



Business Improvement District Parking Revenue Sharing Scheme



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*Prepared by Uptown Business Association in support of an initial proposal by
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Background

Across the Auckland region there are over 46 business associations partnering with the Auckland Council on the Business Improvement District (BID) programme which levies a compulsory financial contribution from businesses within a specific geographical area to fund local area improvements. Each business association has a different focus but ultimately they strive to create wealth for the local business community.

Pressures on council spending has meant that despite the high level of rates collected by Council from a particular business district, many areas do not get a correspondingly proportionate amount spent on maintaining their infrastructure

There are currently nine business districts that have on street pay and display parking meters. The most recent business improvement district to support pay and display is the Eden Terrace Business Association. They believe the proposal will encourage a higher turnover of parking in the business area, reducing the number of all-day commuters and free up parking for customers and visitors.

The Proposal

“That a portion of all funds collected through on-street pay and display machines be returned to the relevant Business Improvement District for utilisation on transport-related projects in the relevant BID area”.

This proposal is an opportunity to introduce improvements into the area by investing a proportion of parking revenue back into the community. These improvements might include footpath, curb and channel upgrades, way finding signage, bicycle parking, seats, flower bedding and much more.

Unless your business district has had local projects earmarked for future funding, like the Auckland Central Business District, the current status of Auckland Transport and Auckland Council is set to remain at current service levels.

Auckland Transport's budget for footpath upgrades has been cut and there is currently no strategic and transparent process in place for upgrading footpaths. Even with this process in place it would still fall short of delivering enough budget to upgrade all Auckland metropolitan and town centres. A process of re-prioritising parking revenue has the ability to enhance local business areas.

Existing parking revenue streams

The existing on-street pay and display machines return about 12m a year.

- Auckland CBD: \$10million
- Newmarket \$1 million
- Takapuna \$500,000
- Manukau \$200,000

The Benefits

- Create an equitable distribution of transport related funding for local improvement projects.
- Establish dedicated funding for local improvements in business districts.
- Create goodwill with the public, Auckland Transport and the Business Association.
- Improved transparency in revenue generated from the pay and display parking system.
- Auckland Transport revenue increase with other business associations introducing parking meters.
- Generate wider economic prosperity for the business districts participating and see tangible long-term improvements to the area.

The Next Step

A more comprehensive business case needs to be developed as a result of the realistic costs associated with the installation, maintenance and enforcement of the plan.

The Uptown Business Association has considered this proposal and resolved as follows:

1. That the Uptown Business Association supports the parking meter revenue return scheme in principle.
2. The proposal is forwarded to Heart of the City, Newmarket, K Road, Ponsonby, Parnell, Remuera, Takapuna and Manukau Business Associations for consideration.
3. The Business Association requests that a business case is developed with recommendations being reported back to the board.
4. That a working party is established from representatives of the above Associations, Auckland Council's Economic Development Department officers and Auckland Transport officers to develop a business case and recommendations for consideration by the Board of Auckland Transport.

Below you will find a case study from San Diego on this subject for your reading.

We would appreciate it if you and your committee could consider this matter and advise me if you would be interested in being part of a working party to carry out some further work on this.

Uptown (Eden Terrace) Business Association.



Gary Holmes
Manager

Case Study – San Diego

TURNING SMALL CHANGE INTO BIG CHANGES

Article: <http://www.sonomatlc.org/Parking/PBDs/BusinessPBD/SmallChange-3.htm>

Revenue return was part of the bargain that Pasadena made with businesses to create the necessary political support to install parking meters. Because the city had no parking meters before the revenue-return policy began, its general fund lost no money. But what happens when a city already has more than 5,000 parking meters that are generating substantial revenue for the general fund? San Diego's successful experience shows how cities can allocate parking meter revenue to business districts, even when this will reduce the general fund revenues in the short run.

Until 1997, San Diego used all parking meter revenue to finance citywide public spending. The BIDs in the older commercial areas with parking meters argued that this policy was unfair: the newer business districts in the city had ample parking and no meters, while the older business districts had a parking shortage, and their meter revenue did not come back to solve the problem. The BIDs had a good argument: the city should not take meter revenue from areas with a parking shortage, and spend it in areas with ample free parking. They convinced the City Council that communities should be able to spend a part of their own meter revenue to solve their own problems.

