REVISED PARKING DIVIDEND POLICY

EXECUTIVE SUMMARY
Administration has developed a revised parking dividend policy to provide for reinvestment in local infrastructure or services in paid parking areas. The policy would seek to direct 50% of surplus returns The City receives from the Calgary Parking Authority (CPA) into a dividend that can be used to improve infrastructure and services provided in the public realm. Reinvestment amounts would be proportionally allocated by share of revenue generated in each Business Improvement Area (BIA) or pooled for paid parking areas outside of BIAs. The City would retain the money in reserve and then use the money to achieve policy objectives in these areas. The amount returned would vary depending on if a surplus has been realized. A review of the last nine years would have resulted in an average annual total reinvestment amount of $2.3 million. BIAs and CAs have been informed of the proposed option through numerous engagement activities.

ADMINISTRATION RECOMMENDATIONS
That the SPC on Transportation and Transit recommend that Council
1. Amend Council Policy TP017 “A Parking Policy Framework for Calgary” by replacing the contents of section 5.3 with the contents in Attachment 1.
2. Implement the policy as to provide a payment based on any surplus amount realized beginning with the 2016 fiscal year.
3. Conclude directing monies received from the Calgary Parking Authority into the Parking Land Acquisition Reserve.
4. Direct Administration to bring terms for a new Parking Revenue Reinvestment reserve to contain monies generated from the policy to the 2017 March 07 meeting of the Priorities and Finance Committee.

PREVIOUS COUNCIL DIRECTION / POLICY
The Parking Revenue Allocation Policy was identified in Attachment 3 of report TT2014-0339, “Update on Parking Policy Initiatives”, which was considered at the 2014 July 28 Regular Meeting of Council. The work was described as follows:

Initiative	Description	Key Issues Reviewed	Scale
Parking Revenue Allocation Policy	This would look at how the returns from the Calgary Parking Authority to The City are distributed, and whether some portion of revenues could be dedicated to reinvestment in the areas where fees are collected	• Distribution of parking returns (approaches) • How funds are reinvested – and what funds are reinvested in • Control of investment of funds (i.e. who decides) • Impact on City’s budget if funds are redirected	Minor

Report TT2014-0935, “Consolidated Parking Policy Work Plan” was approved at the 2015 January 12 Combined Meeting of Council. The Parking Revenue Allocation Policy was included as a key issue to be reviewed as part of the Integrated Downtown-TOD Parking Strategy work.

Approval(s): Logan, Malcolm concurs with this report. Author: Blaschuk, Chris

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The Parking Revenue Allocation Policy was also approved as part of Action Plan 2015-2018 as action P3.1 in the Transportation Planning business plan.

Report TT2016-0695 was considered at the 2016 November 09 meeting of the SPC on Transportation and Transit. At that meeting, committee approved the following motion:

"REFER, Moved by Councillor Woolley, that the Report TT2016-0695, Parking Dividend Policy, be referred to the Administration to develop a program for public realm improvements that retains all amounts for investments in the Roads Various Street Improvements (VSI) Capital Program but that includes a model for input from Business Revitalization Zones and Community Associations and return to Council through the SPC on Transportation and Transit no later than 2017 January."

BACKGROUND

Reinvesting a portion of the returns from parking is a concept that is being undertaken in several locations in North America to revitalize communities and business areas where paid parking is present. Also known as Parking Benefit Districts, a portion of the parking revenues generated in a given area is typically reinvested to address local infrastructure, such as trees, sidewalks, lighting and benches. This has several benefits, such as:

- Providing enhanced infrastructure in busy, successful areas
- More quickly addressing maintenance and operational needs
- Encouraging the use of alternate travel options through enhanced infrastructure
- Improving the public realm of the area, encouraging more people to visit and to shop longer
- Complementing developer-provided infrastructure being built
- Addressing the impacts of paid parking on area businesses
- Facilitating business activity
- Providing a line-of-sight between parking charges and reinvestment in local areas

The most well known example is Old Pasadena, California, which has had a parking benefit district in place since 1993. Other locations with parking benefit districts include Pittsburgh (PA), Portland (OR) and Austin (TX) in the United States. In Canada, Saskatoon has a similar initiative for local business districts.

