

Assessment of Parking Fees

A. The Functions of Parking Fees

The functions of parking fees are generally broken into three elements. These include:

1. On-street (meter zones)

In areas where the demand for parking access to public curb space is high, cities have moved to employ parking meters, which collect fees. Fees for parking at on-street meters accomplish the following objectives:

- Facilitate turnover at a desired rate.¹
- Manage demand (i.e., the higher the demand, the higher the fee) and disperse non-priority users to (a) other locations and/or (b) other access modes.²
- Generate revenue to cover the cost of equipment, enforcement and on-going maintenance of the on-street system.
- Generate surplus revenue to support other goals and objectives (i.e., preferably transportation related goals and objectives within the area where the fees are collected).³

2. Off-street (publicly owned facilities)

The function of fees in publicly owned off-street parking facilities should be “calibrated” with specific goals and objectives established for the facility. Ideally, rates and fees in publicly owned facilities are coordinated with the on-street system through the first 2 – 4 hours to support visitor/customer access demand in areas where visitor traffic is a priority.⁴ Each parking facility should have specific policies developed for the facility that clarify both its near and long-term objectives.

For instance:

- ✓ What is the primary intent of the garage (i.e., to serve short-term access demand, long-term commuter demand, event demand, or a combination of access needs)?
- ✓ What is the desired mix of uses desired in the facility?
- ✓ What are the primary land uses surrounding the facility and what is the role the facility should or should not play in supporting those land uses?

With clear goals and objectives developed, the functions of fees in public off-street facilities are similar to those for the on-street system. They include:

¹ The “desired rate” of turnover is generally based on assumptions of an appropriate time stay for a priority customer. For instance, a 90 minute meter assumes a desired turnover rate of 5.3 vehicles in an 8-hour period. A three hour-meter assumes a desired turnover rate of 2.7 vehicles over the same 8-hour period.

² Within the parking industry, fees are generally established using the 85% Rule as a threshold for determining market pricing. As such, if an inventory of parking consistently exceeds 85% occupancies, then increasing rates is a viable and low risk option. The greater the occupancy above 85% the more likely that an increase in rate is in order.

³ This is not always the case. In some cities, meter revenue is allocated to general funds. This can lead to rate decisions not associated with the goals and objectives for access in the metered area.

⁴ In other words, if the facility is primarily directed to commuter parking, attractive short-term hourly rates calibrated to on-street meter rates is not as important.

- Generate revenue to cover debt-service, facility maintenance and operations.
- Facilitate turnover at a desired rate.
- Manage demand (i.e., the higher the demand, the higher the fee) and disperse non-priority users to (a) other locations and/or (b) other access modes.
- Generate surplus revenue to support other goals and objectives (i.e., development of new facilities, support for alternative access modes).

3. *Off-street (privately owned facilities)*

It is very difficult and rare that a city would attempt to regulate fees or rates in privately owned facilities. To do so would have impacts on private financing of development. In general, private facilities in downtown areas establish rates and fees to serve longer-term/commuter based access. This is influenced by the private sector priority to provide parking at levels that are attractive and marketable for retaining and recruiting commercial tenants.

4. *Rates and Fees (West Coast Cities)*

As a means to compare fees in Tacoma to other urban areas, Table 1 was developed to provide an overview.⁵

**Table 1
Parking Fees – Comparable Cities**

City	Downtown Hourly Meter Rate	Downtown Monthly Rate (off-street)	Downtown All Day Rate (off-street)	Assessment of parking availability
Boise, ID	\$.75	\$32 - \$78	\$7.00	Moderate
Hood River, OR	\$.50	\$35	\$3.00	Constrained
Olympia, WA	\$.35 - \$.50 per hour	\$45 - \$70	\$2 - \$5.00	Constrained
Pasadena, CA	\$.50	\$75	\$5.00 - \$6.00	Moderate Constraint
Portland, OR (Downtown)	\$1.25	\$99 - \$199	\$7.50 - \$16.00	Constrained
Portland (Lloyd District)	\$.75	\$50 - \$100	\$5.00	Unconstrained
Redwood City, CA	\$.50	\$30 - \$60	\$5.00 - \$6.00	Moderate Constraint
Sacramento, CA	\$1.00	\$115 - \$180	\$6.00 - \$18.00	Unconstrained
Salem, OR	\$.75	\$20 - \$50	N/A	Moderate/Constrained
San Diego, CA	\$1.25	\$105 - \$160	\$12.00 - \$24.00	Moderate Constraint
Seattle, WA	\$1.50	\$160 - \$260	\$7.00 - \$26.00	Moderate/Constrained
Tacoma, WA	\$.00	\$85 - \$140	\$3.00 - \$7.00	TBD
Vancouver, BC	\$1.00 - \$4.00(C\$)	\$95 - \$185 (C\$)	\$7.50 - \$18.00 (C\$)	Moderate to Limited
Vancouver, WA	\$.50	\$30 - \$60	\$2.00 - \$4.00	Unconstrained
National Average	\$1.00	\$152	\$8.00 - \$19.00	

Source: Direct contact with City representatives/Colliers International 2008 CBD Parking Rate Survey

⁵ Table 1 summarizes parking rates for all types of downtown lots and garages (publicly and privately owned).

