

INTEGRATED DOWNTOWN-TOD PARKING STRATEGY

EXECUTIVE SUMMARY

The City of Calgary has maintained a comprehensive downtown parking strategy since the late 1960s. The strategy has evolved over time, but has maintained the core principle of managing downtown traffic congestion by limiting the amount of parking. Managing congestion supports Calgary's economic productivity, improves quality of life for inner city residents, and reduces the growth in vehicle emissions.

The downtown parking strategy was last updated in 2009. The current update is in response to direction from Council (NM2014-30) and development industry concerns that the existing strategy does not align with market demands for parking, and may put new downtown office developments at a competitive disadvantage. Administration evaluated four different scenarios for the downtown parking strategy, and engaged multiple stakeholders including office developers and building managers, the Downtown Association and the Calgary Parking Authority (CPA).

Based on the results of this process, several changes to the current downtown parking strategy are recommended. The changes include ending the cash-in-lieu program, which would allow office developers to retain all required parking onsite instead of providing 50 per cent of the stalls in public parkades. This change will double the amount of parking that can be built onsite for new office towers, enhancing the competitiveness of those projects. At the same time, it reduces long term financial risks to The City that are anticipated if self driving vehicles begin to reduce demand for city-owned structured parking facilities.

Administration recommends that the current bylaw parking ratio, which is tied to downtown traffic capacity rather than market demand, remain unchanged. This ensures that the downtown parking strategy will continue to balance traffic congestion with community impacts, regardless of changes to the cash-in-lieu program.

ADMINISTRATION RECOMMENDATION(S)

That the SPC on Transportation and Transit recommend to Council:

1. Approve the Downtown Parking Strategy Principles in Attachment 3.
2. Direct Administration to undertake the implementation actions in Attachment 4.
3. Transfer all non-committed funds in the Parking Land Acquisition Reserve to the CPA Parking Structure Replacement Fund.
4. Close the Parking Land Acquisition Reserve upon expenditure of previously committed funds to the two approved special purpose projects.

RECOMMENDATION OF THE SPC ON TRANSPORTATION AND TRANSIT, DATED 2016 MAY 18:

That Council:

1. Approve the Downtown Parking Strategy Principles **as amended**, in Attachment 3, **page 1 of 1, number 4, as follows:**
 - "4. Consider parking relaxations of up to 50 per cent below the maximum bylaw requirement for all uses in the Centre City (except residential, which is governed by

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separate parking policies). In these cases, the development must make a financial contribution for each stall not provided onsite. Contributions shall be allocated to the Centre City Mobility Program capital fund to facilitate walking, cycling, transit and City-provided parking within the Centre City **or at LRT stations.**"

2. Direct Administration to undertake the implementation actions in Attachment 4.
3. **Direct Administration to create a process, in conjunction with the Calgary Parking Authority (CPA), and The City's Reserve policies, to enable the CPA to access funds from the Parking Land Acquisition Reserve to support lifecycle requirements for existing cash-in-lieu parking facilities.**

PREVIOUS COUNCIL DIRECTION / POLICY

On 2014 June 23, Council approved Notice of Motion NM2014-30, providing Administration with the following direction:

NOW THEREFORE BE IT RESOLVED THAT Council direct Administration to review and consider whether an adjustment to the Parking Ratio would be appropriate within the context of the number of employees per leasable square foot and the objectives set forth in the Policy Documents and to determine the impacts that any changes to the Parking Ratio would have on the cash-in-lieu policy, economic competitiveness, transportation capacity and mode splits, and other relevant issues;

AND FURTHER THEREFORE BE IT RESOLVED THAT Administration include such a review in the "Update of parking policy initiatives" report including prioritization and timing and report to the Transportation and Transit Standing Policy Committee in July, 2014.

On 2015 January 12, Council approved the Consolidated Parking Policy Work Plan (report TT2014-0935) which included the Integrated Downtown-TOD Parking Strategy and direction to report back to the SPC on Transportation and Transit with policy recommendations in early 2016.

