services intended to connect Savannah's downtown and position it for future growth and development. Under the high-level scenario, which assumes a higher level of parking pricing but also commits to a higher level of service delivery, annual balances are similar to where they are today.

What is important, however, is that both of these scenarios position MPS to expand either parking or mobility services outside of the Parking Matters study area, especially in those locations where land development activity is expected and other planned City investments, such as the new arena west of US 17, are likely to increase development demand. The recommendation for MPS to use parking as a development tool, essentially building more parking supply in future garages than what may be immediately needed and using the additional supply as a public resource to support private development—and in turn capture additional revenue through in-lieu payments and leases of parking—relies on this robust set of services to connect downtown Savannah's historic district core with other parts of the Parking Matters study area.