



## City of Placerville MEMORANDUM

DATE: February 10, 2009

TO: City Council

FROM: John Driscoll, City Manager/City Attorney

SUBJECT: **THREE-HOUR FREE PARKING/PARKING REGULATIONS**

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### **RECOMMENDATION**

That the City Council consider extending the three-hour free parking for off-street facilities, but restore the two-hour free parking for Main Street.

### **BACKGROUND**

In November 2008, the City Council authorized extending the two-hour free parking on Main Street (on-street) and in the City's parking facilities (off-street) to three-hour free parking. The three-hour free parking was to be for the period of November 2008 until January 2009. The purpose was to encourage holiday shopping in downtown Placerville.

At the January 13, 2009 City Council meeting, Linda Johnson, during "Public Comment," on behalf of herself and other merchants, requested that the three-hour free parking continue until construction on the Highway 50 Project was concluded in approximately May or June of this year. A copy of the letter, which cited the economy, gas prices, the Highway 50 Project and paid parking as impacting retail sales is attached to this staff report. At that meeting, the City Council directed staff to continue the three-hour free parking and agendize this issue for the February 10, 2009 Council meeting in order to consider the issue and to provide time for the Placerville Downtown Association (PDA) to make a recommendation to the Council.

On February 2, 2009, the PDA Parking Committee met and discussed the three-hour free parking. Members of the Committee considered extending the three-hour free parking for both on-street and off-street parking facilities, as well as returning to the two-hour free parking, which was in effect prior to November 2008. Also considered was a modification of the three-hour free parking, which would retain three-hour free parking in the off-street facilities but return to two-hour free parking on Main Street. After conducting a vote, the Committee determined to

recommend to the PDA Board of Directors that three-hour free parking continue in the off-street facilities and that Main Street revert back to two-hour free parking.

On February 5, 2009, this issue was discussed at the PDA membership meeting, and there were members who expressed support for each of the alternatives. After a vote by the Board of Directors, it was determined to recommend to the City Council that the three-hour free parking remain in effect in the City's off-street facilities and that Main Street return to two-hour free parking.

### **DISCUSSION/FISCAL IMPACT**

It probably goes without saying that the general public favors the additional hour of free parking. Many of the downtown merchants have reported brisk sales during the holiday season and attribute some of this to the additional hour of free parking. Certainly, the extra hour encourages visitors to the downtown area to spend more time shopping and dining without having to pay for parking. On the other hand, there is a fiscal impact associated with the extra hour of free parking.

When the new parking regulations were established in 2006, some of the goals associated with the regulations included (1) freeing-up prime parking that was being consumed by jurors, merchants and employees; and (2) creating a revenue stream for maintenance of the City's parking facilities. The new regulations have been successful in achieving these goals. If free parking is extended to three hours on a long-term basis, some of those achievements will be eroded.

Specifically, three-hour free parking creates a greater opportunity for merchants and jurors to park in prime spaces and move their cars, thereby avoiding paying for parking. We are observing this happening more frequently on Main Street, as well as in the off-street facilities. Obviously, this results in less prime parking available for customers. The other effect of continuing the three-hour free parking is the reduction in revenues, thereby reducing the amount of funds for maintenance.

Revenues from daily parking since the inception of the three-hour free parking are down significantly from the previous year. A comparison of the numbers reveals the following:

November 2007, \$3,319	November 2008, \$1,298
December 2007, \$1,922	December 2008, \$1,569
January 2008, \$3,288	January 2009, \$1,543

While the numbers for January are preliminary and may change slightly, nonetheless, the overall numbers represent an approximate 50% reduction in revenues. Over the period of the three months shown above, lost revenues total approximately \$4,100, and, if these numbers were projected over a 12-month period, it would equal approximately \$16,400. Attached to this report is the Parking Fund Operating Budget for 2008/2009. The budget projects \$37,849 in revenues exceeding expenditures. This money, if realized, would go into a reserve fund for deferred

maintenance and replacement of the parking facilities. This amount would be reduced significantly if the above trend continues and/or worsens.

Citation revenues are also affected as a result of the additional hour of free parking. Citation revenues are difficult to track on a month-to-month basis because they are often not paid in the month in which they are issued. However, we have noticed with the additional hour of free parking that the number of citations being issued has dropped. The following is a comparison of the number of citations issued for November through January of each year:

November 2007, 189	November 2008, 78
December 2007, 136	December 2008, 115
January 2008, 117	January 2009, 101

While citation revenues are not paid directly into the Parking Fund, the attached Operating Budget reflects that \$25,000 in citation revenues are transferred to the Parking Fund. A decrease in citations will result in a decrease in citation revenues. As a result, this could affect the ability of the City to transfer in to the Parking Fund the full \$25,000.

The difficulty in analyzing all of these numbers is that we cannot tell how much of this decrease is attributable to the extra hour of free parking as opposed to the decline in the economy. Certainly, it would be reasonable to assume that the economy is playing the most significant part in affecting these revenues, but at this point staff has not been able to quantify that effect.

On the other hand, considerations in favor of continuing three-hour free parking include the fact that it is generally well received by the public, and the perception is that it has played a part in drawing more people to the downtown area. There is no question that the merchants have been affected by the Highway 50 Project and now are even more economically affected by the downturn in the economy. Certainly, anything that encourages people to visit downtown is welcomed. If the other revenue and expense projections for the Parking Fund budget remain true and if the daily revenue trend for the last three months continues, the Parking Fund could weather the storm, but that is a big “if.” Projections are that the recession will deepen and continue into 2010.

However, the proposal of two-hour free parking on Main Street and three hours in the off-street parking facilities represents a reasonable compromise. Parking treatises point out that on-street parking in the heart of a business district should be short-term in order to achieve the most turnover. It also should be the most expensive parking in the district. Since we do not currently have the ability to charge for on-street parking, it makes sense to have it for a shorter term than off-street parking. However, it also should be noted that if the Council were to adopt this proposal, a noticeable increase in daily parking revenues should not be anticipated. People wanting to park for longer than two hours will use the off-street facilities, but the increase in revenues is expected to be minimal.

Staff feels that this proposal has its advantages and disadvantages. If it were not for what appears to be a rather dramatic decrease in revenues, staff would wholeheartedly endorse it.

Again, it needs to be pointed out that much of the decrease can be attributed to the economic slump. As such, staff does not have a strong position as to the proposal, but rather hopes it has presented the Council with information to consider the proposal and make an informed decision.

Respectfully submitted,

Reviewed for fiscal impact:

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John Driscoll  
City Manager/City Attorney

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Dave Warren  
Finance Director