

# The Campaign for Sensible Transportation

Rick Longinotti, Chair [Rick@SensibleTransportation.org](mailto:Rick@SensibleTransportation.org)

**To: Downtown Business Owners, Employees, and Other Interested Persons**

**Re: Addressing Parking Demand in Downtown Santa Cruz**

The City has proposed building a new 5-level parking garage above a new library on the lot at Cedar/Cathcart where the Farmers' Market meets. The Campaign for Sensible Transportation is urging the City to follow the recommendations of its parking consultants: offer incentives to people who work downtown to get to work on bus, carpool, bicycle and walking. This is a less costly and more environmentally sound way to increase customer parking than building another garage. These Commuter Benefits could include bus passes, credit at bike stores, discounted parking for carpools, and cash rewards for people who work downtown who choose not to park downtown.

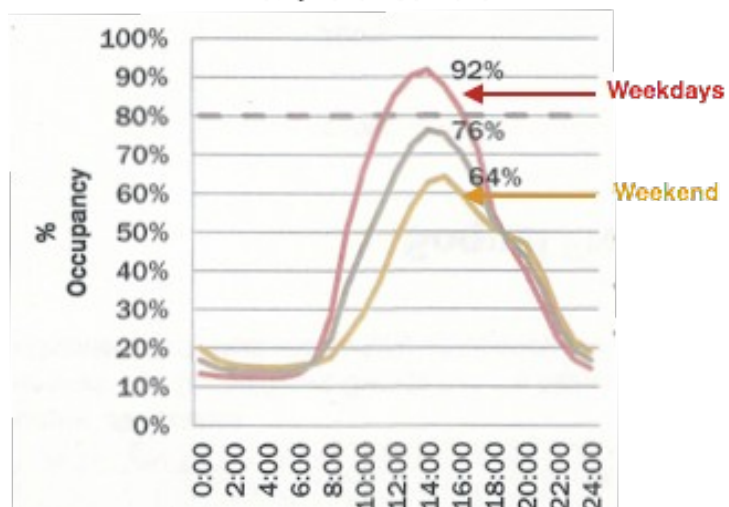
## 1. Is there a parking shortage downtown?

The City garages are getting close to capacity on weekday afternoons. See the chart below. The fact that there is plenty of parking on weekends, but not on weekday afternoons reflects the higher number of employees who work and park on weekdays.

## 2. Why not build another garage?

Building new parking garages is very expensive. Parking experts from three different agencies presented to a joint meeting of the Planning Commission and Downtown Commission on Oct 15, 2015. They each recommended that the City implement measures to reduce parking demand before considering a large investment in a new garage. Janis Rhodes noted that new parking structures don't take in enough revenue to pay for their costs of construction, "No agency will make enough on user fees to pay for that [garage] space....We've become very conservative, maximizing existing inventories before stepping into the arena of financing new resources."<sup>1</sup>

**Locust St. Garage Average Occupancy  
July 2015 - Oct 2016**



## 3. Why wouldn't the new garage pay for itself?

The City estimates that the proposed garage would cost \$33-\$37 million.

Monthly debt service (\$33 million at 5% for 30 yrs) = \$177,150

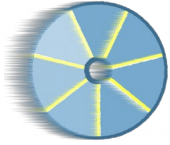
Est. monthly maintenance and admin costs = \$54,000<sup>2</sup>

Total monthly expense = \$231,000

The new garage expenses would raise the total expenses of the Downtown Parking District by 75%.<sup>3</sup> To break even, the new garage would need to pull in an additional 75% in parking revenue, assuming

<sup>1</sup> See the video of this meeting on <http://www.communitytv.org/watch/government-demand/>

<sup>2</sup> Assumes a 17% increase in maintenance and admin expenses of the Parking District.



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parking revenue elsewhere in the District remains the same. That's physically impossible, given that the new garage would increase parking capacity downtown by 17%. And increasing capacity is no guarantee that there will be *any* increase in parking demand. Downtown parking demand may even drop in the short run due to higher parking rates necessitated by the new garage. And in the long run, there are predictions that parking demand will drop with the advent of driverless cars.<sup>4</sup>

#### **4. If the new garage won't pay for itself, how will it be subsidized?**

The Downtown Parking District has two sources of revenue to pay the 30 year debt and expenses on a new garage: parking fees (including monthly permit fees) and "deficiency fees", paid by businesses that do not supply their own parking. In order to reduce subsidies for parking, it would make sense to lower or eliminating deficiency fees. However, with the burden of a new garage expense, there will be economic pressure to raise or at least maintain deficiency fees.