Reinvestment of parking revenues is not new for Calgary. In 2013, Council directed that $4.5 million of parking surplus revenues be reinvested in streetscape improvements in the Kensington area. Work on this initiative was completed in 2016.

<u>Linkages to Existing Policy</u>

The Commercial On-Street Parking Policies in section 5.1.2 of A Parking Policy Framework for Calgary address how the price of parking should fluctuate to respond to demand as areas change and grow. Additionally, paid parking is typically required in areas that are successful (thus generating significant parking demand). Still, many businesses see paid parking as an additional burden to doing business in these areas. These areas need to continue to be successful in the future in order to achieve the goals of the Municipal Development Plan (MDP) and Calgary Transportation Plan (CTP). The proposed policy would return some of the revenue

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generated by the area for reinvestment back into the area through public realm improvements, which could help offset the perceived burden of business loss due to paid parking.

It should be noted that the introduction of paid parking in business areas (or extension of charging times) will still be tied to whether the area has a consistently high parking occupancy (>80%). The City will not introduce paid parking in areas that do not meet this threshold, even if there is a desire to charge for parking to be able to access the funds made available from the proposed policy.

Existing Use of Parking Revenues

Returns by the Calgary Parking Authority are governed by Council Policy TP015, which states that the CPA shall transfer 100% of net revenues from enforcement and the greater of 65% or $11 million of net revenues from remaining operations to The City of Calgary on an annual basis. The proposed policy does not seek to change the returns formula for CPA, but to redirect surplus net revenues to The City from the sale of parking services. Enforcement revenues were not included since there is not a direct link from this activity to parking in business areas.

Report LPT2006-13 established direction to place a minimum of $500,000 per year in the Parking Land Acquisition Reserve to fund future cash-in-lieu parking facilities in downtown. Recommendation 3 in report TT2016-0204 concludes the Parking Land Acquisition Reserve since the downtown parking strategy no longer requires additional cash-in-lieu parking facilities. Surplus money returned from CPA has historically been placed in the reserve if available in a given year. Thus, Administration recommends no longer directing parking returns to this reserve, given the conclusion of the cash-in-lieu parking program. The minimum $500,000 would be directed to Transportation Planning operations to address strategic priorities. The surplus money would now form part of the potential amount that can be reinvested in paid parking areas.

INVESTIGATION: OPTIONS AND ANALYSIS

The City developed five potential revenue allocation models for consideration by BIAs and Community Associations. A survey was conducted in February 2016 to gauge support and identify strengths and weaknesses of each model. The five models were:

A. Allocate revenues proportional to the amount of revenue generated to each area.
B. Allocate revenues on a rotational, one time basis in each area to maximize impact at one time.
C. Develop a matching grant program where BIAs and CAs would apply for funding and provide matching funding for improvements.
D. Increase investments in existing, City capital programs
E. Direct the funding solely to enhanced operational services

A draft model, generally reflective of option A, was produced and shared with stakeholders in April 2016. The model was then taken to the Administrative Leadership Team (ALT) for input. ALT directed that the model be revised so that a dividend approach was implemented using a portion of surplus revenues. BIAs could augment existing financial reporting processes to Council to report on how the dividend funds are being used to improve the area, while The City would retain funds outside of BIA areas for reinvestment. This formed the basis of the model and policy presented to the SPC on Transportation and Transit at the 2016 November 09 meeting.

Based on the direction of Council, Administration revised the model to retain all of the funds with The City, rather than provide direct payments to BIAs. Attachment 1 contains the proposed policy amendments to enable the new policy. Attachment 2 describes the previously proposed November model, the new recommended model, and the differences between the two models. The revised model has The City playing a much more active role in determining priorities for the funds, reporting on their use, and in many cases, executing the actual work. Funds are now limited to the uses described in Attachment 3, and are primarily focussed on infrastructure improvements and enhanced service. To manage this surplus revenue, The City will recover staff costs from the dividend program as they are incurred. In some cases, The City may provide a grant using the surplus revenue to BIAs to facilitate these outcomes (e.g. banner programs).

