



City of Santa Barbara  
Downtown Parking Committee

## Staff Report

**DATE:** April 11, 2024  
**TO:** Downtown Parking Committee  
**FROM:** Sarah Clark, Downtown Team Manager  
**SUBJECT:** Fiscal Year 2025 Draft Budget Proposal and Rate Structure

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### RECOMMENDATION:

That the Committee review, discuss, and recommend staff's draft Fiscal Year 2025 budget proposal, including changes to rates for parking in Downtown surface lots, garages, and on streets.

### DISCUSSION:

Changes in downtown business operations and customer parking behavior have set a new, substantially lower, normal for downtown parking lot occupancy. Hourly fee increases in Fiscal Year (FY) 2023 and FY 2024 brought a small revenue increase, but expenses have continued to outpace revenues. Absent any changes, FY 2025 expenditures are expected to exceed revenues by \$3.8M. This deficit would exhaust Downtown Parking Fund Reserves and require a substantial General Fund transfer to sustain facilities and operations.

The period of subsidized parking offered in Downtown Parking (DTP) lots and garages has always been very popular with the public. Historically, around 60% of transactions in the lots and garages have been free, meaning only around 40% of customers pay for parking. This subsidized period is a major driver of customer behavior – customers hurry back to their vehicles to avoid paying for parking.

In addition, the off-street parking system is located amidst a large supply of free on-street parking, meaning that the paid parking supply must directly compete with a free system. Many of the free on-street spaces are located closer to customer destinations than the paid off-street spaces, making them more desirable to customers.

Although these two parking supplies are currently operating separately, they are a single system and should be managed as such. Changes to fees, subsidized parking, and occupancy in the off-street lots directly impacts parking on the surrounding streets. The opposite is also true – the availability and cost of parking on the streets impacts customer usage of the off-street lots.

The City can no longer sustain the parking system and the services it funds, such as State Street cleaning and maintenance, with a funding model that relies on revenue collected from fewer than 40% of the vehicles that use the system.

Beyond revenue shortfalls, the Downtown parking system is not meeting the needs of the community. The 75-minute subsidized period and high daily maximum charge (\$33) incentivize visitors to shorten their stays Downtown to avoid paying, or to avoid escalating charges. Street parking is difficult to find. Rather than turning over frequently to free up customer spaces, parking in front of businesses is often occupied by employees and other long-term parkers. This is especially acute on the 00 blocks immediately off State Street, where drivers who are unable to find legal parking spaces often park in yellow loading zones, or even occupy red curb areas. Downtown employees park in high-value customer spaces or in residential neighborhoods to avoid paying parking fees. Drivers circle blocks searching for free parking spaces, creating traffic, pollution, and noise.

Staff's FY 2025 budget proposal seeks to implement a new model of funding and managing the Downtown parking system that generates adequate revenue to fund parking operations and maintain capital, distributes the cost of parking more evenly, and creates a parking system that serves all users and facilitates easy access to Downtown businesses and attractions.

**RECOMMENDED FY 2025 BUDGET**

A summary of the proposed FY 2025 budget is included as Attachment 1. Major changes are as follows:

	Proposal	Change	Purpose
<b>Revenues</b>			
Garages	60 Minutes Subsidized \$2.00/hour \$10 Daily Max	\$109,204	<ul style="list-style-type: none"> <li>• Encourage longer stays</li> <li>• Move longer-term parkers into lots with highest capacity</li> <li>• Reduce the cost of longer stays</li> </ul>
Surface Lots	15 Minutes Subsidized \$1.50/30 minutes No Daily Max	\$1,390,913	<ul style="list-style-type: none"> <li>• Free up capacity in high-demand surface lots</li> <li>• Create turnover</li> <li>• Discourage long-term parking</li> <li>• Allow payment in smaller increments to reduce cost of shorter stays</li> </ul>
Street	15 Minutes Subsidized \$0.75/15 minutes No Daily Max	\$2,522,265	<ul style="list-style-type: none"> <li>• Improve availability of highest-value parking spaces for customers</li> <li>• Make it easier for customers to access businesses</li> <li>• Create turnover</li> <li>• Discourage long-term parking</li> </ul>
Employee Permits	\$70/month in garages	(\$742,260)	<ul style="list-style-type: none"> <li>• Reduce the cost of employee parking</li> <li>• Reduce employee demand for street parking</li> </ul>
<b>Change in Revenue</b>		<b>\$3,280,122</b>	
<b>Expenditures</b>			
Capital	<b>Defer</b> <ul style="list-style-type: none"> <li>• Amtrak Building Repair</li> <li>• Revenue Control System</li> <li>• Garage Floor Joint Repair</li> <li>• Rey Road Improvements</li> </ul>	(\$2,100,000)	Create savings
Capital & Ops	Implement Priced Street Parking	\$1,052,048	Facilitate implementation of revenue strategy
<b>Change in Expenditures</b>		<b>(\$1,047,952)</b>	
<b>Surplus/Deficit</b>		<b>\$429,930</b>	

