

Backgrounder

May 17, 1999

ACS1999-PW-LTB-0022

Alternative Service Delivery ASD - Off-Street Parking Management

Autre types de prestation de services (ATPS) - Gestion du stationnement hors voirie

Issue

- in April 1999, Committee and Council approved the report “Alternative Service Delivery ASD - Off-Street Parking Management” (ACS1999-PW-COM-0005) with amendments pertaining to policy and the timing of the Business Case Analysis
- in July 1997, Council approved the Alternative Service Delivery (ASD) Policy; in February 1998, Council approved the ASD Review Agenda, which included off-street parking
- the 1994 Parking Management Strategy presents complications for the ASD review, the focus of which is “to reduce costs and achieve operational efficiencies while maintaining an acceptable level of service”. It does not clearly answer the question of why the City should be in the business of off-street parking, making it difficult to assess the best delivery method for the programme.
- historically, the off-street parking programme has not been financially self-sustaining.

What's New

Two prime objectives for off-street parking are recommended: 1) provide short-term parking in support of commercial areas; 2) ensure that the programme is self-financing in both its operating and capital financial requirements. In addition operational flexibilities to achieve the revised objectives.

Impact

- there would be a clear statement as to why the City is in the business of off-street parking
- the public would have access to affordable, convenient and secure short-term parking in commercial areas, which would be a support to those areas
- Council's expectations with respect to the financial performance of the programme is clear: “The off-street parking programme would become self-financing in all of its needs.”
- annual operating surpluses from the on-street parking programme would no longer fund the off-street parking capital expenses, and would therefore be available for other purposes.

**Contact: Authors - Eric McSweeney, 244-5300 ext. 3277; Steve Box, 244-5300 ext. 3384;
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May 17, 1999

ACS1999-PW-LTB-0022
(File: EW-2280-11)

Department of Urban Planning and Public
Works

Ward/Quartier
City Wide

- Policy, Priorities and Budgeting
Committee / Comité des politiques, des
priorités et des budgets
- City Council / Conseil municipal

Action/Exécution

Alternative Service Delivery ASD - Off-Street Parking Management

Autre types de prestation de services (ATPS) - Gestion du stationnement hors voirie

Recommendations

1. That the Parking Management Strategy be revised for the Off-Street Parking component to establish the following primary objectives:
 - a. to administer the Off-Street Parking Programme in a manner that delivers affordable, convenient, and secure short-term parking in quantities and locations necessary to ensure the continued support of the City's commercial areas;
 - b. that the Off-Street Parking Programme be operated in a manner that is self-financing in its activities, both operational and capital.
2. That the Off-Street Parking Programme be given the following flexibilities in order to operate the programme in accordance with the revised objectives:
 - a. to adjust time segments from 15 minutes to 30 minutes;
 - b. to adjust the daily maximum rate at individual off-street parking facilities;
 - c. to introduce 'Early Bird Specials' at appropriate off-street parking facilities;
 - d. to vary monthly rates to remain in line with those charged by the private sector;
 - e. to accept monthly parkers to the extent that short-term parking is not compromised.

3. That the Business Case Analysis phase of the Off-Street Parking ASD Review be completed by the end of June 1999 in order to incorporate the approved operating flexibilities, and that subsequently, public and stakeholder consultation on the recommended delivery option be undertaken prior to the final report recommending the off-street programme delivery option proceeds to Committee and Council in October of 1999.



May 19, 1999 (9:27a)

Edward Robinson
Commissioner of Urban Planning and Public
Works

PB:cd

Contact: Eric McSweeney - 244-5300 ext. 1-3277
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Larry Nielsen - 244-5300 ext. 1-3285



May 19, 1999 (9:38a)

Approved by
John S. Burke
Chief Administrative Officer

Policy, Priorities and Budgeting Committee Action - May 27, 1999

- ▶ The Committee deferred the item to June 24, 1999 to provide Business Associations and community members more time to consult on this submission.

Financial Comment

This recommendation was deferred by City Council at its meeting of April 7, 1999 until the Department reports back on the changes in operation required to meet the policy revisions. This report reflects the Department's response.

The report identifies the delegated authority and flexibility required by the Department to meet the proposed two primary objectives. The key primary objective from the financial perspective is objective 2:

“that the off-street parking program be operated in a manner that is self-financing in its activities, both operational and capital”.

This objective would result in the parking program being disentangled with respect to finances from the on-street parking program. There is no change suggested in overall parking policy development and coordination of parking activities e.g. coordination between off-street parking, on-street parking and overall transportation objectives. The details of the disentanglement will be provided in the Business Case being presented in June.



May 19, 1999 (8:31a)

for Mona Monkman
City Treasurer

ECM:cds

Executive Report

Reasons Behind Recommendations

Background

On April 1, 1999, the Policy, Priorities and Budgeting Committee (PP&B) approved report ACS1998-PW-COM-0005 (attached as Document 1), subject to the following amendments:

- a) That Recommendation 1 be received for the purpose of continuing the study, but approval is deferred until such time as the Department report back on the changes in operation required to meet this policy revision.
- b) That Recommendation 3 be amended to read:

“The Business Case Analysis of the Off-Street Parking ASD Review be completed by mid-May and the final report proceed to Council in September 1999.”

The recommendations and amendments made by Policy, Priorities and Budgeting Committee were ratified by Ottawa City Council on April 7, 1999.

Recommendation 1

The rationale for this recommendation is outlined in report ACS1998-PW-COM-0005 (attached as Document 1).

