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MEMORANDUM

To: Mike Nilsson
From: Linda Rhine, Bonnie Nelson and Todd Vogel
Date: September 19, 2008
Subject: Downtown Transportation Fund

Introduction

The purpose of this memorandum is to present the City of Glendale with policy considerations and options to establish a new Downtown Transportation Fund or revise or expand the existing Parking Fund. Money collected for the fund would help pay for a variety of mobility related improvements recommended in the Downtown Mobility Plan.

The memorandum includes an overview of the current Parking Fund, reviews revenues that would be collected for a newly created Downtown Transportation Fund or a revised Parking Fund and suggests the types of projects and programs that would be eligible expenditures for this Fund. It identifies three options for the Fund and concludes with preliminary recommendations and next steps.

Current Citywide Parking Fund

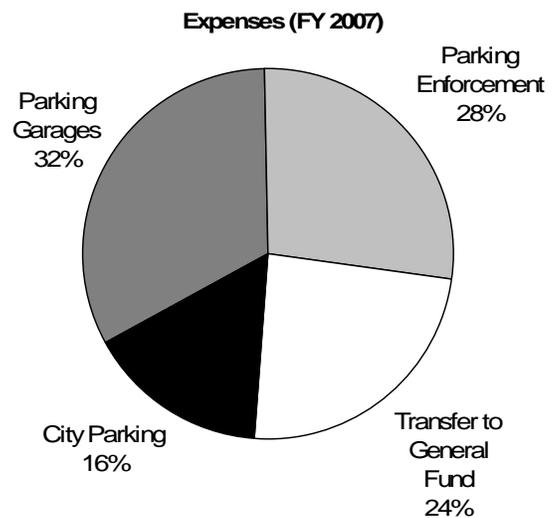
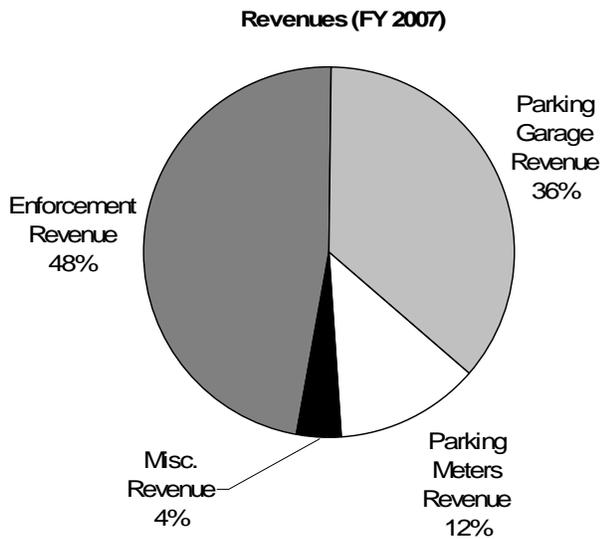
The City of Glendale has an established Parking Fund which accrues revenue from on-street parking meters, city-owned or leased lots, operation of parking garages and parking enforcement activities. Areas of the City that contribute to the Parking Fund include the downtown area (both surface lots and garages), the area around City College and the Montrose neighborhood commercial district. Parking citation revenue generated from throughout the City also contributes to the parking fund. The fund is primarily dedicated to maintaining, improving and managing parking in the City of Glendale. The Parking Fund is currently managed by the Transportation and Traffic Section of the Department of Public Works.

The Fund currently generates just under \$8 million in annual revenues. Of this amount, \$3.7 million comes from parking citations and nearly \$4 million is revenue from parking garages and meters.

Money from the Parking Fund is used for parking garages and enforcement. Funds are also transferred from the Parking Fund to the General Fund on an annual basis. A breakdown of the revenue and expenses for FY 2007 is presented in Figure 1 (tabular and chart presentation). There are no reserves or set-aside funds.

Figure 1 Parking Fund Revenues and Expense (FY 2007)

Revenues	FY 2007	Percent
Enforcement Revenue	\$3,730,451	48%
Parking Garage Revenue	2,849,976	36%
Parking Meters Revenue	977,199	12%
Miscellaneous Revenue ¹	316,522	4%
Total Revenues	\$7,874,148	100%
Expenses		
Parking Garages	\$2,618,295	32%
Parking Enforcement	2,196,724	28%
Transfer to General Fund	1,900,000	24%
City Parking	1,254,718	16%
Total Expenses	\$7,969,737	100%



¹ Includes but is not limited to: interest and inv. revenue, collectible jobs-agency, and street permits.

Potential Revenue Sources for a new Downtown Transportation Fund or Revisions to the Existing Parking Fund

Revenue from a new Downtown Transportation Fund or revisions to the Parking Fund would be used to support a broad array of mobility projects in the downtown area, including but not limited to parking, reducing congestion, increasing public transit downtown, and improving the pedestrian realm. New funding sources could help fund mobility improvements in the downtown area and contribute to projects of regional significance, without negatively impacting the current Parking Fund. The potential sources of revenues are discussed below. Of these, only the new parking meters on Brand Boulevard have already been implemented or slated for implementation.

