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## TRANSIT AND PARKING COMMISSION COVER SHEET

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**AGENDA ITEM: F.3.**

**MEETING DATE: May 13, 2008**

**ITEM: Removal of public on-street metered parking due to UW projects**

**STAFF DISCUSSION OF ITEM:**

On-street parking is the public's most valuable parking asset in the city. It is the most convenient parking and exists in large quantities throughout the city. The public prefers on-street parking over structured and surface lot parking due to its convenience and other issues associated with the other facilities. Because of this value, most cities set their on-street meter rates higher than any other rates to assure adequate turnover/vacancies, to encourage longer-term parkers to use other structures, and to generate revenues for the parking entity. The on-street parking meter rate in Madison is \$1.25/ hour downtown, while lots/structures are \$0.70 to \$1.10/hour. Since parking meter purchase (\$500 each for single space) does not generally create debt service, this is a very cost-effective method to supply public parking. Structured parking at \$30,000 to \$50,000 per stall (\$20M for 500 stalls) creates significant debt service and is usually subsidized by on-street parking. Parking Utility staff believes it is important to maintain on-street parking (1,443 spaces) for the value it provides to the downtown customer and the Utility. It is estimated that each on-street parking stall will generate about \$50,000 in annual revenue for adjacent businesses. Convenient parking helps maintain the vitality in the downtown business community.

The City experiences constant pressure to eliminate paid on-street parking, loading zones, taxicab stands and parking for people with disabilities. Most of this pressure comes from downtown developers and other large government agencies, which would prefer to use the right-of-way for other purposes. Undoubtedly many of these projects will benefit the public or their constituencies and should move forward, however there is often the ability to mitigate the negative parking impacts of these projects.

Parking Utility staff believe there are two major areas that need to be addressed when removing paid public parking: removal of the service (parking, loading zone, Dis/Vet stall and taxicab stand) and elimination of the revenue base for the Parking Utility. Each metered parking stall has a present value of about \$33,000 to the Utility. These funds are used to maintain our infrastructure. Since high cost projects require bonding, these funds could help pay the debt service. The Utility receives no taxpayer subsidy. Without these funds, the Utility would need to charge current customers more to park or replace the parking nearby. Since the Transit and Parking Commission has oversight of the Parking Utility, these are important considerations for your review.

The University currently has three projects that will permanently remove paid on-street public parking: WID, Union South and Murray Street. Others like Brooks Street are expected follow. Over 30 metered spaces are involved in these projects, which have great value to parking customers and the Utility. Over \$1,000,000 in meter revenue will be lost over 20 years as a result of these projects.

The City Attorney's Office has confirmed to staff that the Parking Utility Revenue Bond resolution contains bond covenants that address the Utility's disposition of system property, such as meters that generate a positive cash flow. The meters involved in the three current University projects create a positive cash flow. The City may dispose of a portion of the system, which has been found by the Common Council upon the recommendation of the TPC to be:

- Not necessary or useful in the operation of the system;
- Excess property; or
- Property which might be exchanged for property more useful to the System.

The City Attorney's Office suggests the following: In future cases where a developer seeking rezoning asks for parking meters to be removed from the City right-of-way, it would be advisable for TPC to receive a staff report describing the number of meters sought to be removed along with an estimate of their revenue, so TPC can make a recommendation to the Plan Commission as to the removal. If the TPC finds the meters to be uneconomic or located in an inappropriate location, their removal would be consistent with the bond covenants.

**FISCAL IMPLICATIONS:**

Each street meter has a present value (20 year) of \$33,000 to the Utility. One million dollars in meter revenue will be lost. This will impact Parking Utility cash flow.

**MATERIALS PRESENTED WITH ITEM:**

- Before/after drawings of the WID, showing the removal of surface parking.
- Public parking and other right-of-way uses on Orchard St. that will be removed as a result of the WID project.

**STAFF RECOMMENDATION/RATIONALE:**

The Parking Utility and the TPC need to create a long-term plan to review permanent meter elimination requests. Staff recommends the following methods to mitigate the impacts of permanent parking meter removal:

- The party requesting the permanent parking removal due to project development will provide space within the project boundaries for the services removed (paid parking, loading zone, Dis/Vet stalls, taxicab stands). The Parking Utility will provide the revenue equipment if necessary, and all installation/maintenance/collections and administration of equipment, and will retain all receipts.
- If this cannot be done, the party requesting the permanent parking (and other service) removal due to project development will provide on-site space for these services and will provide all equipment/maintenance etc., retaining the revenue. The Utility could replace the revenue through rate increases or increasing the number of meters in service.
- If this cannot be done, the party requesting the permanent parking (service) removal will provide the space for these services on a nearby parcel and it could be administered either by this party or the City. The Utility could replace lost revenue through rate increases or increasing the number of meters in service.
- If this cannot be done, the party requesting the permanent parking removal could pay the Parking Utility an amount equal to the present value of the meters being removed and the Utility would use these funds for infrastructure improvements or dedicated to expenses of the Utility.
- The Transit and Parking Commission shall review applications for meter removal that eliminate three or more meters or combinations of meters/taxi stands/loading zones/Dis/vet stalls and make a recommendation to the Plan Commission or Common Council as appropriate, as to their removal.

**PREPARED BY:** William Knobeloch, Parking Utility

**DATE:** May 5, 2008