BACKGROUND

Calgary has maintained a comprehensive downtown parking strategy since 1966. Although the downtown parking strategy has evolved over the years, the core principle of managing downtown traffic congestion by limiting the supply of parking has been consistent. This has been in response to decisions in the 1960s to limit the growth of roadway capacity into the downtown core, both to reduce traffic impacts on residential areas and to preserve space for other amenities such as the river pathway system.

While continuing to benefit from robust office and commercial development in the downtown, the parking strategy has provided the following benefits:

- managed growth in peak hour traffic congestion entering and leaving the downtown;

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- limited shortcutting through inner city residential communities;
- facilitated the use of more sustainable transportation choices such as transit, walking and cycling; and
- provided public parking for retail, arts and cultural activities.

The primary tool to manage traffic demand entering the downtown is the bylaw parking ratio for office developments. Since 1972, the maximum office parking ratio has been set to 1 parking stall per 140 m² of gross useable floor area, which has reduced the number of parking stalls per employee in the downtown and mitigated traffic congestion over time and avoided major road construction throughout the inner city.

Since 1972, the downtown parking strategy has also included a cash-in-lieu program, where office developers within the Restricted Parking Area of the downtown are only permitted to build a portion of the bylaw required parking. Instead of building the remaining stalls, developers pay half of the cost of each unbuilt stall to The City of Calgary. The Calgary Parking Authority (CPA) supplements the remaining costs to construct the public parkades located downtown. This provision of public parking provides reliable access to citizens visiting retail destinations or arts and cultural activities in the downtown. It has also provided unrestricted public access to a pool of downtown parking stalls.

Prior to 1984, the cash-in-lieu program allowed office developers to build 20 per cent of the bylaw required parking, with the remaining 80 per cent directed to public CPA parkades. At the time, parking was seen as an expensive, non-profitable component of development, and the cash-in-lieu program allowed both developers and The City to achieve their goals. In 1984, the cash-in-lieu program was modified so that developers were able to build 50 per cent of the required parking onsite, with the remaining 50 per cent directed to CPA parkades.

The last update to the downtown parking strategy came into effect in 2009, when the Restricted Parking Area (shown in Attachment 1) was expanded to cover most of downtown Calgary.

Originally the downtown parking strategy attempted to build public parkades at the edge of the core to intercept traffic before vehicles would enter the core and start circulating to find parking. Over time, the expansion of office and retail development beyond the 1970s core and expansion of the Restricted Parking Area means that many of the original parkades are now embedded within the larger core. As a result, these parkades are no longer fully able to intercept traffic at the edge of the downtown core, though they do remain located on primary vehicular routes.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The Integrated Downtown-TOD Parking Strategy was developed to review the existing downtown parking strategy. It evaluated if and how development industry concerns about the bylaw parking ratio and cash-in-lieu program could be addressed. Whether the downtown parking strategy could be leveraged to support transit oriented development (TOD) and Calgary Transit's park and ride strategy was also analyzed. Finally, the strategy considered how to address emerging trends that may change parking needs in downtown Calgary (in particular, self-driving cars).

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The Integrated Downtown-TOD Parking Strategy addresses off-street parking linked to new office developments. Parking policies to manage on-street parking and multifamily residential developments in the downtown are already being implemented through Council Policy TP017: A Parking Policy Framework for Calgary.

Several parking policy levers were tested in different scenarios looking out to the year 2040. The policy levers are:

- the bylaw parking ratio
- the amount of cash-in-lieu collected; and
- where cash-in-lieu funds, if any, should be invested (inside the downtown or beyond).

Four scenarios, described in Attachment 2, were developed to test a range of options for each policy lever. A set of success measures, also in Attachment 2, were established at the beginning of the project and used to compare the scenarios. The success measurements were developed in coordination with NAIOP, the commercial real estate development association, and the CPA. Some of the success measures could be calculated objectively, while others required qualitative input from stakeholders and the public. The analysis and stakeholder input were used to determine the pros and cons of each scenario, but not to pick one scenario as the preferred option. Instead, the process enabled different elements from several scenarios to be combined to develop the newly recommended Downtown Parking Strategy.