This recommendation was received by Policy, Priorities and Budgeting Committee and Ottawa City Council for the purpose of continuing the study, but approval was deferred until such time as the Department of Urban Planning and Public Works report back on the changes in operation required to meet this policy revision.

The operational flexibilities required by the Off-Street Parking Programme in order to operate in accordance with the revised objectives are reflected in Recommendation 2.

Recommendation 2

In order to operate the Off-Street Parking Programme in accordance with the revised objectives as outlined in Recommendation 1, the Department of Urban Planning and Public Works undertook an analysis of alternative operating options as outlined in Document 2 (attached).

The 1998 Off-Street Parking Programme consisted of 13 facilities with 2,522 parking spaces. A total of 1,338 monthly parkers are presently using these facilities, as a result, the average peak period occupancy is now 75.6%. The 1998 revenue was almost evenly split between short-term parkers (less than 3 hours) and longer-term and monthly parkers (more than 3 hours). Therefore, the demand for parking at City of Ottawa off-street parking facilities is evenly split between short-term and long-term parkers with the prevailing rate structure.

Considering the existing conditions as outlined above, the intent being to increase the utilization of the city's parking facilities and to improve the financial situation for the Off-Street Parking Programme; a series of progressive operating options, each requiring a different set of operating flexibilities, were developed for analysis.

The five options analysed were, as follows:

- Option 1 - Status Quo
- Option 2 - Promote Existing Practices
- Option 3 - Adjust Daily Maximum Rates and Time Segments
- Option 4 - Introduce Early Bird Specials
- Option 5 - Adjust Daily Maximum Rates, Time Segments and Introduce Early Birds

Table 2 details the financial results from the analysis of the five options.

	Option 1	Option 2	Option 3	Option 4	Option 5
Net Revenue	\$3,710,000	\$4,064,000	\$4,252,000	\$4,262,000	\$4,358,000
Total Expenses	\$3,100,000	\$3,150,000	\$3,150,000	\$3,150,000	\$3,150,000
Operating Revenue/(Cost)	\$610,000	\$914,000	\$1,102,000	\$1,112,000	\$1,208,000
Corporate Overhead (1)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Capital (2)	\$750,000	\$750,000	\$750,000	\$750,000	\$750,000
Full Revenue/ (Cost)	(\$340,000)	(\$36,000)	\$152,000	\$162,000	\$258,000

- (1) Other parking operations were reviewed which had overhead rates of 12.7 and 19.0 percent of operations which included items such as legal, finance, audit and human resources. Assuming a rate of 12.0 percent of operations for the City would add \$200,000 in overhead costs.
- (2) Based on an analysis of the City's historical capital expenditures and assuming 40 year useful life for capital assets.

There are other options which could be considered that would generate substantial revenue and could be considered as "add-ons" to any of the options identified above, as follows:

- ▶ Eliminate first hour free at City Hall - \$50,000
- ▶ Eliminate free weekend parking in the downtown area - \$200,000
- ▶ Increase short-term rates from 50% to 75% of those charged by the private sector - \$400,000

Based on the analysis of the five options, it is recommended that Option 5 be approved, since:

- ▶ it meets the objective of the Off-Street Parking Programme being operated in a manner that delivers affordable, convenient, and secure short-term parking in quantities and locations necessary to ensure the continual support of the City's commercial areas; and
- ▶ it meets the objective of the Off-Street Parking Programme being operated in a manner that is self-sufficient in its activities, both operational and capital.

In order to operate in accordance with Option 5, the Off-Street Parking Programme will require a range of flexibilities, as follows:

- ▶ to adjust time segments from 15 minutes to 30 minutes;
- ▶ to adjust the daily maximum rate at individual off-street parking facilities;
- ▶ to introduce 'Early Bird Specials' at appropriate off-street parking facilities;
- ▶ to vary monthly rates to remain in line with those charged by the private sector;
- ▶ to accept monthly parkers to the extent that short-term parking is not compromised.

Short-term parking would not be compromised because all lots would continue to be marketed for short-term parking, but monthly parkers would be permitted, provided that total lot occupancy at peak periods does not exceed 90%. Should any lot's monthly average peak period occupancy exceed 90%, the number of monthly parkers would be reduced the following month to again achieve an average of 90% peak period occupancy. This would ensure that on average, there is a 10% peak period vacancy on the lots to accommodate any additional short-term parkers.

Recommendation 3

With the approval of Recommendations 1 and 2, the ASD Review Team will be in a position to be able to identify and assess delivery options that can best meet the new primary objectives and the approved flexibilities of the Off-Street Parking Programme. With the completion of the business case analysis and the resulting recommended delivery option, public and stakeholder consultation can occur. Approximately six to eight weeks will be allowed for consultation before reporting back to Committee and Council with the recommended delivery option in October 1999.

Consultation

As contained in the public consultation undertaken, following the PP&B meeting of January 28, 1999 wherein deferred receipt of submission ACS1998-PW-COM-0005 and directed further public consultation Parking ASD report.

The groups to submit any comments by March 1, 1999. In addition, a series of public consultation were undertaken with Business Improvement Areas (BIAs) during the months of February and March 1999.

comments which were received from the following parties, [Bank Street Promenade (BIA), the Parking, Leob Club Plus (754 Bank Street), Somerset Heights BIA, Sparks Street BIA, OC Regional Councillor Diane Holmes and the Regional Municipality of Ottawa-Carleton], were letters were circulated to Council under separate cover.

The Recommendation 3 which deals with the time lines for completion of the business case including

Disposition

The consultation process as recommended in this report.