- **Parking Meters on Brand Boulevard** – New parking meters were approved for downtown along Brand Boulevard in the summer of 2008. It is expected that these meters may help increase turnover and increase revenues. Officials estimate that these meters will generate about \$500,000 in revenue per year.² Increased enforcement of these meters will also generate additional revenue.
- **In-lieu parking fees** are being considered as an option for developers to pay in lieu of providing the required number of parking spaces according to the City's zoning ordinance. The proposed fees would be collected as a one-time fee at a set dollar amount per space or as an annual fee amount per space. A portion of these fees could be used to build public parking spaces or fund a variety of transportation demand management strategies to reduce the need for parking and improve mobility in the downtown area. If in-lieu funds were used for mobility improvements, then it would be important to educate developers on how the funds are used and benefiting their projects as well as ensure that the projects are high profile and highly visible. In-lieu fees could be included in either the current parking fund, and spent entirely on parking needs, or that fund could be more broadly defined to include a broader mission. Alternatively, these new funds could be managed through a Downtown Mobility Fund that would include parking as an eligible expense, but not as the only way these funds could be spent.
- **Proposed Local Development Impact Fee** – A development impact fee is a charge imposed on new development to compensate for their impacts on the local transportation infrastructure. Such a fee was proposed in the Glendale Downtown Mobility Study as a potential new revenue source for mobility projects. No specific fee has been proposed; however, a development impact fee is typically assessed on square footage of planned development. Like all developer fees, transportation fees must show a nexus between the development and service provided. The revenues generated from an impact fee could be used for a variety of transportation related projects including roadway improvements and Transportation Demand Management (TDM) strategies. The revenues generated from an impact fee can vary tremendously dependent upon the fee structure and the level of development growth. For impact fees to be eligible for a Downtown Fund, the fee must be broadly defined as transportation impacts rather than narrowly focused on specific mitigations. To be included in the Parking Fund, the purpose and eligible expenditures of the fund would need to be significantly redefined.

² Glendale NewsPress.Com, August 1, 2008.

- **Proposed Congestion Mitigation Fee** (fees only for regional projects) – This is a proposed fee currently being studied by the Los Angeles County Metropolitan Transportation Authority (Metro). This is a proposed countywide fee that would be implemented locally. When adopted by Metro, it would be a single, countywide minimum fee applied across all land uses. Glendale could adopt a fee amount higher than the minimum fee and/or could pool funds with other jurisdictions for sub-regional projects. The funds generated by the fee must be spent on local projects that have *regional significance* and could be multi-modal in nature. These funds would be inappropriate for inclusion in the Parking Fund, which is both Citywide and focused on parking expenditures.
- **Business Improvement District** – The City of Glendale currently has two successful business improvement districts (BIDs), in the Montrose Shopping Park and the Adams Square area. There have been some preliminary discussions at the staff level of creating a downtown BID which would be focused on improving security and potentially improving mobility. Funds raised by the BID could also guarantee all BID membership in a Transportation Management Organization (TMO) that focuses on assisting employers with providing alternative commutes for their employees and reducing their auto impact. Funds from the BID dedicated to transportation purposes could logically be managed as part of a newly created Downtown Transportation Fund. These funds could not be added to the current Parking Fund without redefining the purpose and expenditures of the parking fund revenue.

Eligible Expenditures

If the City were to establish a New Downtown Transportation Fund or make revisions to the existing Parking Fund, then guidelines are needed to define eligible expenditures. The guidelines need to be broadly defined to give the City flexibility in using the funds and at the same time, they should clearly define eligible categories of expenditure. As with the current Parking Fund, it is proposed that revenue could be used for capital investments or for ongoing operations. Ideally, revenues from a newly created Downtown Fund or revised Parking Fund would be leveraged to bring in Federal or State dollars to further increase the revenue potential for downtown Glendale.

Five broadly defined eligible categories for the City to consider include:

- **Transit Services/Enhancements** – This category would include enhancements to proposed Buzz Shuttle service downtown, as well as other downtown service enhancements and bus amenities in the downtown area such as passenger shelters, benches and improved signage.
- **Pedestrian and Streetscape Improvements** – This category would consist of investments in streets and sidewalks, especially to improve the pedestrian environment and the overall appearance, identity, and image of downtown Glendale and other locations as civic and cultural destinations for residents, businesses and visitors. Key amenities could include street lighting for pedestrians, landscaping, benches, trash receptacles, and regular cleaning of public spaces.
- **Bicycle Projects** – This category could include funding to update the 15 year old bicycle plan, as well as funding for infrastructure improvements such as bicycle lanes, secure parking facilities (racks, lockers, etc.) and programs to help encourage more people to bicycle more often, and feel more safe doing so.
- **Transportation Demand Management (TDM)** – This category could include a variety of TDM strategies, such as hi-touch marketing and personalized training for use of transit and bicycle facilities, reduced cost transit passes, subsidies to support the introduction of carshare and bikeshare services, carpool and vanpool programs, a TDM coordinator, etc.