San Diego's City Manager was understandably reluctant to return what had been general fund revenue to begin funding business districts. In a compromise, San Diego now returns 45 percent of parking meter revenues to the districts where it is collected. When the city adopted this policy in 1997, the City Council explained the goal:

The intent of this Policy is to retain a certain portion of the meter revenues collected for the benefit of the area in which the meter is located. These revenues will be used for a variety of neighborhood and business improvement projects. Parking Meter Districts (PMDs) will be established to provide an equitable mechanism for distribution of the funds.

Each Parking Meter District's governing body must be either a BID, a nonprofit redevelopment corporation, or a community development corporation. The City Council appoints each PMD's advisory board, and final approval of the spending rests with the Council. PMDs may be established in areas with more than 100 parking meters, and each district includes both the metered area and the surrounding area that is the source of the demand for curb parking. The Office of Small Business in the city's Community and Economic Development Department administers the program, which shows that its purpose is broader than merely improving parking and transportation.

The Revenue Split

San Diego returns 45 percent of the city's total meter revenue to the PMDs, and this revenue is divided among them in proportion to the number of parking meters they contain. Three PMDs have been established—Downtown, Uptown, and Mid-City — and in Fiscal Year 2002 they received \$2.2 million in meter revenue to spend for such purposes as parking, transportation, signage, maintenance, landscaping, and security. This meter revenue increases rather than replaces the existing municipal funding sources for each district.³⁵

Area Revenue
Downtown \$1,401,000
Uptown \$567,000
Mid-City \$195,000
Total \$2,163,000

The metered neighborhoods clearly benefit from the revenue, but does the rest of the city lose out? Not necessarily. San Diego's general fund continues to receive 55 percent of the meter revenue. The incentive for PMDs to install additional parking meters, extend the hours, and raise the rates to gain greater revenue for themselves can therefore increase the total meter revenues deposited in the general fund. If the PMD activities improve business conditions and taxable sales in the districts, additional sales tax revenues will also accrue to the city. Diverting a share of the parking meter revenues to neighborhoods can therefore eventually augment the general fund. In recommending the revenue-return policy to the City Council, San Diego's City Manager acknowledged that the revenue sharing creates a short-term loss to the general fund because the existing meter revenue previously accrued entirely to the city. Nevertheless, the policy can also produce long-term gains:

Sharing the revenues and involving the business community in the development of parking solutions in the City's older commercial areas will create a short-term loss to the City's General Fund. However, it is possible that by doing so, other BIDs and redevelopment areas may decide to request the installation of meters, thus increasing revenues to make up for the portion directed to the area. A carefully administered, comprehensive parking meter management program will enhance sales tax revenues in the districts and contribute to the overall economic benefits of San Diego.

San Diego's three PMDs pursue different goals that depend on their different circumstances. The following sections will explain the contexts of the three districts, and the different priorities each has pursued. The results show that there is no one-size-fits-all approach for parking benefit districts. Instead, meter revenue sharing is a flexible policy that can be adapted to each community's preferences.

Uptown District

The Uptown District consists of several communities-Bankers Hill, Hillcrest, Middletown, Mission Hills, and Park West-to the north and west of Balboa Park, with 38,000 residents. The Uptown Partnership, a nonprofit community development corporation, was established expressly to administer the PMD, and it has become an extremely valuable addition to the "social capital" of its five neighborhoods. Many community development corporations have to spend much of their time scrambling to secure funds to stay alive, but the guaranteed meter revenue allows the Partnership to concentrate on the long-term goals for its community. The Partnership holds a monthly public meeting that anyone can attend, and it also publishes a newsletter that covers its activities. The Partnership has put its logo onto every parking meter, explaining that its purpose is "Turning small change into big changes."



Logo

In the first year of the program the Uptown District sought extensive community input and developed a five-year implementation plan that lists eight important community goals.

- Revitalize commercial districts.
- Provide pedestrian-oriented commercial areas.
- Encourage the design of building and circulation systems sensitive to pedestrians.
- Improve traffic circulation, but not at the expense of retaining and enhancing the pedestrian character of Uptown.