The direction from Council requested that Administration develop a revised model that “retains all amounts for investments in the Roads Various Street Improvements (VSI) Capital Program”. This approach was felt feasible when the only amount for the VSI program was the surplus outside of BIA areas, which averaged $557,000 over the past nine years. To better manage the program, Administration is proposing to create a dedicated reserve to contain the reinvestment amounts per recommendation 4. This will better facilitate tracking the money by area over time and contain the money for each area until it is spent. The direction also requested that the policy “includes a model for input from Business Revitalization Zones and Community Associations.” Administration is proposing an annual meeting with each BIA and CAs (where improvements are proposed) to discuss proposed work and priorities. It is not felt that a more formal grant application process is necessary at this time, and the annual meeting approach would be more efficient at achieving implementation results. If Administration finds the annual meeting approach ineffective, a revised engagement model can be considered at that time.

Attachment 4 provides what the average annual return per area would have been looking at the parking returns over the last nine years. The actual annual return will vary year-to-year depending on the nature of the parking activity and supply, and other economic factors. Since only surplus revenues beyond the Action Plan budget amounts are being made available, there is no budgetary impact, since these funds were not originally anticipated.

Stakeholder Engagement, Research and Communication

BIAs and Community Associations (CAs), primarily in paid-parking areas, have been engaged throughout the process and have been informed of the revised model.

Strategic Alignment

The proposed policy can potentially support infrastructure improvements that would facilitate many of the objectives in Main Street areas and the Centre City, and is well aligned with the MDP and CTP. It also contributes to the five Council Priorities established in Action Plan 2015-2018.

REVISED PARKING DIVIDEND POLICY

Social, Environmental, Economic (External)
Social: Providing funding for improving the public realm and sense of place of these successful areas will help enhance neighbourhood character and a sense of belonging to these locations.

Environmental: All existing BIAs incorporate Main Streets as identified in the MDP and CTP. Supporting infrastructure investment in paid parking areas will facilitate the success of many Main Street areas. Success of main street areas facilitates several of the environmental objectives outlined in the MDP and CTP, including encouraging compact development, walking and cycling.

Economic: Investing parking revenues in paid parking areas will provide funding to improve the public realm. This is expected to lead to increased economic activity and complement private investment in these areas. This also has potential to create a positive cycle, where increased activity may lead to increased parking revenues which would further enhance the revenue reinvestment program.

Financial Capacity
Current and Future Operating Budget:
Since the reinvestment amount for the program is only surplus monies above the established Action Plan budget amounts, there is no impact by redistributing these funds since they were not previously anticipated.

Current and Future Capital Budget:
None.

Risk Assessment
The proposed model will not provide funding if no surplus is realized, which may limit the effectiveness of the model, particularly if there is no surplus for several years.

A risk of using a reserve model is that the money could sit unused. Administration will work with BIAs and Community Associations to ensure that the money is used in a timely manner.

REASONS FOR RECOMMENDATIONS:
The revised policy provides an opportunity for The City to reinvest parking revenue to improve public realm infrastructure and services in paid parking areas. This will improve the quality of these areas, which is important in helping The City achieve the objectives of the MDP, CTP and Main Streets plans. The program can be funded within the existing fiscal framework.

ATTACHMENTS
Attachment 1 – Parking Dividend Policy
Attachment 2 – Comparison of Recommended Model to November Model
Attachment 3 – List of Eligible Improvements
Attachment 4 – Potential Dividend Amounts

Approval(s): Logan, Malcolm concurs with this report. Author: Blaschuk, Chris

5.3 – Parking Revenue Policies

As part of the objectives of the Municipal Development Plan and Calgary Transportation Plan, it is important for The City to support the creation of vibrant, transit-supportive mixed-use activity centres and corridors. Successful areas typically attract a large variety of visitors, including parkers, which can result in parking congestion. As a result, it is typically necessary to use on-street parking charges to manage the parking supply in the area to keep spaces available for users. This also manages overall demand and encourages usage of other travel options when parking supply is not sufficient. This tool can create a negative perception for some potential visitors and customers to the area that parking is a deterrent for visiting. By allocating some of the revenues generated by these parkers back to business areas where they were collected, they can be used to increase the quality of the public realm and facilitate business activity to keep these destinations attractive and vibrant.