List of Supporting Documentation

Report ACS1998-PW-COM-0005
Document 2

Part II - Supporting Documentation

ACS1998-PW-COM-0005

Document 1

Backgrounder

January 20, 1999

ACS1998-PW-COM-0005

Alternative Service Delivery ASD - Off-Street Parking Management

Autres types de prestation de services (ATPS) – Gestion du stationnement hors voirie

Issue

- in July 1997, Council approved the Alternative Service Delivery (ASD) Policy; in February 1998, Council approved the ASD Review Agenda, which included off-street parking.
- the 1994 Parking Management Strategy presents complications for the ASD review, the focus of which is “to reduce costs and achieve operational efficiencies while maintaining an acceptable level of service”. It does not clearly answer the question of why the City should be in the business of off-street parking, making it difficult to assess the best delivery method for the program.
- Historically, the off-street parking program has not been financially self-sustaining.

What’s New

- Two prime objectives for off-street parking are recommended:
 - ▶ provide short-term parking in support of commercial areas;
 - ▶ ensure that the program is self-financing in both its operating and capital financial requirements.

Impact

- there would be a clear statement as to why the City is in the business of off-street parking.
- the public would have access to affordable, convenient and secure short-term parking in commercial areas, which would be a support to those areas
- Council’s expectations with respect to the financial performance of the program is clear: “The off-street parking program would become self-financing in all of its needs.”
- annual operating surpluses from the on-street parking program would no longer fund the off-street parking capital expenses, and would therefore be available for other purposes.

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January 20, 1999

ACS1998-PW-COM-0005

CES3150/0110

Department of Urban Planning and Public Works

Ward/Quartier

City Wide

- Policy, Priorities and Budgeting Committee / Comité des politiques, des priorités et des budgets
- City Council / Conseil municipal

Action/Exécution

Alternative Service Delivery ASD - Off-Street Parking Management

Autres types de prestation de services (ATPS) – Gestion du stationnement hors voirie

Recommendations

1. That the Parking Management Strategy be revised for the Off-Street Parking component to establish the following primary objectives:
 - a. To administer the off-street parking program in a manner that delivers affordable, convenient, and secure short-term parking in quantities and locations necessary to ensure the continued support of the City's commercial areas;
 - b. That the off-street parking program be operated in a manner that is self-financing in its activities, both operational and capital.
2. That the Department of Urban Planning and Public Works develop and report back on:
 - a. The parameters of flexibility required to operate the off-street parking program in accordance with the revised objectives;
 - b. The minimum short-term parking thresholds on a "per facility" basis, to facilitate the operation of all facilities in accordance with the revised objectives.

3. That the Business Case Analysis phase of the Off-Street Parking ASD Review be completed by the middle of March 1999, and that subsequently, public and stakeholder consultation on the recommended delivery option be undertaken prior to the final report recommending the off-street program delivery option proceeds to Committee and Council in May 1999.



January 20, 1999 (8:48a)

Edward Robinson
Commissioner of Urban Planning and Public
Works

SB/EMcS:sb

Contact: Eric McSweeney - 244-5300 ext. 1-3277
Steve Box - 244-5300 ext. 1-3384



January 20, 1999 (10:25a)

Approved by
John S. Burke
Chief Administrative Officer

Policy, Priorities and Budgeting Committee Action - January 28, 1999

- ▶ The Committee deferred the item until April 1, 1999.

▶

Yeas: (4) Councillors Howard, Berg, Cannings and Kolbus

Nays: (1) Councillor Mackey

Policy, Priorities and Budgeting Committee Recommendation - April 1, 1999

- ▶ The Committee concurs and so recommends, subject to the following amendments:
 - a) That Recommendation 1 be received for the purpose of continuing the study, but approval is deferred until such time as the department report back on the changes in operation required to meet this policy revision..
 - b) That Recommendation 3 be amended to read:

The Business Case Analysis of the Off-Street Parking ASD Review be completed by mid-May and the final report proceed to Council in September 1999.

Councillor Cannings dissents on each Committee recommendation.

City Council Decision - April 7, 1999

On motion of Councillor Berg, Seconded by Councillor Kolbus, City Council resolved into a Committee of the Whole.

In Committee of the Whole

Ted Robinson, Commissioner of Urban Planning and Public Works, was present to answer questions.

On motion of Councillor Berg, the Committee of the Whole arose and reported progress.

In Council

8/3 Moved by Councillor Émard-Chabot, Seconded by Councillor Cannings

That the report be refused.

Lost on the following division:

Yeas: Councillors Arnold, Émard-Chabot, Deans, Berg and Cannings - 5

Nays: Councillors Higdon, Mackey, Little, Kolbus and Mayor Watson - 5

The Policy, Priorities and Budgeting Committee recommendations, as presented, carried.

Financial Comment

Subject to City Council approval of the recommendations contained in this report, specific proposals and related Capital and Operating costs will be identified and reported later. These latter reports to Council will include the cost and source of funds required to carry out the off-street parking program. In addition, any required changes to the City's Parking Reserve Fund by-law will be reported on at that time.

This report sets out a policy change in that the Parking Program will, from a financial perspective, be separated into two programs - on-street and off-street. The off-street program will operate independently from the on-street and will no longer depend on the on-street surpluses to fund its capital costs. The Department will report back to Council on the changes in operations required to meet this policy revision.