- Increase the availability of off-street parking, but not at the expense of retaining and enhancing the pedestrian amenities.
- Provide for safe and efficient movement of people and goods.
- Establish a fully integrated system of vehicular, transit, bicycle, and pedestrian facilities.
- Establish a focal point for transit services within the community.

This list shows the broad range of goals that a neighborhood can choose to pursue when it spends its own parking revenues, and the emphasis on pedestrians rather than cars is a refreshing departure from the transportation plans. The Uptown Partnership hosts "Feet First" walking tours, and uses the events to discuss and assess the pedestrian environment. The Partnership addresses parking, but also recommends, "Any approach to the parking problems in Uptown must be comprehensive. In addition to parking and auto circulation, the solution must address pedestrian circulation, and how the land is used."

The Uptown Partnership does not attempt to solve parking problems in isolation from other aspects of the urban system. Rather, it uses its parking revenues to address both parking and broader goals. The plan noted, for example, that the excessive width of some streets leads to speeding, and it proposed to reduce the number of traffic lanes on these streets, using the additional space for wider sidewalks or landscape improvements. One of the Uptown District's first completed projects was to plant trees in the median of Washington Street, greatly improving the appearance of a main commercial artery. Other streets were converted from parallel parking to diagonal parking, which creates more parking spaces and a wider buffer between the sidewalk and traffic.

The plan also proposed to install more parking meters, to extend the time of meter operations later in the evenings, and to install advanced parking meter technology to improve the streetscape and increase parking revenue. The Partnership is testing multispace parking meters (described in Chapter 15) to replace individual parking meters. It also sells debit cards that allow drivers to buy as much time on the meter as they want, and to get a refund on unused time. The cards allow drivers to park without having the correct change, without having to guess beforehand exactly how long they will park, without having to worry about their meter running out if they are delayed, and with the assurance that they will pay only for the time used. The Partnership also operates the Uptown Information Kiosk at the corner of Fifth and University Avenues, which sells parking meter cards, monthly bus passes, and transit tokens, and provides transit and tourist information.

Downtown District

The Downtown Parking Meter District is administered by the Centre City Development Corporation (CCDC), a public nonprofit corporation that San Diego established in 1975 to plan and redevelop the 1,500-acre downtown area. Because the Downtown District has the same boundaries as the Centre City Development Corporation, it did not require a new institution to carry out its functions. The meter revenue augments the CCDC's other sources of revenue, and enables it to carry out projects not otherwise possible. The CCDC estimated that the downtown parking supply was adequate for the next few years, but found that many drivers did not know where to find the available spaces. As a result, it decided to sponsor an extensive "Downtown Wayfinding Sign System" that directs drivers to major destinations and nearby parking. The new signs lead drivers from freeway off-ramps to downtown landmarks such as the Gaslamp Quarter, the Convention Center, and the Embarcadero. Other signs lead to public parking once drivers reach their destination. Interviews, focus groups and public meetings were conducted to determine the best ways to direct visitors to major destinations and associated parking. An environmental graphics firm planned and designed the signs using a historic tile motif, and mapped the clearest and most logical routes in cooperation with the San Diego Traffic Engineering Division. The District's local share of parking meter revenues financed the total cost of \$550,000 for planning, designing, fabricating, and installing the wayfinding system.⁴¹

Parking regulations in the Centre City Community Plan are not focused solely on increasing the parking supply. Instead, they also seek to achieve other community goals, such as less

land devoted to parking, fewer single-occupancy vehicle trips to the CBD, better public transit, and improved urban design. The following policies promote these goals:

1. The off-street parking requirement for multifamily housing is only 1/2 space per unit.
2. There are no parking requirements for nonresidential uses.
3. All parking for a project must be enclosed and architecturally integrated into the structure.
4. At least 50 percent of the street wall of structured parking must include street-level uses.
5. For office buildings, at least two levels of parking must be provided underground before the provision of any aboveground parking.