To facilitate this, a parking revenue reinvestment program has been established to fulfill the following objectives in paid parking areas:

- Facilitate a strong pedestrian environment
- Further the implementation of complete streets
- Provide incremental improvements to area parking
- Enhance area urban design
- Add to the vibrancy of the area

The following policies will facilitate the implementation of the parking revenue reinvestment program.

Policies

1. Eligible total net returns available for reinvestment will be determined as the monies returned to The City under policy 1.(b) in section 4.
2. Of the total net returns received by The City from the Calgary Parking Authority
    a. One million dollars will be set aside for investment in the Transportation 10-year capital plan.
    b. Five hundred thousand dollars will be set aside for Transportation Planning operations for strategic priorities.
    c. The remaining amount up to budget will be allocated to the corporate General Revenue program.
3. The City will reinvest a portion of net returns above the budget amount (aka the surplus amount) from the sale of parking into paid parking areas to fulfill policy objectives.

4. 50% of eligible returns will be placed in reserve for reinvestment in public realm infrastructure in paid parking areas. The remaining 50% of eligible revenues will be allocated to the Budget Savings Account.
5. The reinvestment amount will be proportioned between the share of revenues generated within Business Improvement Areas (BIAs) and outside of BIAs.
    a. For Business Improvement Areas (BIAs), amounts will be distributed proportional to the amount generated in each respective BIA with respect to the total amount available for BIA areas.
        i. The proportion will be calculated by taking into account the share of gross revenues from all on-street, surface and parkade stalls within the BIA boundary as of December 31 of the calendar year.
        ii. The City will meet on an annual basis with each BIA to discuss area priorities and determine the plans for using the funds.
        iii. These monies are not intended to fund normal BIA operations.
    b. Amounts generated Outside of Business Improvement Areas will be retained separately for targeted reinvestment in these areas.
        i. Funds will not be further proportioned by area or community.
        ii. Not all paid parking areas will receive reinvestment on an annual basis. Rather, targeted improvements using the funds will be undertaken over time.
        iii. The City will work with affected Community Associations to discuss potential projects to be undertaken with the funds.
6. The City will post the available funds and annual amounts by March 1 of each calendar year on The City's website.
7. Reinvested revenues can be used for mobility or public-realm improvements. A list of eligible items will be published on The City's website. Revenues should be used to
    a. Apply enhanced standards to base-level capital infrastructure
    b. Apply enhanced response or service levels for operational responsibilities
    c. Provide for lifecycle replacement of items ahead of regularly scheduled maintenance
8. Reinvested revenues should not be used to provide base-level infrastructure that would normally be provisioned in areas.
9. Reinvestment amounts will be kept in reserve so that unspent monies may be spent in future years.
10. Multiple years of reinvestment may be compiled to achieve larger investment objectives.

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Attachment 2 - Comparison of Recommended Model to November Model

Policy Element	Previous Model – November 2016	Recommended Model – January 2017	Change to Model
Funding available for redistribution	Distribute a portion of surplus returns (50%) to The City from CPA sales of parking. Remaining 50% of surplus to be placed in corporate Budget Savings Account.	Distribute a portion of surplus returns (50%) to The City from CPA sales of parking. Remaining 50% of surplus to be placed in corporate Budget Savings Account.	Unchanged.
Amount of available funding for redistribution	50% of surplus net revenues will be distributed, divided up based on the share of revenue generated in each area.	50% of surplus net revenues will be distributed, divided up based on the share of revenue generated in each area.	Unchanged.
Control of revenues	Eligible BIAs would have full control of the revenues once they have been provided by The City.	The City would retain control of the revenues and allocate to identified projects as needed through engagement.	Revenues now held by City in reserve rather than distributed directly to BIAs.
Geographic division of revenues	Revenues generated within the BIA boundary will be considered eligible. This includes both on and off-street parking facilities. Revenues outside of BIA areas will be pooled.	Revenues generated within the BIA boundary will be considered eligible. This includes both on and off-street parking facilities. Revenues outside of BIA areas will be pooled.	Unchanged.
Use of revenues	BIAs have full discretion to use the funds as they see fit to achieve policy objectives.	Revenues to be generally used for a defined list of infrastructure improvements (and related planning exercises) listed in Attachment 3.	Use of revenues now generally limited to public realm items and services identified in Attachment 3.
Pooling of revenue	BIAs would be responsible for any pooling of funds to	Funds could be pooled by The City to accomplish projects with	City would take on pooling rather than BIA area(s).