January 20, 1999 (8:32a)

for / Mona Monkman
City Treasurer

EMC/RPK:cds

Executive Report

Reasons Behind Recommendations

In September of 1994 City Council approved the current parking management strategy, which is comprised of seven principles. The 1994 Parking Management report identified that there was inherent conflict in the identified objectives but did not prioritize the objectives or identify any methods for attaining conflict resolutions. The seven principles of the current parking management strategy:

- ▶ Ensure and maintain an appropriate supply of affordable, secure, convenient and appealing public parking.
- ▶ Provide for and encourage affordable short-term parking in support of commercial areas and activities.
- ▶ Provide facilities which support public transit, taxis, ride-sharing, cyclists and walking.
- ▶ Resolve parking problems within residential areas caused by significant traffic generators (commercial/institutional/industrial uses), established parking regulations, or conflicting uses of the roadway (maintenance, snow clearing and transportation versus parking).
- ▶ Encourage and support joint residential/commercial parking developments in the urban core.
- ▶ Ensure the municipal parking program is financially self-sustaining.
- ▶ Encourage standards in the provision of public parking by the private sector in accordance with Council-approved principles of the Parking Management Strategy.

At the time of Council approval, it was acknowledged in the report that the Parking Management Strategy would establish a mandate for the municipal parking program, and that the aforementioned principles would guide future parking policies and management practices. While it was also acknowledged that the strategy contained conflicting priorities, these conflicts were not addressed. Subsequent to the approval of the Parking Management Strategy there has been a multiplicity of public policy directives which often compete with the financial objective of the program being self-sustaining, thereby impacting on the economic viability of the off-street parking program.

In July of 1997, Council approved the Alternative Service Delivery (ASD) Policy. In February of 1998, Council approved the ASD Review Agenda, which included off-street parking. The ASD Business Case Analysis is well underway. While completing the definition of the “current business” and the “most efficient operation” it became apparent that the 1994 Parking Management Strategy, while undoubtedly appropriate in the context in which it was originally presented and approved, presents complications when applied in the context of an ASD review.

The focus of the ASD review is “to reduce costs and achieve operational efficiencies while maintaining an acceptable level of service” [Council approved February 4, 1998].

It is clear that Council has established a number of overall objectives or principles for the municipal parking program, but it is equally clear that primary objectives for the off-street parking operation must be established. The remaining principles approved in the 1994 strategy will serve as secondary considerations for the off-street program, several of which are the primary responsibility of other work units. After several years of attempting to implement the 1994 strategy, it is evident that some flexibility in achieving these secondary considerations is required, and that there is a clear need to focus on achieving primary objectives. How the secondary considerations are to be achieved should be addressed in on-going operational work plans.

Through endorsement of the recommendations, the ASD Review Team will be able complete the outstanding elements of the Off-Street Parking ASD Business Case Analysis and Review, with the final report recommending the best delivery option being brought back to PP&B and Council in May 1999.

Recommendation 1

A fundamental question posed by any ASD Review that demands an answer is:

Should we be in this business, and if so, why?

The 1994 Parking Management Strategy does not provide a clear direct answer to this question. The success of any ASD results (and indeed any business) requires absolute clarity on the core reason for being in the business. The need for clarity of purpose is especially true when the municipality is involved in a business activity in which the private sector is also profitably engaged. While the core reason for the City being involved in the provision of off-street parking can be intuitively arrived at, it must be stated in a clear direct manner, unfettered by secondary, albeit desirable objectives. This report therefore recommends establishing a clear statement of purpose for the City being involved in off-street parking, that is to provide affordable, convenient, and secure short-term parking in support of commercial areas.

The establishment of this primary objective does not mean that the Council-approved principles for the parking program would be ignored. The eventual service provider must however, be held accountable for performance against a primary business objective.

The approval of this candidate for ASD Review would tend to indicate a lack of satisfaction with past financial performance. The performance of the off-street parking program has been impacted by a number of market conditions as outlined in Document 1, “Analysis and Supply of Short-term Parking”. The Department has been able to make substantial improvements in the program’s 1998 financial performance through decreased property taxes, reduced operating costs, and increased revenues. Further information on the 1998 improvements will be detailed in a forthcoming report by the Department.

While the overall parking program has been self-sustaining, the off-street parking component has not been, ranging from operating deficits of \$820,000 to \$1,000,000 from 1995 to 1997. However, using the City's approved ASD costing methodology to determine the full cost, approximately \$200,000 and \$750,000 would be added to reflect annualized overhead costs and cost of capital, respectively. Table 1 details the financial results from 1995 to 1998:

Table 1 - Off-Street Parking Financial Results - 1995 - 1998

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998 (1)</u>
Parking Spaces	2580	2580	2568	2518
Revenue				
Net revenue (2)	\$ 2,849,073	\$ 2,866,098	\$ 3,113,600	\$ 3,312,000
Expenses				
Operations(3)	\$ 834,303	\$ 862,070	\$ 973,764	\$ 875,000
Lot services	407,672	496,308	515,362	475,000
Rent	641,580	653,320	638,774	625,000
Property Tax	1,502,405	1,525,008	1,520,190	843,600
Overhead	283,760	349,359	307,732	241,200
Total expenses	\$ 3,669,720	\$ 3,886,065	\$ 3,955,822	\$ 3,059,800
Operating Revenue/(Cost)	\$ (820,647)	\$ (1,019,967)	\$ (842,222)	\$ 252,200
Additional Costs Allocated to reflect Full Cost (Per ASD Costing Methodology)				
Corporate Overhead (4)	200,000	200,000	200,000	200,000
Capital (5)	750,000	750,000	750,000	750,000
Full Revenue/(Cost)	\$ (1,770,647)	\$ (1,969,967)	\$ (1,792,222)	\$ (697,800)

Notes:

(1) Staff projection.

(2) The City did not increase parking rates to off-set increased costs associated with:

- ▶ provincial sales tax (pst) of 8% effective July 1993.
- ▶ federal sales tax (gst) of 7% effective January 1991.