These policies ensure that new parking is friendly to the urban environment, and new buildings developed under this code have replaced many former surface parking lots. To replace the surface parking spaces lost, the CCDC built a 500-space, seven-story public parking garage-with streetlevel retail stores-in the historic Gaslamp Quarter in 2001. The garage was financed by issuing \$12 million of parking revenue bonds; the bonds' primary security is the net operating revenue from the garage and tax-increment revenues, but the CCDC also pledged its on-street meter revenue as added security for the parking revenue bonds, and this added security reduced the interest rate on the borrowing.⁴³ The CCDC is also building a second 1,230-space, \$20-million public parking garage with street-level stores to serve the Gaslamp Quarter, the San Diego Convention Center, and the city's new ballpark for the San Diego Padres. Again, the pledge of meter revenue as security reduces the interest rate on the parking revenue bonds.

Because San Diego has built public parking garages and does not require off-street parking for nonresidential uses in the Gaslamp Quarter, many historic properties have been restored and converted to new uses-such as restaurants-that are normally blocked by high off-street parking requirements. In addition to building public parking garages, the CCDC has installed more parking meters to increase turnover and make on-street parking more useful to businesses. (The CCDC pays 45 percent of the installation cost, and the City pays 55 percent, the same ratio in which they divide the meter revenue.) As in Uptown, the CCDC has converted parallel parking spaces to diagonal ones on some of the wider streets, increasing the curb parking supply at no cost, and calming traffic. It has also used meter revenue to replace curbs, gutters, and sidewalks, and plant street trees.

Mid-City District

The Mid-City District is a hybrid between the other two PMDs; because of the highly dispersed locations of the parking meters, the revenue and responsibilities are El Cajon Boulevard Business Improvement Association, the Golden Hill Community Development Corporation, and the University Heights Community Development Corporation. Because it has many fewer parking meters than the other two districts, the Mid-City District also receives much less money. It has used much of its funding to commission several creative studies of its parking problems, including an inventory of all the on-street spaces. The inventory included a survey all the unused curb cuts [such as disused driveways] in its area, and the District persuaded property owners to abandon some of them to increase the number of curb parking spaces. The studies also estimated the net gains in onstreet spaces that could be achieved by converting wide streets to diagonal parking. Although the gains in spaces were often small, the diagonal spaces are convenient, and serve to calm traffic on streets that were unnecessarily wide.

The Mid-City District's consultant also measured the occupancy rates of curb spaces, and found a wide variation. The occupancy rate exceeded 100 percent on many blocks that do not have meters, and was below 50 percent on many metered blocks. The study showed that parking problems are extremely localized, and that meters can solve a shortage, but that prices need fine tuning. San Diego sets a single price (\$1.25 an hour) for all parking meters

in the city, and has the same hours of operation everywhere, regardless of variations in the intensity of parking demand in different areas at different times. The underuse of parking meters in the Mid-City District shows that this citywide uniformity is not an appropriate way to manage curb parking demand.

Big Changes from Small Change

San Diego's Parking Meter Districts show real achievements and even greater promise. Decentralizing control over curb parking revenue has allowed communities to make policy choices that respond to local priorities, such as landscaping, pedestrian convenience, better signage, and wayfinding. Making an area more pedestrian-friendly is a particular benefit of local control. Planners who work for neighborhoods rather than for transportation departments do not automatically assume that pedestrians are merely drivers who have found a parking space.

San Diego has established a Parking Meter District Parking and Mobility Task Force, with representatives from city departments and the three Districts. The PMD staff effectively represent their communities' interests to the city, and they provide an alternative perspective to that of the city transportation engineers. The Task Force makes recommendations to the City Manager on such issues as the installation of parking meters, parking enforcement, signal timing, and the violation of parking regulations by city vehicles. Because of their expertise on parking issues, the PMD staff members can represent their communities from a position of authority, and their arguments carry considerable weight in discussions with traffic engineers and other city departments. The Task Force also fosters cooperation among the PMDs in experimenting with new parking and transportation policies. The Uptown District, for example, was the first to convert parallel curb spaces to angled spaces, and after seeing the results the other two Districts have also done so.

