

Memorandum

TO: DOWNTOWN PARKING BOARD **FROM:** Arian Collen, DOT
SUBJECT: CONCEPTUAL PARKING PROGRAM **DATE:** 10-28-19
& RATE MODIFICATIONS

INTRODUCTION

As has been discussed with the board previously, DOT staff believes there are opportunities to update various parking programs and rates to not only better serve our customers but to also better align various parking programs and policies with wider ranging City transportation goals and initiatives like the Climate Smart San Jose Plan and the General Plan 2040.

BACKGROUND

Goals of City's Parking Program

Over the years, the primary purpose of the City's Parking Program has been to deliver, operate and maintain parking facilities and spaces throughout Downtown and in certain neighborhood business districts. The Parking Program has also been aligned to support the City's economic development goals as they relate to commercial, cultural, and residential activity Downtown.

The following goals have guided the planning and management of the Parking System:

- 1) Financial Sustainability – Generating sufficient net revenues to provide quality facilities and services, while meeting financial obligations
- 2) Quality Parking System – Providing safe, clean and well-maintained facilities that are convenient and accessible to customers
- 3) Satisfied Customers – Resulting from high quality services and stakeholder partnerships
- 4) Incenting Economic Development Efficiently – Through the provision of incentives and services that efficiently foster commercial, entertainment, cultural and residential activity
- 5) Supporting Citywide Goals and Priorities – Strategic investments in non-parking specific projects or services as developed by City staff or directed by Mayor and Council, with objectives such as mode shift, technology enhancements, and green vision goals

In addition to the above guiding goals, current City priorities have a greater focus on investing in the City's mode shift goals, City and partner investments in transportation projects such as Bus Rapid Transit and BART, bicycle lanes, pedestrian enhancements, and infrastructure improvements.

Additionally, key City initiatives currently in place or in various stages of development, including the General Plan 2040 and Climate Smart San Jose Plan, are focused on moving the City away from its historical parking centric nature linked to abundant cheap or free parking, and

instead working towards positioning the City to meet global environmental goals such as reduced greenhouse gas emissions.

With the above Parking Program and City goals in mind, DOT staff have drafted the following conceptual updates to the monthly permit, visitor rates, and validation programs.

Monthly Parking Permits:

The longstanding model of the monthly permit parking programs have allowed downtown employees and residents to obtain parking access on a monthly basis at a single location, with the cost for parking permits basically the same across the portfolio, with the exception of slightly lower rates at the periphery surface lots, and effective July 2016 a slightly higher rate at the Market Street Garage (see Table 1).

Table 1

Parking Lot/Garage	Monthly Permit Rate
Market Street Garage	\$ 125.00
3rd Street Garage	\$ 100.00
4th/San Fernando Garage	\$ 100.00
2nd/San Carlos Garage	\$ 100.00
Globe Garage	\$ 110.00
Almaden/Woz Lot	\$ 100.00
Woz/87 Lot	\$ 50.00
I280 Lot	\$ 50.00

In addition to the above noted standard parking rates, the City does offer Reserved parking (dedicated space) and Premium parking (highly desirable area) in some locations at 2 times and 1.5 times the standard monthly permit rate respectively.

This pricing and single site access model across the portfolio has limited the ability for the program to efficiently react or substantively impact parking demand. Additionally, the current model does not facilitate maximization of the City’s parking inventory with waitlists for parking permits at some locations and underutilized supply at others.

In lieu of the existing pricing and access model, DOT is proposing a concept whereby customers would have a variety of access options to choose from, by creating a new Global Access, as well as Day and Time limited permit options. These permit options would be offered through a tiered pricing structure. (see Parking Access & Pricing Model graphic below)

Under this model, the base Global monthly permit would provide access at a lower tiered cost to all City garages (and potentially lots) with no priority or guarantee of facility availability, but would ensure an available space somewhere within the City’s parking system.

Parking Access & Pricing Model



For those customers who want some assurance of access to their preferred location, they can opt for the “Local” permit option which would provide access to one location, much like the current model. There would also continue to be options of Premium and Reserved parking at 1.5 and 2 times the Local permit cost.

Discounted Merchant and Day/Time Limited Monthly Parking Permits

The City currently has a Merchant Rate permit program which offers a 50% discount for monthly permits, but this program can be discontinued at the Director’s discretion at facilities with high parking demand. Since 2016, the Merchant Rate has not been offered at the Market Street Garage, and even when it was offered, merchants and their employees rarely took advantage of it due to the easy access and abuse of the merchant validation program.

To better serve those downtown employees who typically earn lower wages and may struggle to pay the higher parking costs, the current concept would reinstitute the Merchant Rate across all facilities with options for either Global (all facilities) or Local (single facility). In order to effectively manage the program and ensure its intended benefit of serving the employees of establishments whose primary business is restaurant, retail, bar, nightclub, beauty/barber shops, etc, Staff would propose that the businesses enter into the monthly parking agreement with the City versus each individual employee which would be impossible for the City or its operator to track effectively to ensure compliance with the intended benefit.

