



**CITY OF NEWARK
DELAWARE**

December 12, 2016

TO: Mayor and Members of Council
VIA: Carol Houck, City Manager *CH*
FROM: Maureen Feeney Roser, Director of Planning and Development *Maureen*
RE: Doubling of Parking Rates

At the December 5, 2016 Budget Hearing, Councilman Ruckle asked what revenue would be generated if Council doubled parking rates at meters and in municipal lots. Rates are currently \$1.00 per hour in municipal lots (divided into ½ hour increments of \$.50 each) and \$1.25 an hour at meters. Upon further clarification of his question, Councilman Ruckle's request was narrowed to "What will revenue be if we double hourly rates at meters and in all pay to park lots from 6 a.m. to 6 p.m. daily and revert to the current rates the remainder of the time?" This memorandum attempts to answer that question, although of course as Council recognizes, the question is more complicated than it may appear on its surface, and several assumptions had to be made to answer the question.

Based on 2015 gross parking revenues (2015 was used to get one full year of revenues, and with the first ten months of 2016 revenues trending just slightly higher than the previous year, 2015 seemed a good, conservative base from which to work), and assuming that doubling the rates for 12 hours a day will not adversely impact lot and meter usage for that time of day beyond a 30% margin; and finally recognizing that we do not have statistics on what time of day 2015 revenues were generated (and further that only off-street lots operate on a 24 hour basis), one can assume that doubling rates at meters and in public pay to park lots from 6 a.m. to 6 p.m. daily will result in the following gross revenues:

Lot 1	\$ 787,993.07
Lot 3	\$ 465,465.12
Lot 4	\$ 579,504.79
Meters	<u>\$1,673,536.80</u>
	\$3,506,499.78
Lots 2 & 5	<u>\$ 84,598.50</u>
	\$3,591,098.28

Difference = \$909,102.53 or 33.9% more gross annual revenue collected over 2015.

Please note that both Lots 2 and 5 are permit only parking lots and therefore, not included in the doubling calculations. Those rates, currently at \$85 month, can also be increased, but have not been considered as part of the question at hand. In addition, it is important to note that meter rate increases have to be done by ordinance and the above figures are based on a full year of projected revenues (an effective January 1, 2017 increase date). Assuming a more likely March 1, 2017 effective date, and for these purposes, leaving the permit only lots the same, the projected 2017 gross parking revenues (were rates at meters and all pay-to-park hourly lots doubled from 6 a.m. to 6 p.m. daily) are \$3,006,681.70.

While staff can certainly appreciate the temptation to answer budget concerns with increasing parking revenues to avoid a tax increase, caution must be offered with the approach. First of all, considerable monies are already transferred out of the parking fund to support the general fund to reduce the tax burden, limiting funds to support parking utility initiatives. Secondly, doubling the rates, even if only for certain portions of the day, will price parking in downtown Newark and the surrounding campus areas to hourly amounts beyond rates charged in other nearby communities. The attached summary of rate structures in Delaware and other communities was quickly put together to compare the proposed rates to those charged elsewhere, and generally indicates that Newark rates will exceed most parking rates for on street meters, even Rehoboth and Bethany for in season base rates (note: at meters Bethany charges \$2.00 an hour, unless one chooses to use a credit card, in which case, the total charge is \$2.50 an hour). In addition, regarding the comparison, off street rates are more difficult to compare, as few communities manage them as Newark does and many are privately run with a variety of pricing structures.

It is also unclear how the doubling of rates will impact the economic viability of businesses in the downtown area, particularly retailers, which are already reporting reduced returns due to the current economic climate. And finally, as historical reference, when the City took over off street parking from the Newark Parking Authority in 1998, it did so with the goal to improve parking in the central business district, and when coupled with the Downtown Newark Partnership effort, City control of parking was considered an opportunity to use parking as an economic development tool to support the ongoing enhancement of the heart of the Newark community. So, while increases in the parking rates in both off street lots and on street meters is warranted and certainly timely, staff recommends a more measured approach. Specifically, staff recommends:

- Moving forward with eliminating the half hour increments in off street lots, which will generate an estimated \$100,000 in annual off street parking revenue and bring Newark off street parking operations in line with national best standards, while having a minimal impact on the customer; and
- In the first quarter of 2017, charge staff with working with the parking committee (to be reorganized and provided a new charge to advise the City about on and off street

parking via Bill #16-38 currently on the Council agenda) to discuss dynamic rates, which may include:

- increasing all meters and lots across the board for certain hours of the day as suggested; or
- focusing on increasing rates in the busiest lots and certain on street areas to encourage parking at other available locations during certain hours of the day, or
- some combination of price structures and locations, and report back to Council with options to increase parking fees to support the general fund, while at the same time not risking unintended consequences, which may hinder businesses.