(3) Includes operations, maintenance of equipment and attendant services costs.

(4) Other parking operations were reviewed which had overhead rates of 12.7 and 19.0 percent of operations which included items such as legal, finance, audit and human resources. Assuming a rate of 12.0 percent of operations for the City would add \$200,000 in overhead costs.

(5) Based on an analysis of the City's historical capital expenditures and assuming 40 year useful life for capital assets.

Self-financing for both Operating and Capital

The off-street parking program requires a clear statement of Council's expectations with respect to financial performance. It is therefore recommended that a financial objective be established for this component of the parking program. As this business activity is profitably engaged in by the private sector, it is clear that the City could also profit in this business if it wished to do so. While the City could choose to recover its net operating costs (current condition), or to maximize revenue surpluses much like the private sector, the recommended financial objective is to be self-financing in both the operating and capital financial requirements of the program.

Separate Capital Financing of On-Street and Off-Street Parking Programs

As a result of approval of this report, the main sources of financing for capital expenditures for the off-street program would include the Parking Development Reserve Fund (money received from cash in lieu) and the annual operating surpluses from the off-street parking operations. The annual operating surpluses from the on-street parking program would no longer fund the off-street parking capital expenses, and would be available for other purposes. In 1997, the on-street parking program had a surplus of \$2.5 million, which was transferred to the Parking Reserve Fund. The approval of the recommended financial objective would result in the on-street and off-street programs being financially independent and disentangled.

Complete ASD Business Case Analysis

Approval of Recommendation 1 will provide the required focus to complete the identification and assessment of ASD options, and thus expedite the completion of the ASD Review. The approval will provide immediate guidance and direction in the management of the current off-street parking program.

Recommendation 2

The ASD Review Team's benchmarking research and investigation of operational practices clearly point to the reality that the City's operating and capital costs of providing safe, affordable, and convenient short-term parking cannot be met from the revenues generated by short-term parking. The off-street parking program's primary focus must be on providing short-term parking, while using long-term parking as a tool to achieve the financial objective.

The revenue potential of short-term parking exceeds that of long-term parking, but this potential can only be realized if there is adequate demand. Recent research indicated that 69% of the City's available off-street parking spaces were being dedicated to short-term parking, and the City's facilities averaged only a 65% peak demand occupancy rate as a result. This level falls well below the cities of Toronto, Vancouver, Calgary and Montréal which maintain a peak demand occupancy rate on their lots of approximately 90%. In all instances short-term parking was not able to be self-financing and required the additional revenue derived from an appropriate mix of long-term and short-term parking. It is clear that to meet the objective of providing short-term parking in a self-financing parking operation, it must be supported by the revenues generated from long-term parking.

Benchmarking research also identified that peak demand occupancy rates and therefore revenues generated, are controlled through being able to vary the combinations of long-term parking occupancies, rate structures and parking fees. The endorsement of this recommendation will allow the Department of Urban Planning and Public Works to develop and report back on the parameters of flexibility required to operate the program in accordance with the revised objectives. This recommendation also reinforces the primary objective of providing short-term parking by seeking to establish minimum thresholds of dedicated short term parking at each facility. These provisions are desirable regardless of the ultimate findings and recommendations of the ASD Business Case Analysis Report.

Recommendation 3

With the approval of Recommendation 1, the ASD Review Team will be in a position to be able to identify and assess delivery options that can best meet the new primary objectives of the off-street parking program, to be completed by the middle of March 1999. With the completion of the business case analysis and the resulting recommended delivery option, public and stakeholder consultation can occur. Approximately six to eight weeks will be allowed for consultation before reporting back to Committee and Council with the recommended delivery option in May 1999.

Consultation

To date there has been limited dialogue with the Central Area Parking Task Force [CAPTF]. The dialogue with CAPTF has related to the ASD Review process. This report has been circulated to the CAPTF, Ottawa-Carleton Board of Trade, and Business Improvement Area's [BIA's] for consideration and comment.

Subsequent to the completion of the Off-Street Parking ASD Review report, approximately six weeks of public consultation with stakeholders would be undertaken prior to the report being brought forward for consideration by PP&B and Council.

Disposition

The ASD Review Team to complete the Off-Street Parking Business Case Analysis and public consultation process as recommended in this report.

List of Supporting Documentation

Document 1 Analysis of Supply and Demand of Short-Term Parking

Part II - Supporting Documentation

Analysis of Supply and Demand of Short-Term Parking

Document 1

While parking in a residential setting probably represents the single largest quantity of parking and experiences problems in its own right, the provision of parking at commercial destinations is more typically the problem confronting municipal governments. Parking in this context is a derived demand, as the need for parking is generated in the consumption of some other service. The most frequent generators of a need for non-residential parking are:

- journey to work;
- journey on work related business;
- shopping, restaurant or entertainment/recreational related trips;
- trips undertaken for personal business [Eg. Medical];
- visiting friends and relatives.

Over the last decade there has been considerable and ongoing changes to the business and residential demographics within the City of Ottawa. Changes in gross off-street parking revenue have been influenced by the severe economic downturn of the early 1990s and recent increases can be partially attributed to a significant improvement in the economic vitality of the City's downtown core. Economic realities continue to be volatile, as is evidenced through the ongoing revisions to Canadian economic forecasts in light of the current Asian crisis and the increasing influences of economic globalization.

Commercial and residential vacancy rates over the last five years are also reflective of rapid and sustaining change, having reached record highs only a few years ago to rebound to record lows in both sectors in recent months. The introduction and subsequent proliferation of big box shopping locations and the changing composition of the labour force in the region also contribute to the factors which drive changes in demand for off-street parking.