Attachment 2 - Comparison of Recommended Model to November Model

Policy Element	Previous Model – November 2016	Recommended Model – January 2017	Change to Model
	accomplish multi-year projects.	multi-year funding requirements.	
Direction on the use of revenues	BIAs would have full discretion to determine the best use of the funds.	The City will meet with BIAs and CAs annually (as needed) to discuss the use of the funds.	The City plays a more active role in determining priorities for areas (was at BIA discretion previously).
Accountability requirements	BIAs will be required to report on the use of the funds as part of the annual financial statement reporting to Council.	The City would report on fund amounts and determined uses, through The City website and other mechanisms.	The City takes on the accountability requirements.
Community Associations (CAs)	Parking revenues generated outside of BIA areas will be fully retained by The City and surplus amounts directed to the Roads VSI program to conduct community improvements as needed.	Parking revenues generated outside of BIA areas will be fully retained by The City and surplus amounts will be pooled and maintained separately to conduct targeted community improvements as needed.	Generally unchanged. Money will be kept in reserve rather than in Roads VSI program.
Role of The City	The City will provide the dividend payment. Responsible Business Units will work with BIAs case-by-case if BIAs want to use the funds for improvements to City infrastructure.	The City will identify the area funding amounts, coordinate the annual priority meetings and execute the desired work. In some cases, The City would facilitate grants to BIAs and CAs to complete some work.	The City plays a more active role in determining priorities, reporting, and executing the work. Internal staff time needed to coordinate the work will be charged against the reserve.
Certainty of Funding	Dependant on if there is a surplus. There may be no funding provided in some years.	Dependant on if there is a surplus. There may be no funding provided in some years.	Unchanged.

Attachment 3 – List of Potential Improvements

Reinvested revenues may be used for the following purposes in a given area. Note, additional initiatives not listed below may be proposed for consideration by The City of Calgary.

- Mobility-related capital items, including:
  - Streetlights (e.g. decorative poles, pedestrian lighting)
  - Transit Furniture (including shelters and benches)
  - Sidewalks
  - Bollards or gates
  - Bicycle racks
  - Crosswalk and intersection treatments
  - Way-finding infrastructure
  - On-street parking configurations
  - Traffic calming measures
  - Accessibility improvements
- Public realm-related capital items, including:
  - Waste and recycling receptacles
  - Street Furniture
  - Planters and flower baskets
  - Experiential lighting programs (e.g. lighting of facades, features)
  - Banners
  - Public Art
  - Trees and tree grates
  - Fences
  - Retaining walls
  - Low-impact development solutions
  - Burying or relocation of public utilities (must be to improve public realm and not for other purposes).
- Enhanced annual operational services, including:
  - Graffiti Abatement
  - Waste collection
  - Snow clearing and removal
  - Street sweeping
  - Pressure washing
  - Planting of flowers
  - Boulevard maintenance, such as mowing or weed control
- Planning or studies facilitating any of the above objectives
- City of Calgary staff time to support implementation of the above

Attachment 4 – Potential Dividend Amounts

Demonstrative Potential Dividends, based on CPA returns from 2007-2015

	Average Potential Dividend ($)
Total Dividend Amount to BRZs	**1,743,000**
Calgary Downtown Association	1,477,000
Chinatown	51,000
Victoria Crossing	77,000
17th Avenue Retail and Entertainment District	43,000
Kensington	42,000
4 Street SW	41,000
Inglewood	12,000
Total Amount outside of BRZs – VSI Program	**557,000**
Total Dividend Amount	**2,300,000**