In addition to the Merchant Rate, Staff is conceptualizing options as noted in the Parking Access & Pricing Model graphic above, to provide additional permit program flexibility and reduced costs for days and times when there is historically lower parking demand in the garages. By offering a Weekend Only and Evening Only permit option at lower costs, it could provide flexibility and significantly benefit those downtown businesses or employees who only work during the evenings or weekends.

DOT would work with its parking operator and the Downtown Association to heavily promote the various discounted permit programs.

Finally, it must be noted that for these discounted permit programs to be effective and to provide the desired outcome, Staff believes they would have to be combined with one of the alternative visitor rate models noted in Chart 2 below.

Visitor Parking Rates & Validation Programs:

The City’s parking garages continue to support Downtown businesses through various validation programs intended to have a positive return to the City in terms of business development, activity, and associated tax revenue.

Although there are positive aspects of the current validation model, over the years Staff has poised various questions to the board for consideration (bullets below), provided data on foregone revenue (see Chart 1), and alternative pricing models and incentive approaches (see Chart 2).

Programmatic and Pricing Questions/Considerations

- Are there adjustments to the rate and validation model that could yield more revenue while continuing to support downtown businesses?
- Is a 95% subsidy (\$.30 for 2 hours) for retail merchants and restaurant validation still a viable/necessary approach?
- Are there opportunities to better configure the programs to achieve an appropriate balance of the program’s high-level goals while supporting the needs of businesses?
- Is the current model and its benefits clearly understood by customers?
- What are the tangible and intangible benefits of the various incentive programs?
- What are the associated foregone revenues (*Chart 1*) and admin costs of the programs?
- How do the City’s rates throughout the system compare to its competitors?
- Is additional flexibility needed to enable better management of the system?

Chart 1

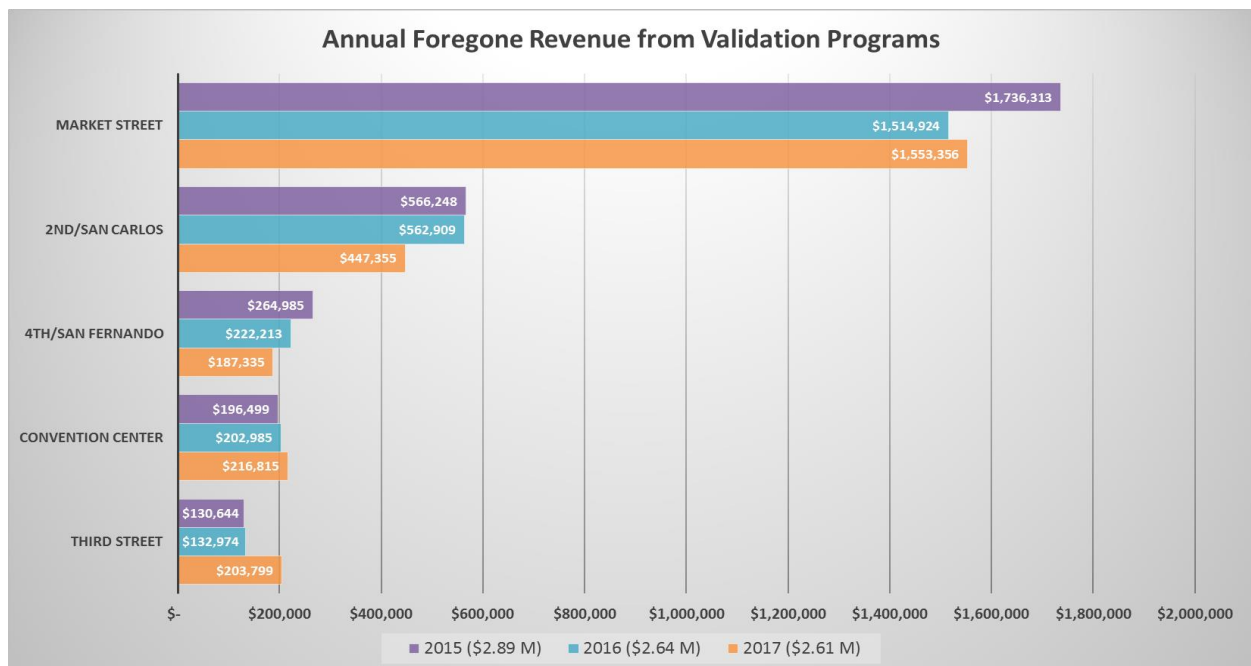
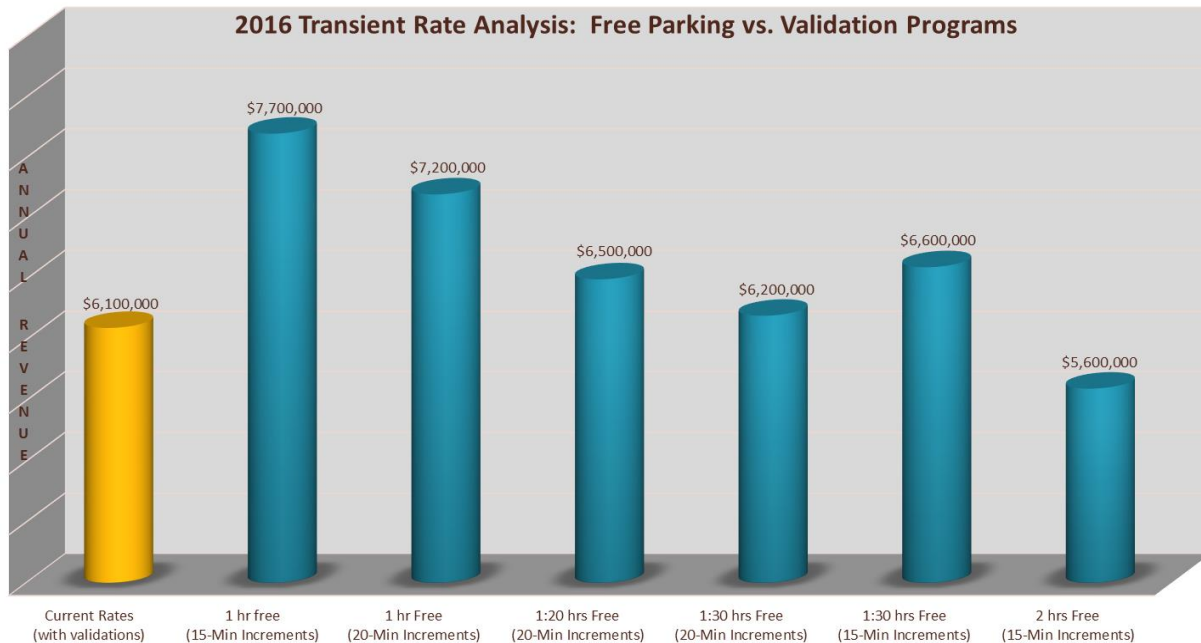


