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## CITY OF KELOWNA

# MEMORANDUM

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DATE: August 8, 2001  
FILE NO: 5480-08  
TO: City Manager  
FROM: Councillor Day, Chair Parking Advisory Committee  
SUBJECT: **Downtown Parking Management Plan – Financial Details**

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### **RECOMMENDATION**

THAT City Council approve the Downtown Management Plan dated November, 2000 as a guide to parking management in the Downtown;

AND THAT City Council approve of the financial plan referred to in Appendix 'A' as the 'Recommended Option' in the report of the Chair of the Parking Advisory Committee dated August 8, 2001 to finance the initiatives in the Downtown Parking Management Plan effective January 1, 2002 and summarized as follows:

- Increase on-street parking rates in the Downtown metered areas from \$0.50 to \$0.75/hr;
- Increase parking fine rates from \$10 to \$20 with a reduction of 75% if paid on the date received (\$5.00) and a reduction of 50% if paid following the date received but within seven days (\$10.00);
- Establish a minimum monthly parking rate set at 10% greater than an adult monthly transit pass; &
- Set the monthly parking rate at the Richter/Lawrence lot at \$43 per month (including GST in accordance with the last bullet).

AND FURTHER THAT City Council approve the use of City Park parking lot for temporary use for monthly parking during the redevelopment of the Chapman Parkade and that the rate for this parking be set at \$52.50 per month.

### **BACKGROUND**

During the last eighteen months staff have been working on a number of initiatives in support of parking management in the downtown or inner City. This included an updating of the Downtown Parking Management Plan and planning and design for the redevelopment of the Chapman Parkade. The latter initiative requires an investment of close to \$9 million and is the first capital improvement priority set out in the Plan. Other major investments in parking are projected within the next ten to twelve years. In order to finance these major investments a detailed review of revenues and expenditures (including debt servicing) is necessary.

At the regular meeting of City Council on July 30, 2001 Council considered the report of the Parking Advisory Committee dated July 26, 2001. There was much discussion concerning the financial recommendations at this meeting. After this discussion, Council voted in favour of defeating the recommendations and requested that staff present the Parking Financial Plan with recommendations and options at the August 13, 2001 Council meeting.

### Financial Plan Overview

As noted above, major investments in parking have been planned over the next twelve years in the Downtown. Although major investments were made in the past for land acquisition and surface parking in the Downtown using general taxation, in 1992 the decision was made to move toward a self-financing approach to the provision of new parking in the core area. This is consistent with the direction most City's take with their inner-city areas due to a multitude of factors including the high demand for parking in these areas and the need to represent the many independent property owners' interest. This approach to financing parking also serves to provide a better commitment to long-term capital plans as well as provides a TDM incentive to getting people to choose preferred modes of travel to the core area such as public transit.

Recognizing the complexity and potential options that should be considered in developing Kelowna's financing plan for parking in the inner city, a specialized consultant was retained. The consultant had considerable experience to draw from other cities and to assess the potential of financial options in Kelowna's Downtown. They provided excellent advice on each of these options to the Parking Advisory Committee.

Some financial principles were applied to this work and they included:

- Capital investments in parking Downtown will continue to be by means of revenues from parking
- A target minimum of \$1 million will be retained in the reserve to mitigate revenue risk and to capitalize on parking related opportunities in the downtown which may be presented from time to time
- Allowance is made in the Plan for future parkade development

### Financial Model

The cash flow summary portion of the model summarizes the net revenue, after operating expenditures, for on-street parking, parkades and off-street parking. The net revenue total is appropriated to the parking reserve on an annual basis.

The parking reserve portion of the model summarizes all reserve activity, including appropriations into the reserve, capital expenditures, debt servicing and interest on the reserve balance.

Similar to all financial models, a number of assumptions must be made in order to reasonably project parking requirements over the planning horizon. Major assumptions include:

- All financial information is in 2001 dollars. Inflation has not been factored into the plan. The model has been developed on the basis that revenues and expenditures will, over time, increase in a similar fashion. As it is not feasible to increase on-street parking rates in small increments to match inflation, the model assumes that this foregone revenue will be offset by increases in occupancy rates in existing parking facilities.
- There is a strong correlation between user compliance in paying meter fees and assessed fine levels. Extensive parking industry studies have proven that low fine levels will result in a decrease in user compliance and acceptance of the risk of getting caught. The model reflects the need to balance increase fine levels in conjunction with an increase in on-street rates.
- An annual capital program is required for lot resurfacing, capital repairs, purchase of new meters and spitters, purchase of other technologically advanced equipment, etc.

- Parkade borrowing is projected at 6.50% over 20 years for each of the new parkades included in the plan. Debt servicing begins with a ½ year payment in the year of construction completion and full year repayments thereafter.
- The Chapman Parkade reconstruct is projected to cost \$9 million. Parkade #3 is presently estimated at \$8 million.
- The Parking function will continue to contribute \$150,000 per year to the general fund in lieu of municipal taxes on parking facilities and a minor return on investment for land purchased over time from general taxation.
- There are no major operational changes projected in the plan.

#### Recommended Financing Option

The recommended option proposes an on-street parking rate increase to \$0.75/hour from the present \$.50/hour. Further, it is recommended that parking fines be tiered to allow for two early payment opportunities. The 'same-day' rate for a ticket would be reduced to the minimum ticket amount charged today, \$5. The early payment rate for days 2 through 7 is \$10, increasing to \$20 after 7 days. To be effective, this option would need to have convenient drop boxes for those wishing to make a same-day payment at the reduced fine level. It is anticipated that this methodology will increase current ticket payment compliance.

The 'Recommended Option' in 'Appendix A' summarizes the key elements of this option with the changes being specific of course to the revenue and reserve balance. For three consecutive years, beginning in 2006, the parking reserve balance is forecasted to drop below the target minimum of \$1 million. The lowest balance of just over \$825,000 occurs in 2007. It should be noted that the net revenue for 'On-street & Enforcement' increases substantially from \$461,562 in 2001 to \$985,469 in 2002 and continues thereafter. This recognizes the increase in on-street and fines revenue with no offsetting expenditures.

Additional options were considered but were either not recommended by our consultant, did not have the support of the Downtown Kelowna Association or they did not meet our financial planning guidelines. The Deputy Director of Finance will be on hand at the August 13, 2001 Council meeting to illustrate the problems with some of the alternative options.

'Appendix B' provides a brief summary of parking rates and fines for a number of selected municipalities in BC and Ontario. While there is commonality among some municipalities, the City's parking consultant confirms that rates and fines are most often set to meet the specific financial requirements for parking within each community.

#### Proposed Chapman Parkade Redevelopment

The design of the redevelopment of the Chapman Parkade is now substantially complete. Subject to approval of the financing plan for Downtown parking, staff will proceed to invite tenders for the dismantling of the existing structure and construction of the new building.

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Councillor Colin Day, Chair  
Parking Advisory Committee

RWW  
Attach.