



City of Seattle  
Edward B. Murray, Mayor

**Department of Transportation**  
Scott Kubly, Director

**MEMORANDUM**

**Date:** June 30, 2016  
**To:** City Council Sustainability and Transportation Committee members  
**From:** Scott Kubly, Director  
**Subject:** Parking Benefit District – SLI 100-2-A-1 Response

**Executive Summary**

In adopting the 2016 Budget, the City Council approved Statement of Legislative Intent (SLI) 100-2-A-1, directing the Seattle Department of Transportation (SDOT) to work with Capitol Hill Housing to document general issues associated with establishing a parking benefit district and recommend a pilot Parking Benefit District in the Capitol Hill EcoDistrict. A parking benefit district is a funding mechanism in which new paid parking revenues are spent in the specific areas in which those funds are generated.

Establishing parking benefit districts would require significant changes to how the City of Seattle allocates paid parking revenues. In this case, Capitol Hill Housing is recommending that SDOT extend the hours of paid parking operation later into the evening. These incremental revenues would cover SDOT Parking Program costs, and the City would then allocate net new revenues to transportation-related programs and projects in Capitol Hill and Pike/Pine, with the new evening paid parking hours in effect generating the necessary revenue. While the SLI directs the development of only a pilot project, this SLI response considers the resultant potential for additional parking benefit districts.

**At this time, we do not recommend moving forward with establishing a parking benefit district pilot due to significant parking management legal, policy and fiscal equity concerns.**

The legal and regulatory basis of paid parking in Seattle, which is that decisions of where to put paid parking, when and what to charge, is aimed at achieving the regulatory effect of reduced congestion, access to business, and decreased emissions. A shift away from this framework toward the creation of decision-making processes aimed at revenue generation undermines this rationale.

In addition, parking benefit districts are contrary to the principles City Council adopted in 2010 in helping to establish SDOT's successful and well-regarded Performance-Based

Parking Program, one that employs a data-driven process to paid parking rate-setting. Revenue-sharing would significantly disrupt the focus that SDOT places on performance data when making parking management decisions.

Since 2010, the consistent effort to use data to drive parking management and rate adjustments has allowed SDOT to establish a great deal of trust with decision-makers, elected officials and the public in what could otherwise be much more controversial processes. Shifting the discussion toward how to generate and spend paid parking revenues risks destroying that built-up community trust that we make decisions based upon data and sound policy rather than fiscal incentives.

Second, there are significant differences in the areas where paid parking revenue is generated and the citywide geographic distribution of spending on transportation projects. Allocating revenues by the paid parking area in which they are generated would mean that certain neighborhoods would have a great deal of investment (e.g., downtown) and others would have none (e.g., West Seattle).

This SLI response includes:

- SLI background
- Information about Seattle's Performance-Based Parking Pricing Program, our data driven rate setting process
- Details on the Executive's significant policy and fiscal concerns

## **Background**

SLI 100-2-A-1 directed SDOT to work with Capitol Hill Housing and to deliver a written report to the City Council's Sustainability and Transportation Committee that:

- 1. Reviews incentives, regulations, and policy considerations that support or hinder the implementation of parking benefit districts in Seattle;*
- 2. Recommends a pathway for piloting a parking benefit district in the Capitol Hill EcoDistrict, including potential dedication of some percentage of on-street parking revenues for street, sidewalk, vehicle and pedestrian improvements physically located within the district.*

In addition to interest expressed by Capitol Hill Housing, forming parking benefit districts was also a HALA Advisory Committee Report recommendation.

The Capitol Hill EcoDistrict is a neighborhood sustainability effort initiated by Capitol Hill Housing for the Capitol Hill, Pike-Pine and 12<sup>th</sup> Avenue areas. This organization is looking to test and deploy innovative sustainable solutions for transportation, parking management, and affordable housing. Capitol Hill Housing is also partnering with SDOT and King County Metro Transit on several shared parking and transit pass initiatives. The City Council recently adopted Ordinance 125045 to further those efforts.

In addition to individual conversations with Capitol Hill Housing staff earlier this year, SDOT staff met with Capitol Hill Housing and provided an update at two community meetings:

- May 26, 2016, Capitol Hill EcoDistrict Annual meeting
- June 9, 2016, Capitol Hill EcoDistrict Steering Committee meeting

SDOT is currently working with Capitol Hill Housing on several related parking and transportation mobility projects including:

Green Sheet 100-1-A-2 added \$20,000 for SDOT to study shared off-street parking. SDOT is contracting with Capitol Hill Housing on a project to identify regulatory and incentive barriers to shared parking, develop potential design guidelines for new off-street parking that enable sharing, and advance the implementation of a shared parking pilot in the Pike/Pine Urban Village. Staff expect that this work will help inform other SDOT projects where shared parking is a potential program element, particularly for transit capital projects that effect on-street parking.