Simply put, staff suggests that increasing rates is a complicated issue which should be thoroughly vetted before making wide sweeping and system-wide changes.

/mfr

cc: Andrew S. Haines, Deputy City Manager
David Del Grande, Finance Director
Marvin Howard, Parking Manager

Attachment

2016 Parking Rates

In alphabetical order:

Baltimore, MD – Meters charge \$2/hr. Off-street lots and garages are \$5 to \$7/hr, with daily rates around \$20 per day, depending on garage, per google. <http://parking.baltimorecity.gov/>

Bethany Beach, DE – Seasonal, May 15 through September 15, daily 10 am to 4 pm, 8 pm and 11 pm, depending on location. \$2.00 per hour at meters, with \$.50 surcharge for credit card usage. Daily permits sold \$27 each, discounts for additional days. <http://www.townofbethanybeach.com/399/Public-Parking---Pay-to-Park>

Dover, DE – Year-round metered parking Monday-Friday, 7am to 5pm. Free Saturday and Sunday. \$.25 per hour at meters, \$1 all day. Free 2-hour on-street parking Monday-Friday. Daily parking permits sold for \$3.00. <http://www.downtowndoverpartnership.com/parking-downtown.asp>

Kennett Square, PA – Year-round, 9 am – 6 pm, 3 – hour meters are \$.75 per hour. Garage parking combination of permits and pay, rate not readily available, but free after 5 pm <http://historickennettsquare.com/home/directions-parking/>

Lewes, DE – Seasonal, May 15 through October 15, 9 am – 6 pm, \$1.00/hour. <http://ecode360.com/7034362>

Middletown, DE - Free

Newark, NJ – Year-round, Monday through Saturday, 9am-6pm in most areas, except in some areas up to 10pm, and on event days through Midnight, \$1.00/hour, in 15 minute increments. Privately-owned parking lots. <http://newarkparking.org/customer/meterRates/>

Philadelphia, PA – Street parking meter rates in Center City, \$2.50/hour. Garage rates vary from \$5 to \$15, depending on location and day. <http://www.visitphilly.com/parkingdeals/>

Rehoboth Beach, DE – Seasonal, from Memorial Day to second Sunday following Labor Day, from 10am to Midnight. \$2.00 per hour at Parking Meters. Free after second Sunday following Labor Day and before Memorial Day. <https://www.cityofrehoboth.com/visitors/parking-information>

State College, PA – Year-round, street meters are \$1.00 per hour from 10am-10pm, except for event weekends where the price is increase to \$2.25 per hour, and free on Sundays. Parking Lots are also 10am-10pm and \$1.00 per hour. Parking garage rates are \$.50 per 30 minutes from 6am-6pm, and \$.50 per hour from 6pm to 6am, or free with business validation.

<http://www.downtownstatecollege.com/get-around/parking-information/#>

Trenton, NJ – Year-round, 9:30am to 5:30pm on Monday to Friday. Free on Saturday and Sunday. In Business Zone A, metered parking is \$1/hour. In all other areas, \$.75/hour.

<http://ecode360.com/9132062>

West Chester, PA – Year-round. 8am to 10pm Monday-Wednesday. 8am to Midnight Thursday-Friday. 5pm to Midnight on Saturday. Free Sunday. \$1.50 per hour at Parking Meters. 10 minutes for \$.25 (Quarters). 30 minutes for \$.75 (Credit Card). Separate increments of payment depending on type of payment, higher increments with credit card. \$5 flat fee in garages, except for no charge on Sundays.

<http://www.downtownwestchester.com/parking.php>

Wilmington, DE – Year-round. \$1.00 per hour for parking meter. Privately-owned garages vary with daily rates of \$9 to \$12/day. <http://www.wilmingtonde.gov/visitors/parking-in-the-city-of-wilmington>