- Parking - Parking facilities should be an eligible expense especially if these funds could be used to a large scale or significant project to add parking in the downtown.

Options and Recommendations

This section identifies three options for the city to administer funds that would be used to help pay for mobility related improvements in downtown Glendale.

Options

The three options are:

- Option A: Establish a new Downtown Transportation Fund which would allow the current Parking Fund to continue without revision.
- Option B: Deposit new revenue in the existing Parking Fund, but change the mission of the Parking Fund to include broader expenditures.
- Option C: Deposit new revenue in the existing Parking Fund without making significant changes to the policies governing the fund.

Option A would establish a new downtown Transportation Fund with revenues used for downtown mobility improvements. There are a number of good reasons to establish a new fund (Option A). These include:

- Brand Boulevard merchants were enthusiastic about implementing meters downtown with the understanding that funds collected from their meters would be spent on a variety of mobility projects in the downtown area. The existing Parking Fund is a citywide fund that does not require a connection to Downtown.
- A Downtown Transportation fund could be spent on mobility projects which would manage parking supply and demand and reduce the need for costly new parking.
- New funding sources are being considered that do not necessarily have a linkage to parking, but rather focus on reducing congestion and increasing overall mobility including transit and pedestrian projects.

Option B would maintain the existing Parking Fund and all existing and new revenue would be deposited in this fund. A new Downtown Transportation Fund would not be established. In order to allow these new funds to be spent on mobility projects beyond parking, it would be necessary to expand the definition of eligible expenditures to include mobility related improvements. One other California city has an established Parking Fund that invests its revenues more broadly than parking. The City of Monterey contributes revenues toward transportation demand management strategies in order to reduce parking demand. A portion of their revenues are used to help fund a free fare city-run shuttle service referred to as The Wave. It operates in the summer and during some holidays.³ A disadvantage of this option is that the Parking Fund revenues are distributed citywide, and that revenues for mobility improvements are intended solely for downtown use which could create problems when linking the nexus between impacts and expenditures.

The third option (Option C) would deposit new revenue into the existing Parking Fund and would commit these funds to parking related expenditures citywide. These expenditures could include management and creation of parking as well as operation of parking facilities. This option would allow meter and in lieu fee revenue to be deposited in the Parking Fund, but would not be a viable

³ Email communication with Wayne Dalton, City of Monterey Parking Superintendent, June 17, 2008

alternative for funding related to overall congestion management, or to developer fees that are not directly tied to parking needs.

Recommendation

It is recommended that the City of Glendale create a Downtown Transportation Fund (Option A). All revenues from this fund will be used for downtown mobility improvements. Establishing this new fund is not intended to reduce revenue in the current parking fund, but rather to serve as a way to manage new revenue for a broader and more geographically localized purpose. Expenditures could include parking maintenance and operations, transportation demand management strategies, and transit improvements. These investments will help reduce the demand for parking in downtown Glendale.

In order to establish a new fund, the City of Glendale could pass an ordinance amending its municipal code. The ordinance should specify that the new fund would apply to mobility related improvement programs and projects in the downtown areas. The following recommendations will assist in the development of this ordinance.

- Maintain the Parking Fund and continue to fund parking related improvement projects.
- Establish a new Downtown Transportation Fund that is dedicated to funding mobility related improvements in the downtown area.
- Agree on the revenue sources to be deposited in this Fund.
- Establish guidelines for allowable expenditure categories and the percentage or dollar contribution to each.
- Educate the development community on the purpose of this Fund and how it will benefit and support downtown businesses.
- Determine the format and structure for annual reporting constructed to illustrate how money in the fund is spent.

Additional Considerations

In addition to selecting eligible categories of expenditures, the City will need to consider several other factors discussed below.

- “Set Asides”—It may be valuable to consider a “set aside” for special projects of significance or projects that are high profile and warrant special attention. This could be handled as a “set aside” or “off the top” with a percentage of the fund reserved for high priority projects. This could also be used to guarantee funding for a specific project for a set time period to ensure it is fully funded.
- Fixed Amount for each Category – Regardless of the number of categories, a key consideration is whether there should be a specific percentage or fixed amount devoted for each category or whether there should be total flexibility in how funds are allocated on an annual basis.
- Project Readiness – Projects should be “ready to go” before they receive funding. This will ensure that funds are spent in a timely manner.
- Reserve Fund - It would be prudent to establish a small reserve fund in the event a project or program experiences a funding shortfall and needs additional funding.

- Administrative Accounting – As with the existing Parking Fund, there should be a requirement to annually track and report expenditures. Guidelines should be established to ensure the “right level” of detail is recorded to ensure meaningful reporting.

Next Steps

The City needs to consider whether it is interested in pursuing the establishment of a Downtown Transportation Fund. Assuming the City agrees to establish this new Fund, then the above recommendations need to be further fleshed out. The City will also need to draft and adopt an ordinance creating this new fund.