Mobility options pilot: A pilot demand-management project that is intended to increase access to transportation options for income-eligible residents of Capitol Hill Housing. The City Council recently passed Ordinance 125045 to further this effort. The pilot project includes purchase and distribution of ORCA Residential Passport passes (a new ORCA product), to eligible residents of 122 low-income housing units. The pilot also includes the development of a shared parking-management technology solution via a separate partnership between Capitol Hill Housing and the University of Washington.

## **SDOT's Performance-Based Parking Pricing Program**

### History and Current Practice

In 2010, the City Council amended Seattle Municipal Code (SMC) 11.16.121 to direct SDOT to set parking rates based on measured occupancy, so that approximately one to two spaces are open and available on each blockface throughout the day. This new law brought performance metrics, data, and technical review to the paid parking rate-setting process. Historically, changing meter rates had lacked a rigorous data collection element.

With this new law in place, SDOT started the Performance-Based Parking Pricing Program. For the last six years, SDOT has collected and applied technical parking data to adjust all of Seattle's on-street parking rates on an annual basis. SDOT manages about 12,000 paid on-street spaces in 20 business districts. We now have a system of 31 paid parking areas with different hourly rates, maximum time limits, and hours of operation. While complex, the different rates are tied directly to parking data collected and grounded in the 2010 policies Council adopted. Seattle's data-driven program has been well-received by neighborhood business districts and the parking public and is seen as a model for other jurisdictions around the country (see Attachment 1: Paid Parking System Map).

To determine parking conditions, SDOT completes an Annual Paid Parking Study, in which occupancy data is collected in all paid parking areas. The collected data are used to determine potential changes to rates, time limits, and paid parking hours by comparing

results to our target occupancy range of 70% - 85% that ties directly to Council-adopted policies. Because this is a locally based, data-driven process, and due to the varying sizes and demands of individual parking areas, the 31 different paid parking areas generate vastly different revenues annually.

### Parking Revenue

Table 1 shows 2015 paid parking revenues by neighborhood, with percentage of total.

**Table 1: 2015 Paid Parking Revenues by Neighborhood**

<b>Paid Area</b>	<b>2015 Revenues</b>	<b>% of Total</b>	<b>Paid Area</b>	<b>2015 Revenues</b>	<b>% of Total</b>
12th Avenue	\$ 242,000	1%	First Hill	\$ 2,214,000	6%
Ballard Core	\$ 662,000	2%	Fremont	\$ 242,000	1%
Ballard Edge	\$ 559,000	1%	Green Lake	\$ 239,000	1%
Ballard Locks	\$ 148,000	0%	Pike-Pine	\$ 3,079,000	8%
Belltown North	\$ 3,443,000	9%	Pioneer Square Core	\$ 1,110,000	3%
Belltown South	\$ 3,491,000	9%	Pioneer Square Edge	\$ 1,480,000	4%
Capitol Hill North	\$ 761,000	2%	Roosevelt	\$ 135,000	0%
Capitol Hill South	\$ 659,000	2%	SLU Main - Long	\$ 3,230,000	9%
Cherry Hill	\$ 70,000	0%	SLU Main - Short	\$ 1,508,000	4%
Chinatown/ID Core	\$ 634,000	2%	SLU Northwest	\$ 328,000	1%
Chinatown/ID Edge	\$ 501,000	1%	University District Core	\$ 2,187,000	6%
Commercial Core/Financial	\$ 1,289,000	3%	University District Edge	\$ 386,000	1%
Commercial Core/Retail	\$ 2,259,000	6%	Uptown Core	\$ 325,000	1%
Commercial Core/Waterfront 2 hour	\$ 1,310,000	3%	Uptown Edge	\$ 1,423,000	4%
Commercial Core/Waterfront 4 hour	\$ 885,000	2%	Uptown Triangle	\$ 557,000	1%
Denny Triangle North	\$ 1,163,000	3%	Westlake	\$ 591,000	2%
Denny Triangle South	\$ 650,000	2%			
<b>All Paid Revenue</b>	<b>\$37,760,000</b>				

Parking revenues are currently deposited in the General Fund, per SMC 11.16.480. In 2015, parking revenues were \$37 million. In addition, various permit fees for use of curbspace in paid parking areas (i.e., commercial vehicle load zones, free floating car sharing, and construction-related temporary parking reservations) generate additional revenue that increases the total on-street parking-related revenue to an estimated \$44 million in 2016. While these paid parking revenues are generated in a relatively small geographic area of the city, SDOT is allocated a roughly commensurate amount of General Fund for a wide variety of transportation-related projects and programs throughout the city.