Ottawa's Short-Term Parking Supply

In the benchmarking survey completed by the ASD Branch of Corporate Services, it was found that the City of Ottawa dedicates 69% of available spaces to short term parking. This results in an average peak occupancy rate of 65%. The benchmarking survey findings indicate that Toronto, Vancouver, Calgary and Montréal are able to maintain about 90% usage of off-street parking lots at peak hours. By comparison, this would indicate a current oversupply of space dedicated to short term parking on Ottawa lots. The research also found that in Toronto individual parking usage is monitored monthly, with a major review on a six month cycle to ensure that the primary objective of short term parking is being met, and that lot revenue is maximized through long term parking. Toronto's parking rates and the percentages reserved for short term, daily, and monthly parking are changed, lot by lot, to ensure these objectives are met.

The reasons suggested for the present oversupply in the City of Ottawa are limited growth in commercial and retail businesses in the core of the City in the past five years; that increases in the workforce indicated by the Hemson demographic report (developed by Hemson Consulting Ltd.) have been offset by workforce reductions by the public sector; the introduction of big box shopping locations; and a general change due to technical improvements of how and where people work and shop. While the local workforce reductions in the public sector have been offset by increases in the private sector, the nature of the work force and hours of operation have changed, and are likely to continue to change, with corresponding changes to the influence on parking demand. [Eg. High tech industry employees can perform work from multiple sites through electronic medium with the result of changing the traditional demands generated Monday to Friday between 8:00 AM and 5:00 PM].

Future Projections

Results of the 1996 Statistics Canada Census indicate a steady growth in the downtown area in terms of population, number of households, employment and office space. Research done by Hemson Consulting Ltd. on the City of Ottawa forecasts that until the year 2021, all of these sectors will continue to grow at a rate of 2 % to 4% every five (5) years. New office construction is already planned at Constitution Square, The World Exchange Plaza and Sparks Street. Similarly new residential construction is expected at Lebreton Flats, Lansdowne Park, and the Re-Do-It Project which projects an additional 3,900 new residences. Baby boomers are expected to migrate closer to the downtown area to have better access to such amenities such as medical services, hospitals, cultural events, shopping etc.

The Hemson Report projection indicates that employment in the downtown core will increase 5% in the next five years; office space will increase 3%; and population will increase 4%. These increases will undoubtedly increase the existing demand for short term parking.

Analysis of Off-Street Parking Operational Options

Document 2

Introduction

In accordance with the recommendation approved at Policy, Priorities and Budgeting Committee on April 1, 1999 and ratified by Ottawa City Council on April 7, 1999, the Department of Urban Planning and Public Works has developed and is reporting back on:

- a. The parameters of flexibility required to operate the off-street parking program in accordance with the revised objectives;
- b. The minimum short-term parking thresholds on a “per facility” basis, to facilitate the operation of all facilities in accordance with the revised objectives.

Background

The range of operating options that are available to the City of Ottawa, for their off-street parking facilities, are mainly related to the pricing policies. At the present time, the City of Ottawa maintains the lowest short-term rate of 50 cents per 15 minutes or \$2.00 per hour; whereas, the private operators vary their rates to what the market will bear at their individual locations and are generally in the range of \$3.00 to \$5.00 for the first hour in the downtown and By Ward Market areas.

The existing pricing policy by the City of Ottawa discourages parkers from using city operated facilities if their length of stay exceeds 3 to 4 hours which is considered, by definition, to be longer-term parking. Private operators charge a daily maximum of about \$9.00 in the downtown area and \$7.00 in the By Ward Market. The city’s daily maximum is \$12.00 at all facilities which results in longer-term parkers seeking private lots. The main reason why there is a perceived lack of short-term parking downtown is because a large proportion of parkers are really looking for longer-term parking or daily parking which is most expensive at city operated facilities.

As far as monthly parkers, the city’s rates are now generally comparable to the private sector and vary city wide. As a result, a significant number of monthly parkers have been attracted to city operated facilities in the last two years. The reason that the Department has moved in this direction is to try to fill up large portions of unused short-term spaces at most facilities.

Operating Options

Considering the existing conditions as outlined above, the intent to maximize the utilization of the city’s facilities and to improve the financial situation for the Off-Street Parking Programme; a series of progressive operating options, each requiring a different set of operating flexibilities, have been developed for analysis.

Option 1 - Status Quo

This option assumes that no pricing changes will occur and no additional promotional activities will be initiated, but that the existing monthly parkers will be permitted to remain at the various facilities.

The flexibility required by the Off-Street Parking Programme will be, as follows:

- ▶ to accept monthly parkers to the extent that short-term parking is not compromised.

Option 2 - Promote Existing Practices

This option assumes no changes to pricing for short-term and longer-term parking but increased promotional activity with the emphasis to fill excess capacity with monthly parkers.

The flexibilities required by the Off-Street Parking Programme will be, as follows:

- ▶ to vary monthly rates to remain in line with those charged by the private sector;
- ▶ to accept monthly parkers to the extent that short-term parking is not compromised.

Option 3 - Adjust Daily Maximum Rates and Time Segments

This option assumes no changes to the cost of short-term parking but adjusting the time segments charged from 15 minute segments to 30 minute segments; lowering of the daily maximum rate of \$12 per day to be in line with the private sector; and increased promotional activity with the emphasis to fill excess capacity with either daily or monthly parkers.

The flexibilities required by the Off-Street Parking Programme will be, as follows:

- ▶ to adjust time segments from 15 minutes to 30 minutes;
- ▶ to adjust the daily maximum rate at individual off-street parking facilities;
- ▶ to vary monthly rates to remain in line with those charged by the private sector;
- ▶ to accept monthly parkers to the extent that short-term parking is not compromised.