Chart 2



DOT Staff believes downtown merchants, visitors, and the City would realize several benefits by transitioning away from the current validation model to one that provides a fixed period of free parking followed by an incremental rate during the weekday and a flat rate during the evening and weekends, including:

- Free parking period available to all downtown visitors, not just customers of participating merchants
- Simple to understand and easily marketable free parking message
- Addresses validation program misuse and abuse
- Potential to generate additional revenue

Although the concept of a fixed period of free parking for all customers would dramatically reduce the need for a validation program, merchants could at their discretion continue to provide additional time beyond the free period by paying the prevailing market rate.

Additional Parking Program Changes or Implementations

In addition to conceptual programmatic and rate changes to the Visitor and Permit programs, staff has begun to think about potential changes to various existing programs or the potential implementation of new programs geared specifically toward the City’s climate and mode shift goals. Although only in the early stages of review, staff has begun to contemplate the following:

Clean Air Vehicle Program

The current Clean Air Vehicle program offers free parking to owners of specific vehicle types and purchased in San Jose. The following questions are being reviewed:

- With the increased number of eligible vehicles for sale, is this program as originally conceived, still viable?
- Does the program provide for the best use of the Parking Fund?
- Is the barrier to “clean” vehicle ownership really access to free parking?
- Does the program meaningfully drive City toward any stated goal?
- Could the program be switched to offer free or reduced cost charging vs. free parking?

Downtown Employee Transit Pass

VTA offers the SmartPass program available to institutions within Santa Clara County to purchase for all their eligible individuals, providing access to unlimited trips on VTA bus and light rail service. The City, San Jose State University, and other downtown business currently participate in the program.

Although only a concept, and no costs are known and no conversations have been had with VTA, is there a plausible City funded (Parking Fund) program where all downtown employees are eligible for a SmartPass?

Carpool Permit Program

The new PARCS system could allow the City to offer a Carpool permit program where a group of downtown employees/permit holders would elect to link their parking permits together and the parking system would only allow access to one of the permits at a time. This program could offer substitutive parking discounts to encourage participation and could assist in achieving a City goal of reducing single vehicle occupancy trips.

Next Steps

Following the conversations during the November 6th DPB meeting, DOT Staff will continue to review various program and rate change options and develop a series of recommendations for the DPB to consider at the March 4, 2020 DPB meeting. This would be followed by a spring 2020 presentation to the Council’s Transportation & Environment Committee, and finally City Council, with the goal of any changes to be effective with the upcoming 2020-21 fiscal year beginning July 1, 2020.