#### **5. How would Commuter Benefits work?**

The purpose of the Commuter Benefits program is to incentivize a portion of people who work downtown to switch commute modes. We estimate that these incentives would cost the Parking District under \$60,000 per month in order to influence 500 workers not to park downtown. This is roughly one fourth of the monthly cost of a new garage with 490 net new parking spaces.

##### **Bus passes**

We propose that the City's Downtown Parking District purchase bus passes for all employees downtown. This would be modeled after the EcoPass program in Boulder, which supplies no-cost bus passes to 8300 employees of all 1200 businesses in Downtown Boulder.

METRO is in the process of preparing a cost estimate for such a program that will be available in the next few months.

##### **Bike lockers; Credit for bike purchase and repair**

We know from a survey of over 500 people who work downtown that about half live within three miles of downtown. More of these people would commute by bicycle if they know that their bicycle could be parked securely. Bike store credit could inspire some people to get a bike or fix up that bike in the yard. Bike sharing and Zip Car credit could enable day trips for workers who don't commute by car.

##### **Cash rewards for not parking**

At Ecology Action, employees check a box on their time card each day they come to work. Those who traveled by carpool, bike, bus, or walk are entered into a monthly raffle with a cash prize.

##### **Discounted deficiency fees for businesses**

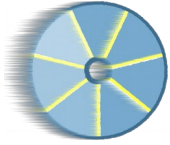
Businesses have a powerful influence to change the culture about how people get to work. Those businesses that are successful in inspiring a shift in commute habits should be rewarded with lower parking deficiency fees.

#### **6. What about remote parking lots?**

The City reports that it contacted people on the waiting list for parking permits and offered permits at the Holy Cross Church parking lot. Less than 20 people indicated interest. This weak expression of

<sup>3</sup> Average annual Parking District expenses 2008-2016 = \$3.66 million. Annual debt and overhead for new garage = \$2.78 million

<sup>4</sup> See articles in Mother Jones and SF Chronicle: <http://www.motherjones.com/environment/2016/01/future-parking-self-driving-cars>  
<http://www.sfchronicle.com/opinion/article/Forget-about-building-downtown-parking-lots-You-10827773.php>



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interest indicates that people prefer other options than walking the additional .3 miles to get to Pacific Ave. Nevertheless, remote parking lots remain a possible resource for the downtown workforce.

## **7. What about the competition between holders of monthly parking permits and customer parking?**

We know from the City's occupancy statistics at its garages that a high number of parking spaces on weekdays are occupied by people with monthly parking permits. The City has sold 1831 parking permits, which represents 62% of its 2916 total parking spaces.

The problem of commuter parking competing with customer parking was anticipated by the City's Master Transportation Study (2003). That study assumed that customer parking is the top priority for available space. It recommended freezing the number of parking permits sold, along with implementing incentives for workers downtown to use alternative modes of commute. At the time there were 1430 permits sold. Since that time the City has increased the number of permits sold by 400.

There is currently a 500-person waiting list to purchase parking permits. The City estimates that the wait list is 13 months long, indicating a high turnover in parking permits. In a free market, the price of parking permits would go up until the demand drops to equal the available supply. However, letting the market determine the price of permits would privilege higher-paid workers over low-paid workers.

It is self-evident that the Downtown Parking District cannot afford to build new garage spaces costing \$475/month per space for 30 years, and then sell permits for those spaces at the current cost of \$32-\$37 per month. Stakeholders need to be involved in devising a fair way to allocate scarce existing spaces. As an alternative to market pricing of permits, a lottery or a needs-based system could be explored.

### **Next Steps**

The first thing that needs to be done is for the City to follow the advice of the parking consultants and provide incentives to the downtown workforce to use alternative commute modes. The consultants recommended that these incentives be implemented before a reliable evaluation can be made of the demand for new parking capacity.

Please feel free to contact me to discuss this.

Thanks for your attention.