Option 4 - Introduce Early Bird Specials

This option assumes no changes to the cost of short-term parking but introduces the concept of 'Early Bird Specials' and increased promotional activity to fill excess capacity with either monthly or early bird parkers.

The flexibilities required by the Off-Street Parking Programme will be as follows:

- ▶ to introduce 'Early Bird Specials' at appropriate off-street parking facilities;
- ▶ to vary monthly rates to remain in line with those charged by the private sector;
- ▶ to accept monthly parkers to the extent that short-term parking is not compromised.

Option 5 - Adjust Daily Maximum Rates, Time Segments and Introduce Early Birds

This option assumes no changes to the cost of short-term parking but adjusting the time segments charged from 15 minute segments to 30 minute segments; lowering the daily maximum rate of \$12 per day to be in line with the private sector; introduce the concept of 'Early Bird Specials'; and increased promotional activity with the emphasis to fill excess capacity with either daily, early bird or monthly parkers.

The flexibilities required by the Off-Street Parking Programme will be, as follows:

- ▶ to adjust time segments from 15 minutes to 30 minutes;
- ▶ to adjust the daily maximum rate at individual off-street parking facilities;
- ▶ to introduce 'Early Bird Specials' at appropriate off-street parking facilities;
- ▶ to vary monthly rates to remain in line with those charged by the private sector;
- ▶ to accept monthly parkers to the extent that short-term parking is not compromised.

Other Possible Options

If it is considered necessary for the City of Ottawa to raise additional funds from the Off-Street Parking Programme beyond that which could be realized from the options described above, the following additional options could be considered.

1. Eliminate free parking in the downtown area on weekends.
2. Eliminate the first hour free at City Hall.
3. Increase the short-term rates to within a fixed percentage of the private sector by location.

Analysis of Off-Street Parking Operational Options

Based on the 1998 operating results of the Off-Street Parking Programme, the options identified in the previous section were analysed and the projected revenue from each option were estimated. The assumption was made that the operating costs for each option would increase 5% over the 1998 costs and the options involving an increased level of promotional activity, an additional annual amount of \$50,000 was added for this activity.

Existing Off-Street Parking Operation

As outlined in Table 2, in 1998 the off-street parking program operated 13 facilities with a total of 2,522 spaces and generated \$3,344,438 in revenue. There were a total of 1,338 monthly parkers who made up approximately 25% of the revenue, longer term parkers (over 3 hours) also contributed about 25% and the short-term parkers (3 hours or less) made up the 50% balance of the revenue.

As outlined in Table 4, considering the operating, corporate overhead, annual capital and maintenance costs, the off-street parking program had a deficit of \$558,125 in 1998.

Option 1 - Status Quo

This option is estimated to generate \$3,710,000 in revenue mainly because of increased monthly parkers that were attracted to City of Ottawa parking lots during the latter part of 1998 and the first three months of 1999. In addition, the usage of the City of Ottawa parking facilities is estimated to increase an average of 10% in 1999.

As outlined in Table 4, this option would result in a deficit of (\$340,000).

Option 2 - Promote Existing Practices

By increasing promotional activity, it is estimated that this option would generate \$4,064,000 in revenue. However, this still translates to a deficit of (\$36,000).

Option 3 - Adjust Daily Maximum Rates and Time Segments

By adjusting the daily maximums, time segments and an increasing promotional activity, it is estimated that this option will generate \$4,252,000 in revenue. Therefore, this option is estimated to generate a surplus of \$152,000.

Option 4 - Introduce Early Bird Specials

By introducing early bird specials and increasing promotional activity, it is estimated that this option will generate \$4,262,000 in revenue. Therefore, a surplus of \$162,000 is estimated for this option.

Option 5 - Adjust Daily Maximum Rates, Time Segments and Introduce Early Bird Specials

By adjusting the daily maximum rates, time segments, the introduction of early bird specials and increasing promotional activity is estimated to generate \$4,358,000 in revenue which translates into a surplus of \$258,000.

Other Possible Options

As indicated previously, there are other options which could be considered that would generate substantial revenue and could be considered as ‘add-ons’ to any of the options identified above, as follows:

1. If free parking at our off-street facilities in the downtown area was reversed, it would be possible to generate in the order of \$200,000 of additional revenue.
2. If the first hour free policy at City Hall was reversed, it would be possible to generate in the order of \$50,000 of additional revenue.
3. If short-term parking rates at non-metered facilities were increased from 50% to 75% of the rates charged by the private sector, the City could realize additional revenue in the order of \$400,000.

Recommendations

It is recommended that the Off-Street Parking Programme be given the following flexibilities in order to meet the objective “that the Off-Street Parking Programme be operated in a manner that is self-sufficient in its activities, both operational and capital”:

- ▶ to adjust time segments from 15 minutes to 30 minutes;
- ▶ to adjust the daily maximum rate at individual off-street parking facilities;
- ▶ to introduce ‘Early Bird Specials’ at appropriate off-street parking facilities;
- ▶ to vary monthly rates to remain in line with those charged by the private sector;
- ▶ to accept monthly parkers to the extent that short-term parking is not compromised.