### Program Implementation

With the Council adoption and SDOT implementation of the Performance-Based Parking Pricing Program, staff are better able to ensure visitor and customer access to business districts by adjusting parking rates based on local data and tied directly to performance. Visitors and customers are better able to reliably find street parking in a timely manner, spending less time circling for parking. This reduces auto emissions and congestion, and improves access to businesses in high-demand areas.

SDOT has made over 70 changes in the last six years to parking area rates and hours of operation, based on data collected annually. The consistent reliance on data to drive annual adjustments has meant that the public increasingly accepts these changes, including data-driven rate increases, extension of paid hours into the evenings, and the expansion of paid parking areas. SDOT uses our Parking Advisory Committee, which is made up of business and neighborhood leaders in Seattle's paid parking areas, to review such changes in the summer prior to implementation in the fall. Sounding Board members have expressed satisfaction with our data-driven program and methodology. Because of our efforts and bringing along stakeholders to this performance-based approach, customers' perspective on the paid parking rate-setting process has moved from initial concerns with rate changes several years ago to today's appreciation and understanding of our data-driven approach. SDOT's program has also won recognition from national and international parking associations. SDOT frequently advises other cities on how to adopt similar performance based parking programs and strategies.

SDOT has also applied these parking management performance criteria (i.e., one to two spaces open per blockface, or 70-85% occupancy) to new paid parking installations. In the Community Access and Parking Program, SDOT works with community members to identify on-street parking challenges and opportunities, collect data, develop parking recommendations, and implement changes. Outcomes may include new time-limit signs, load zones, paid parking, restricted parking zones, bicycle parking, or other changes. SDOT is currently working in Columbia City, Pike-Pine and several other areas.

In 2015, SDOT added paid parking spaces in three areas: Ballard, Green Lake, and Westlake Ave North. While the data results showing a high level of parking activity and low turnover and response to the time limit signs played a critical role in the decision-making process, staff also led a robust community engagement discussion about those data results and the potential for adding new paid spaces. Where appropriate, staff partner with the Department of Neighborhoods and the Public Outreach & Engagement Liaison (POEL) staff early on to gather initial feedback on existing conditions and again when staff has a draft proposal seeking broad feedback. However, some past community parking plans have concluded that paid parking was not appropriate for installation, including in upper Queen Anne (2009) and the West Seattle Junction (2010), because of the data results.

SDOT staff have found that for many business owners and other community stakeholders that the attitude towards paid parking has changed in the last year or two. Recent comments from businesses along Ballard Ave (with new installation in 2015) indicated that the paid parking opened up spaces for their customers, especially at lunchtime. More and more business owners and staff are seeing the value that paid parking brings to their businesses.

Capitol Hill Housing suggests that evening paid parking hours could be extended later until at least 10 pm in the Pike-Pine and Capitol Hill paid parking areas, past their current 8 PM ending time. While SDOT believes there is merit to this idea based on the data results from recent years, it is critical that parking management decisions be consistent with existing policies, that they be data-driven, and that there is ample opportunity for community engagement. SDOT anticipates starting a community discussion in either late 2016 or early 2017 with Capitol Hill and Pike-Pine businesses and residential groups to discuss late night parking access and whether extending paid parking hours would be the right tool to address neighborhood access needs. SDOT has previously collected parking data in the late evening hours in these neighborhoods and would review these data with community members, along with updated data collected in the 2016 Annual Parking Study. See Table 2.

**Table 2: 2015 Annual Paid Parking Study Results Weeknight Occupancy**

<b>Paid Parking Areas</b>	<b>5:00 PM</b>	<b>6:00 PM</b>	<b>7:00 PM</b>	<b>8:00 PM</b>	<b>9:00 PM</b>	<b>10:00 PM</b>	<b>11:00 PM</b>	<b>12:00 AM</b>
Capitol Hill North	78%	89%	101%	111%	101%	99%	73%	63%
Capitol Hill South	63%	90%	100%	103%	103%	94%	86%	70%
Pike-Pine	82%	97%	106%	109%	105%	99%	93%	71%

*Note: Occupancies over 100% are due to parking efficiency and/or illegal parking, compared to the SDOT-maintained legal inventory.*

### **What do parking benefit districts look like in other cities?**

Parking benefit districts are a concept promoted heavily by Dr. Don Shoup (Distinguished Research Professor of Urban Planning, UCLA) in his book *The High Cost of Free Parking*. Dr. Shoup advocates nationwide for paid parking, higher rates, for a process based on local data, and parking benefit districts. These have long existed in Pasadena and San Diego. Because of Dr. Shoup's book and promotion, many cities have recently adopted programs or have pilots under consideration, including in Austin, Albuquerque, Los Angeles, Houston, Washington DC, and Pittsburgh.