As Table 1 demonstrates, on street hourly rates in comparable cities rarely exceed \$1.50 per hour and the national average is in the \$1.00 per hour range. For off-street facilities, monthly rates and daily rates vary widely, depending on the city surveyed and the location of the facility within the downtown. Interestingly, a number of cities indicate that available supplies of parking (on- and off-street) are either fair or abundant.⁶

It should be noted that in the early years (years 1 – 5) of implementation of meter systems, a significant percentage of meter revenues are allocated to the “pay back” of the systems themselves. This should be quantified and well understood as discussions regarding the allocations of net revenues collected from such system are made. Generally, systems that charge rates of less than \$.75 per hour do not generate sufficient revenues to cover initial capital expenses without a significant rate of turnover on-street.

B. Objectives for Parking Fees in Tacoma

Tacoma should establish clear objectives for parking fees and rate setting. Objectives should be established for the parking assets it owns both on- and off-street. Establishing such objectives will help to clarify the purpose of current fees and the reasoning against which future rate decisions are based. This should result in a more informed decision-making process as well as a higher level of understanding by the public for rate policy.

Table 3, below, provides a summary of key objectives that the City of Tacoma should consider as well as a description of the objective’s purpose.

**Table 3
Objectives for Parking Fees**

Objective	Purpose
Clear priorities of use for publicly owned parking assets (on-street and off-street).	<p>To delineate where short-term parking is a priority as well as locations prioritized for long-term and/or other uses (i.e., residential, event, etc.).</p> <p>To inform how rates and fees are set to assure consistency with priorities.</p>
Demand based triggers that inform and drive decision-making on rates and fees.	<p>To create understandable and industry based thresholds for rate setting. The “85% Rule” is the most commonly used trigger, which would initiate considerations of rate changes when a supply of parking routinely exceeds 85% during the weekday peak hour.</p> <p>To establish rate systems that accommodate public goals for both visitor and commuter access and reflect a locally based “market demand” for parking.</p> <p>To assure sound financial management of the public parking system.</p> <p>To streamline the decision-making process for rate setting by tying rates to actual demand.</p>

⁶ Which to a certain degree is reflective of recent economic conditions in urban areas across the United States.

Standardize short-term parking rates between publicly owned off-street facilities and on-street meters.	To create a more transparent relationship for customers/ visitors between on-street and off-street access in the downtown.
Allocate all or portions of net parking revenue to dedicated enterprise fund(s).	To provide an on-going revenue base for priority and/or needed parking and transportation improvements in the downtown.

C. Recommendations

The following strategies are recommended:

- ✓ Adopt the 85% Rule as a policy element of the City code to establish a “demand trigger” that guides/informs evaluation and decision-making on rates and asset management.
- ✓ Dedicate all or a portion of new meter revenues into an enterprise fund to support projects and improvements within the meter district from which the revenues are derived.
- ✓ Establish a clear set of priorities/objectives for the use of on-street meter enterprise funds. Priorities/objectives could specifically target future development of visitor parking resources, customer information, streetscape improvements and wayfinding systems and/or transportation improvements that would enhance access to the meter district.
- ✓ Utilize a standard time stay of two-hours for on-street parking (for both meters and timed zones in commercial zones). This standard should be verified through data work currently underway. The purpose of standardization is to assure time stays are correlated to actual customer need. All other time stay options (15, 30, 60 and 90 minute) would be evaluated as “exceptions” on a case by case basis depending on the needs of the adjacent street level land use (e.g., dry cleaners, ticketing outlines, post office drop off, etc.).
- ✓ Establish a clear set of priorities/objectives for how the on-street system integrates with the management of existing city-owned off-street parking structures/lots. Priorities should clearly delineate rate policies tied to existing and/or future constraints within the on-street system.
- ✓ Standardize short-term rates in publicly owned parking facilities with hourly on-street meter rates.
- ✓ Reduce/eliminate long-term parking options on-street in the commercial core of the downtown to address the issue of employee parking on-street.
- ✓ Lower long-term parking rates in public facilities that currently maintain low weekday occupancies to provide an attractive off-street option to employees currently parking on-street.