The revenue from curb parking has financed many significant improvements in the three Districts, and in 2003 the city increased meter rates by 25¢ to \$1.25 an hour, in part because the benefits to the metered neighborhoods provided political support for the increase. Even more revenue would be available if the parking meter hours were extended to coincide with adjoining business hours of operation, but all meters in the city operate only from 8 a.m. to 6 p.m., Monday through Saturday. Parking demand is high in the evenings and on Sunday in both the Downtown and Uptown Districts, but curb parking is free and overcrowded.

Why haven't the Downtown and Uptown districts argued strongly to operate the parking meters in the evenings and on Sunday? One explanation is that San Diego's formula for distributing meter revenue reduces the incentive for PMDs to extend the meter hours in areas where the parking demand is high. The Downtown District, for example, would receive only 29 percent of the additional revenue. First, the city takes 55 percent and returns only 45 percent of the additional revenue to the PMDs. The city distributes the meter revenue to the PMDs in proportion to the number of meters in each district; because the Downtown District has 65 percent of the city's meters, it receives 65 percent of the revenue returned to the PMDs or only 29 percent of the revenue created by increasing its meter rates (45% x 65%). The incentive to earn more meter revenue is even lower in the other Districts. The Uptown District receives only 12 percent of any additional revenue it generates (45% x 26%) and the Mid-City District receives only 4 percent (45% x 9%).

Why doesn't San Diego simply return to each District 45 percent of the revenue it earns? When the revenue-return program was established, the city collected meter revenue on routes that included more than one District, and there was no way to link the revenue to the District in which it was collected. The city therefore audited the number of meters in each district, and based each District's revenue on its number of meters. With the subsequent installation of electronic parking meters, however, the city's Parking Management Division has established a tracking system, with a unique number for each meter. The first digit of each meter number indicates which District it is in, and the revenue will in the future be returned on the basis of the actual meter revenue collected within each District. This new policy of returning to each District 45 percent of the revenue it generates will greatly increase

each District's reward for increasing the number of meters, their hours of operation, and their rates.

The neighborhoods' growing interest and expertise in parking management may soon lead to substantial changes in San Diego's parking policies. In 2003, the City Manager appointed a task force with representatives from the PMDs, businesses, and other stakeholders to examine the city's parking management. They recommended shifting from a single meter rate throughout the city to rates that match supply and demand in each area:

The City's current approach of establishing time-limited areas with identical times and setting up all meters with identical fees does not effectively manage the varying demand for parking spaces... there is no one combination of rate and time that will meet the parking management needs throughout the City, and indeed there may be no one rate and time limit that meets the needs of even an individual community. . . Parking meter rates should vary and meters should be operated during the days and hours that require management of the supply. . . At some locations, metered parking provided at too low a rate may exacerbate parking and traffic impacts, while parking provided at too high a rate leaves metered spaces unused. Meters at different locations may have different rates (e.g., parking at a high demand meter location may cost \$.25 for 5 minutes [\$3 an hour] a while low demand meter might encourage longer term parking with \$2 for 8 hours [\$.25 an hour]). Permits may be provided to some users to park in otherwise restricted areas. Meters may be operated in evening hours in entertainment zones, and on Sundays and holidays in areas with high demand on those days.

Giving neighborhoods more control over parking policies almost inevitably leads the stakeholders to conclude that flexible prices should vary to match demand and supply in each neighborhood. The Downtown PMD is managed by the Centre City Development Corporation, but the other two PMDs include both the areas with parking meters and the surrounding areas, so they did require new administrative bodies to handle the money and decide how to spend it. The need to organize and staff a new layer of government can be a barrier to creating a PMD, and may help to explain why PMDs have been established only in areas that already had parking meters. To eliminate this barrier, the city could offer to share the parking meter revenue with any Business Improvement Districts that install meters. The guaranteed streams of meter revenue will strengthen existing BIDs that install parking meters, and will also encourage merchants and property owners to organize new BIDS in areas that do not yet have them. As merchants in areas without BIDs see how parking revenues can help revitalize business districts, they will want to form their own BIDs to bring the same kinds of improvements to their own areas. The increased number of metered spaces will improve transportation, provide revenue for neighborhood revitalization, and increase the revenue flowing to the city's general fund.

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