Dr. Shoup describes parking benefit districts as a way to combat the arguments against installing paid parking or raising rates, by directing all or portions of revenue to be spent in only those areas. They are intended to better tie the economic benefits of paid parking (revenue) to an improved quality of life. In this way, residents and business owners might more easily see the relationship between tangible improvements to the area's transportation system and the revenues that the paid parking system generates. Most cities with a parking benefit district program also manage revenues through an enterprise fund. General consensus is that parking program costs are covered before revenue is shared or spent in specific areas.

As an example, San Diego's paid parking program included a parking benefit district component that started in 1997 when City officials decided to dedicate revenues in specific areas in order to facilitate new meter installations in the downtown and nearby business districts. San Diego now manages six community parking districts. The parking program

covers the upfront costs of parking meter management prior to revenues being shared with the established community parking district advisory committee on a 55 percent/45 percent basis. Staff in San Diego noted that one of their challenges has been getting the advisory committees to collectively agree and plan on how to spend the available parking revenues in a timely manner. They noted that such advisory committees need to include a broad set of stakeholders in discussions of how to allocate new transportation funding. These would include business owners, property owners, and area residents.

## **Recommendation**

Because of the issues detailed below, we do not recommend moving forward with a parking benefit district pilot.

### *Parking management changes must not be revenue driven*

Seattle's Performance-Based Parking Pricing Program is intended to take revenue generation out of the decision-making considerations for various rate and other parking management changes. With Council's 2010 changes to the SMC, the City has adopted an approach to parking management that is data driven rather than revenue driven. This fundamental shift that started in 2010 has engendered a significant amount of trust with decision-makers, elected officials, and business and community members on a subject that has historically and would otherwise be a touchstone for annual controversy.

In contrast, parking benefit districts are promoted as a way to appease concerns about paid parking by allocating revenues in those specific areas. At the two Capitol Hill Housing meetings at which this issue was discussed, SDOT observed that conversations quickly moved to how to spend new resources rather than how to effectively manage access and parking. While attendees were supportive of the evening hours change, there was little discussion about whether extending paid hours would be an appropriate solution to customer, visitor and residential parking access in the late evening in Capitol Hill and Pike/Pine.

SDOT has successfully developed and deployed a data-driven approach to parking management decisions these past six years. This has applied to changing rates in existing paid areas as well as adding new paid spaces in most recently Ballard, Westlake Ave North, and Green Lake. SDOT is concerned that implementation of a parking benefit district, even as a pilot project, may encourage other business districts to request paid parking solely as a revenue generator with limited regard to whether paid parking is actually the right tool to effectively manage access. This goes against Council's intent with respect to the 2010 changes to SMC 11.16.121.

### *Dedicating revenues to a specific neighborhood raises significant equity concerns*

There is a large variance within paid parking areas in terms of number of spaces, hourly rates, and revenues generated. Areas in Seattle have different levels of demand, which is why SDOT's performance-based rate setting process works effectively. A parking benefit district model would allocate transportation funding to various paid parking areas regardless of identified transportation needs in those areas.

Table 3 below provides 2015 parking revenues by Council District. Nearly 80% of 2015 parking revenues were generated in District 7 (Downtown/South Lake Union) and District 3 (Capitol Hill Urban Center). Districts 1 and 5 have no paid parking.

**Table 3: 2015 Paid Parking Revenues by City Council District**

Council District	2015 Paid Spaces	2015 Revenue
1	--	--
2	690	\$ 2.14 M
3	2,340	\$ 7.26 M
4	910	\$ 2.69 M
5	--	--
6	820	\$ 1.80 M
7	7,490	\$ 23.16 M
<b>TOTAL</b>	<b>12,250</b>	<b>\$ 37.04 M</b>

As shown in Table 4, SDOT uses its General Fund allocation for transportation programs and projects throughout Seattle. These program- and project-based funding decisions are based on identified needs and SDOT's use of the City's Racial Equity Toolkit, and the funds are spread across all Council Districts.