Analysis of the scenarios generated several important findings. Regardless of the scenario, there would be no more than a 10 per cent increase in the supply of downtown parking between now and 2040 (from 45,000 public and private stalls to less than 50,000). With continued employment growth projected, this would keep the number of parking stalls per employee roughly the same as it is today (approximately one stall per three employees). As a result, in all of the scenarios:

- Transit use during the morning rush hour would remain around 50 per cent of all trips to the downtown. Due to employment growth, this still represents an increase in the total number of transit passengers between now and 2040.
- Traffic congestion would increase slightly. Continuing with business as usual would result in an 8 per cent increase in congestion (similar in impact to the closure of the Centre Street Bridge in 2001), while other scenarios would see congestion increases between 4 per cent and 10 per cent. This change in traffic congestion could be managed through small-scale operational improvements and further peak spreading.
- Changes in parking policies would have little to no impact on the price of off-street parking in downtown Calgary. With approximately the same number of stalls per employee in each scenario, there would be no noticeable impact on supply and demand fundamentals. This depends on the continued restriction on new surface parking lots.
- Growth in off-street parking for short stay customers (those parking for less than 4 hours) is the most reliable if the CPA provides additional unrestricted public parking.

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Some privately owned parkades have a small amount of additional capacity however, which could supplement short stay demand if it public access could be facilitated.

A wide range of feedback was received from stakeholders and the public on the four scenarios, with advantages and disadvantages identified for each. In general, there was a desire to see the bylaw parking ratio adjusted to reflect market demand, with less concerns expressed about downtown and inner city congestion. Many stakeholders also preferred more private control of new parking, rather than public control.

Two of the four scenarios considered investing cash-in-lieu funds outside of the downtown. Instead of building new CPA parkades in the downtown, the funds would be used to replace park and ride stalls lost due to the development of high density, mixed use TODs around some transit stations. Even if the bylaw parking ratio were relaxed to allow more parking stalls per downtown office development, investing cash-in-lieu funds at park and ride sites would limit the number of new parking stalls actually built in the downtown. This in turn would help to limit congestion growth in the downtown. However, a number of problems were identified with this approach during the analysis:

- given the current economic downturn, little or no new cash-in-lieu funding is expected for 5 to 10 years, and could therefore delay TOD projects dependent on those funds,
- cash-in-lieu would generate funding for only about 1,000 stalls over 25 years, while up to 5,000 could be needed (e.g. Anderson TOD has over 1,700 stalls),
- stakeholder reaction to the concept was mixed, and identified an increased legal risk from using cash-in-lieu funds outside the downtown,
- operational costs (up to \$8 per stall per day) for parking structures in TODs or main streets outside the downtown core would need to be addressed, and
- additional or replacement structured parking facilities in TODs or main streets may not be well used in the future as self-driving cars become increasingly common.

An important risk that has emerged since the 2009 review is the growing probability that a significant portion of automobiles could be self-driving by 2040. Privately owned self-driving cars may be able to drive themselves to other areas of Calgary to find free parking, while shared self-driving cars could drop off riders and proceed to pick up new customers without needing to park. At the same time, some owners of self-driving cars may elect to continue paying for parking in or near the downtown, using connected technology to find available parking.

Cash-in-lieu funds used to build new parking structures over the next 5 to 15 years would have a service life out to 2070 or 2080. This puts much of a new parking facility's service life well beyond the potential mass adoption of self-driving cars. Underutilized parking structures therefore represent a potential financial liability to The City. Since parking price will not manage the use of self-driving cars to access downtown in the future, the resulting impacts on downtown congestion and inner city shortcutting are less clear, and require ongoing research and analysis.

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Based on the analysis and stakeholder feedback, Administration is recommending several changes to the existing downtown parking strategy. The recommended Downtown Parking Strategy Principles are provided in Attachment 3. Table 1 summarizes several core elements of the strategy.