TABLE 1: OFF-STREET PARKING LOCATIONS									
L O T #	LOCATION	# OF SPACES	L O T #	LOCATION	# OF SPACES	L O T #	LOCATION	# OF SPACES	
								1	190 Slater Street
2	31 Gloucester Street	133	7	214 Main Street	31	13	Parkdale Market	20	
3	210 Gloucester Street	208	8	170 Second Avenue	50	14	111 Sussex Drive	669	
4	70 Clarence Street	301	10	574 Bank Street	21	17	Lady Grey Drive	38	
			11	687 Somerset Street	47				

TABLE 2: EXISTING OFF-STREET PARKING OPERATION											
FACILITIES			PEAK PERIOD OCCUPANCY		PEAK 12 HR OCCUPANCY		1998 REVENUE				
LOT # & TYPE	# OF SPACES	# MONTHLY PARKERS	PEAK PERIOD OCCUPANCY		PEAK 12 HR OCCUPANCY		SHORT-TERM (1)	LONGER TERM (2)	MONTHLY	TOTAL	
			#	%	#	%					
1	Surface	123	0	108	87.4%	71	57.7%	\$308,030	\$361,600	\$0	\$669,630
1	Garage	378	270	310	82.1%	222	58.8%	\$0	\$0	\$297,358	\$297,358
2	Surface	133	21	86	64.7%	59	44.2%	\$255,582	\$61,124	\$3,740	\$320,446
3	Meters	22	0	21	95.5%	18	81.8%	\$30,172	\$0	\$0	\$30,172
3	Garage	186	174	174	93.5%	174	93.5%	\$0	\$0	\$131,964	\$131,964
4	Garage	301	13	166	55.1%	76	25.1%	\$752,279	\$199,973	\$11,207	\$963,459
5	Garage	483	288	359	74.3%	255	52.9%	\$143,362	\$175,221	\$170,357	\$488,940
7	Surface	31	6	21	66.9%	10	32.6%	\$15,703	\$0	\$1,296	\$16,999
8	Surface	50	13	37	74.5%	28	56.1%	\$64,995	\$0	\$14,054	\$79,049
10	Surface	21	9	12	54.8%	11	51.1%	\$9,119	\$0	\$2,019	\$11,138
11	Surface	47	3	29	62.2%	8	17.0%	\$55,395	\$0	\$0	\$55,395

12	Meters	20	4	6	28.8%	3	15.0%	\$5,854	\$0	\$916	\$6,770
13	Surface	20	5	5	25.0%	4	20.0%	\$5,458	\$0	\$0	\$5,458
14	Garage	669	496	535	80.0%	375	56.0%	\$18,390	\$58,233	\$158,387	\$235,010
17	Surface	38	36	38	100%	38	100%	\$0	\$0	\$28,757	\$28,757
Misc.	Buses	-	-	-	-	-	-	\$0	\$3,893	\$0	\$3,893
Total		2522	1338	1907	75.6%	1352	53.6%	\$1,664,339	\$860,044	\$820,055	\$3,344,438

(1) Less than 3 hours

(2) Greater than 3 hours (not including monthly parkers)

FACILITIES	1998	OPT 1	OPT 2	OPT 3	OPT 4	OPT 5
Lot 1	\$966,988	\$1,092,000	\$1,169,000	\$1,222,000	\$1,246,000	\$1,273,000
Lot 2	\$320,446	\$321,000	\$368,000	\$420,000	\$420,000	\$420,000
Lot 3	\$162,136	\$188,000	\$190,000	\$190,000	\$190,000	\$190,000
Lot 4	\$963,459	\$1,011,000	\$1,166,000	\$1,223,000	\$1,175,000	\$1,226,000
Lot 5	\$488,940	\$606,000	\$655,000	\$673,000	\$707,000	\$725,000
Lot 7	\$16,999	\$17,000	\$20,000	\$20,000	\$20,000	\$20,000
Lot 8	\$79,049	\$82,000	\$85,000	\$85,000	\$85,000	\$85,000
Lot 10	\$11,138	\$11,000	\$13,000	\$13,000	\$13,000	\$13,000
Lot 11	\$55,395	\$57,000	\$68,000	\$76,000	\$76,000	\$76,000
Lot 12	\$6,770	\$7,000	\$10,000	\$10,000	\$10,000	\$10,000
Lot 13	\$5,458	\$7,000	\$9,000	\$9,000	\$9,000	\$9,000
Lot 14	\$235,010	\$274,000	\$274,000	\$274,000	\$274,000	\$274,000
Lot 17	\$28,757	\$33,000	\$33,000	\$33,000	\$33,000	\$33,000
Buses	\$3,893	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
TOTAL	\$3,344,438	\$3,710,000	\$4,064,000	\$4,252,000	\$4,262,000	\$4,358,000

OPTIONS	REVENUE				COSTS			SURPLUS/ (DEFICIT)
	Short-term	Longer-term	Monthly	Total	Operating	Corporate Overhead	Capital & Maintenance	
1998	\$1,664,339	\$860,044	\$820,055	\$3,344,438	\$2,952,563	\$200,000	\$750,000	\$(558,125)
OPT 1	\$1,734,000	\$906,000	\$1,070,000	\$3,710,000	\$3,100,000	\$200,000	\$750,000	\$(340,000)
OPT 2	\$1,815,000	\$946,000	\$1,303,000	\$4,064,000	\$3,150,000	\$200,000	\$750,000	\$(36,000)
OPT 3	\$1,916,000	\$1,317,000	\$1,019,000	\$4,252,000	\$3,150,000	\$200,000	\$750,000	\$152,000
OPT 4	\$1,831,000	\$1,484,000	\$947,000	\$4,262,000	\$3,150,000	\$200,000	\$750,000	\$162,000
OPT 5	\$1,916,000	\$1,567,000	\$875,000	\$4,358,000	\$3,150,000	\$200,000	\$750,000	\$258,000