**Table 4: 2016 SDOT Budget, General Fund by BCL Program**

	AMOUNT (\$000)	% OF TOTAL
Mobility-Operations	\$ 20,654	47%
Commuter Mobility	\$ 7,226	16%
Parking	\$ 6,918	16%
Traffic Signals	\$ 2,875	6%
Signs & Markings	\$ 1,850	4%
Neighborhoods	\$ 1,786	4%
Street Maintenance	\$ 7,878	18%
Street Repair	\$ 3,603	8%
Emergency Response	\$ 2,029	5%
Street Cleaning	\$ 1,945	4%
Pavement Management	\$ 302	1%
General Expense	\$4,094	9%
Judgment & Claims	\$3,251	7%
Debt Service	\$843	2%
Bridges & Structures	\$3,824	9%
Structures Maintenance	\$2,147	5%
Structures Engineering	\$841	2%
Bridge Operations	\$837	2%
Major Maintenance/Replacement	\$2,000	5%
Roads	\$2,000	5%



	AMOUNT (\$000)	% OF TOTAL
Mobility-Capital	\$2,000	5%
Sidewalks & Pedestrian Facilities	\$2,000	5%
Urban Forestry	\$1,284	3%
Tree & Landscape Maintenance	\$854	2%
Arborist Services	\$429	1%
Engineering Services	\$913	2%
Engineering & Operations Support	\$913	2%
Department Management	\$961	2%
Resource Management	\$485	1%
Revenue Development	\$342	1%
Director's Office	\$134	0%
Major Projects	\$700	2%
Alaskan Way Viaduct	\$700	2%
Grand Total	\$44,308	100%

It is also important to recognize that 12,000 paid spaces represent a very small amount of the overall on-street parking of any type throughout the city and a small part of the city's overall geography. See Attachment 1: Paid Parking System Map. Nearly half of SDOT's General Fund allocation supports Mobility Operations programs (parking, transportation demand management, signals, and signage) and the remaining half covers street maintenance and other operations programs that maintain and install infrastructure throughout the city.

Dedicating revenues to specific neighborhoods would limit ability to make future investments outside those neighborhoods. It would also complicate the city's resource allocation and decision-making process as we create multiple revenue earmarks that require consideration and tracking. Over time, parking payment activity and aggregate parking revenues will likely grow for a variety of reasons, including economic growth and increasing demand, rate adjustments, the addition of new spaces or paid areas, and longer hours of operation. Establishing a system in which net new parking revenues are directed only to a relatively limited geographical area (and primarily focused on the downtown area) limits the city's flexibility to direct new resources to other areas of the city that have historically not received sufficient investments. This may undermine the City's RSJI, where areas such as the Southeast and Lake City would likely not receive funding for important neighborhood improvements if additional revenue is reinvested in the area that generated the revenue.

Area-specific revenues can drop for a variety of reasons, including economic downturns, data-driven downward rate adjustments, and reduced supply. This is already anticipated as an outcome of planned projects such as the Center City Connector and Madison BRT. It is not clear when revenues drop over time how those changes would be accounted for in a parking benefit district system and how they would affect SDOT's General Fund allocation. For example:

- When revenues drop, there could be less money available than previously planned for neighborhood identified transportation projects.
- There could be uncertainty about year-by-year project planning when future year revenues are difficult to project.

*There are significant city and state legal issues with a parking benefit district*

SDOT and CBO met with the Law Department to discuss the various legal issues around parking benefit districts. As articulated in city and state law, paid parking is installed for regulatory purposes to address high demand for on-street parking and to manage access to neighborhood business districts. State and City law and state court precedents make clear that paid parking is a fee, not a tax. This contrasts with a Parking and Business Improvement Area, as an example, which is an assessment levied on businesses/property owners for their purposes to improve their community.

Parking revenues must be spent for transportation purposes only (WAC 308-330-650 and SMC 11.16.480). The WAC states that cities shall use parking revenues for purchase, installation, maintenance and operations as well as for enforcement of parking management systems. Net proceeds may be used for parking studies and for acquisition, establishment, improvement, maintenance, and operation of public off-street parking facilities.

SDOT's staff experience at Capitol Hill Housing forums found that neighborhood stakeholders consistently identified a desire to spend new parking revenues for non-transportation purposes that are inconsistent with city and state law. Examples were related to the Capitol Hill Farmers Market and parks projects.

In addition, the Law Department advises against allocating funding directly to outside organizations for program and project management to avoid conflicts related to providing gifts of public funds for private benefit or specific businesses. Law suggests an advisory committee model, which would allow these organizations to provide their perspectives on recommended appropriate transportation programs and projects, similar to model of the Neighborhood Street Fund.

### Attachment 1: Paid Parking System Map