Table 1 – Key Elements of the Downtown Parking Strategy

Strategy Element	Current (2009)	Proposed
Office Bylaw Parking Ratio	1 stall per 140m ² gross usable floor area	1 stall per 140m ² gross usable floor area
Cash-in-Lieu	50% Developer / 50% City	End program (100% developer)
Office Parking Relaxations	Not allowed (additional cash-in-lieu instead)	Allowed with financial contribution
New Standalone Parking Facilities (parkades or surface lots)	Prohibited except by CPA using cash-in-lieu	Prohibited except by CPA in limited circumstances

Administration recommends retaining the current office bylaw parking ratio for office buildings. The ratio is the primary tool to manage traffic congestion in the downtown and inner city, and has directly supported growing use of Calgary Transit as a more sustainable travel option to the core. Changing the ratio to reflect market demand (closer to 1 stall per 90m² of gross useable floor area based on industry estimates) would not result in any noticeable benefit to citizens. Rather, allowing increased parking in the downtown would increase congestion by 10 per cent or more (beyond the 8 per cent anticipated in the business as usual or recommended scenarios), but offer no noticeable reduction in off-street parking fees.

Administration does recommend concluding the cash-in-lieu program. This will not change the total number of new parking stalls built in the downtown, but will alter who owns and controls the new stalls. Once the cash-in-lieu program ends, new office developments will be able to build 100 per cent of the bylaw required stalls onsite, doubling the number of parking stalls compared to current policy. This will help to maintain the competitiveness of new office developments when compared to other downtown office towers that were built with 100 per cent of the required parking prior to the expansion of the Restricted Parking Area in 2009. The City will benefit by not increasing the number of publically owned parking stalls, thereby limiting the longer term financial risks posed by self driving cars.

In order to allow private developers to also manage construction costs, and similar risks due to self driving cars, Administration recommends that parking relaxations of up to 50 per cent should be considered for new developments if the developer makes an offsetting financial contribution to walking, cycling, transit or small-scale parking projects in the Centre City. These financial contributions support the other modes of transportation that will be needed if less than the bylaw required amount of parking is built. The offsetting projects provide a clear and direct benefit to the employees working in the new office towers.

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Consistent with current policies, new stand alone parking structures or surface lots will continue to be prohibited in the downtown core. The CPA may construct public parking in limited circumstances, such as the use of funds from parking relaxations, for lifecycle replacement of current facilities, or as part of cultural or other amenities. It is recommended that the CPA and City work to maintain the approximate levels of public parking that will be in place upon completion of the East Village parkade. This public parking supply will continue to serve retail, arts and cultural destinations in the downtown, and continue to fulfill previous cash-in-lieu commitments for existing office developments. Maintaining current parking supply levels will also ensure that existing CPA revenues are protected, including those returned to The City. This will not allow for continued growth of parking revenues from the downtown however.

Under the current system, The City provides funding to purchase land in the downtown for new cash-in-lieu parking facilities. The value of the Parking Land Acquisition Reserve at the end of 2015 was \$38.2 million, of which approximately \$4 million is still committed to two special purposes (the Hillhurst/Sunnyside TOD project and 8th Avenue Laneway design project) as approved by Council in report C2013-0509. Given that the cash-in-lieu program is being concluded, the non-committed funding is no longer required in this reserve. Administration recommends that the funds should be reallocated to resolve under-funded lifecycle replacement requirements for existing CPA structures that were built under the current cash-in-lieu program. This ensures that parking constructed under the existing cash-in-lieu program is maintained over the lifetime of the office buildings that contributed to the program. Once the two special purpose projects have been completed, the Parking Land Acquisition Reserve will be closed.

Going forward, Administration will work with office building owners and developers in an effort to increase access to underused parking stalls for short stay parkers. This may involve changes to existing rules and regulations, the use of new technology, and enhanced information to connect drivers with available parking spaces. New parking in office buildings should also be designed to allow easy public access after hours, making it easier for private facilities to support retail, arts and cultural activities in the Centre City if they choose to pursue that option.

Attachment 4 summarizes all of the actions that should be undertaken to update and implement the recommended Downtown Parking Strategy Principles. Several additional actions stemming from stakeholder feedback have also been included. The estimated completion date for each action is identified, some of which will require follow-up reports to the SPC on Transportation and Transit.

Stakeholder Engagement, Research and Communication

NAIOP, the commercial real estate development association, has been engaged by the project team throughout the development of the Downtown Parking Strategy principles. Representatives from both NAIOP and the Building Owners & Managers Association (BOMA) also participated in a targeted workshop on the four scenarios. A joint letter of support for the recommendations from NAIOP and BOMA is included in Attachment 5.

The Downtown Association has similarly been engaged at several points throughout the process, including participation in another targeted workshop on the scenarios. The project

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team has worked with CPA staff to develop the final recommendations, and has advised the CPA Board.

Two open houses and an online survey were used to collect feedback from the general public, land owners and other stakeholders who may not have been able to attend a public meeting. In addition, meetings were held with staff from Roads, Planning & Development and the Office of Land Servicing and Housing (OLSH).

Strategic Alignment

Maintaining the current bylaw parking ratio, which manages downtown traffic demand, aligns with the goals of the Municipal Development Plan and Calgary Transportation Plan (CTP) to encourage the use of more sustainable transportation options. In addition, the proposed principles support specific parking policies in the CTP by having funds collecting from parking levies used to fund related transportation improvements, and encouraging optimized use of existing parking facilities.

Section 6.5 of the Centre City Plan identifies a peak hour transit mode split of 60 per cent, which was based on an aspirational target in imagineCalgary. The analysis conducted for this project has found that maintaining a 50 per cent peak hour transit mode split is more realistic, if the same proportion of parking stalls are occupied on an average day. Maintaining at least a 50 per cent transit mode split will still mean the absolute number of transit trips to the downtown will grow between now and 2040.

Social, Environmental, Economic (External)

By continuing to manage traffic demand, the proposed Downtown Parking Strategy principles help to maintain the quality of life in inner city communities by limiting the growth of vehicular traffic near or through those communities. Managing traffic demand also limits the growth in greenhouse gas emissions and local air pollution that would be generated if more commuters were to drive into the downtown core. Increased congestion also has direct economic costs, primarily from lost productivity due to time stuck in traffic.

The recommended principles support the economic competitiveness of the downtown by allowing individual office towers to retain more parking onsite. This will eliminate any competitive disadvantage between new office developments and older buildings that already have higher parking supplies onsite. This in turn will help to encourage ongoing office development in the downtown.

Financial Capacity

Current and Future Operating Budget:

There are no impacts to The City's current or future operating budgets.

Current and Future Capital Budget:

Transferring funds from the Parking Land Reserve to the CPA Parking Structure Replacement Fund avoids future taxpayer support for lifecycle repairs of CPA facilities.

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Risk Assessment

The following risks have been identified and addressed through the recommended principles:

- **Increased congestion** – the risk of increased congestion impacting the downtown and inner city communities has been limited by retaining the current bylaw parking ratio. Continued growth of downtown employment will still result in modest traffic increases (similar in scale to the closure of the Centre Street bridge in 2001) that can be managed through operational traffic improvements over time.
- **Self-driving cars** – there is a growing probability that a significant portion of automobiles will be partially or fully self driving by 2040. This poses a high risk to downtown parking, since privately owned self-driving cars will be able to drive outside the downtown to find free parking, while shared self-driving cars will drop off commuters and proceed to pick up a new customer without needing to park. Capping the growth in City-owned downtown parking limits The City's and CPA's exposure to owning and maintaining underutilized parking facilities. The impact of self-driving cars on downtown congestion and inner city shortcutting requires further analysis.

REASON(S) FOR RECOMMENDATION(S):

The recommended Downtown Parking Strategy principles align with City goals to manage downtown and inner city traffic congestion, while supporting the use of more sustainable modes of transportation. The principles address industry concerns about providing a competitive parking supply on-site for new office towers. The anticipated risk to The City and CPA of reduced parking demand downtown due to self-driving cars is also partially mitigated by the recommendations.

ATTACHMENT(S)

1. Map of Restricted Parking Area
2. Parking Scenarios and Success Measures
3. Recommended Principles for the Downtown Parking Strategy
4. Implementation Actions for the Downtown Parking Strategy
5. Letter of Support from NAIOP and BOMA