## **IMPLEMENTATION**

### *Priced On-Street Parking*

This effort will represent the City's first implementation of priced on-street parking. Fees will be collected on a "pay-by-plate" basis, wherein a customer enters their license plate number into a mobile payment app, mobile website, or self-serve kiosk, selects the duration of their intended stay, and pays fees due. Customers who choose to use mobile payment options will be notified when their time is due to expire and will have to opportunity to extend their stay without having to return to their vehicle. Fee collection will be enforced by DTP staff who will use License Plate Recognition (LPR) technology to identify vehicles that have not paid and issue fee due notices.

Street parking fees will be in effect from 8:00 AM to 8:00 PM, seven days a week, with possible seasonal adjustments for daylight. A map of the proposed priced parking areas is included as Attachment 2.

### *Implementation Plan*

Downtown Parking staff are developing a robust implementation plan, which will be presented and discussed in greater detail at future Committee meetings. Components will include:

- **Outreach.** DTP began the process of updating our funding and operational models based on community needs and feedback in fall of 2023, when an online parking preferences survey was distributed to the community, and when staff conducted an intercept survey to better understand our customer base and customer behavior. Through the first three months of 2024, staff have conducted targeted outreach to downtown stakeholders, giving presentations, conducting small group workshops, meeting one-on-one with stakeholders, and working with internal stakeholders to develop and refine the recommended budget strategy for FY 2025.

Outreach will continue up until and beyond rollout of priced street parking, with communications through media, signage, mail, social media, public meetings, and door-to-door discussions. Outreach will be targeted and tailored to key stakeholders, Downtown residents, employers, and Downtown visitors.

- **Procurement** of pay stations, signage, payment apps and mobile web services, LPR enforcement equipment and enforcement vehicles, handhelds for fee notice issuance, and safety equipment.
- **Developing Policies and Standard Operating Procedures**, to include changes to the Municipal Code, an updated policy for use of LPR data, and development of standard operating procedures (SOPs). Staff will research peer cities to identify best practices.

- **Staffing and training.** DTP will begin by using existing, permanent staff to collect fees and issue fee due notices for paid street parking. This will enable staff to develop and refine SOPs, determine ongoing staffing needs, and train more junior staff. Staff will also develop safety strategies, protocols, and hazard assessments.
- **Phasing** of rollout, including location and installation of equipment, outreach, and initiation of fee collection.
- **Mitigation.** This proposal represents a major change to longstanding prices and practices that may cause significant shifts in behavior of parkers. While some of these changes are desirable, others may have negative impacts. Staff will take steps to mitigate these impacts. Staff are planning a program of locals incentives, similar to the recent Film Festival Pass, to give City residents opportunities to park Downtown at discounted rates for special events and uses. Because reducing the subsidized parking period and charging for on-street parking may cause some parkers to seek parking further out in residential neighborhoods, staff are developing an expedited request process for adding Resident Permit Parking restrictions to new blocks, and will waive permit fees for two years for residents of blocks who require new restrictions.
- **Evaluation.** Staff are planning for a flexible, adaptable deployment that will be monitored, evaluated, and adjusted on an ongoing basis. Revenues will be monitored daily and reported out monthly. Street parking occupancy will be carefully monitored to enable fine-tuning of the priced street parking strategy.

New rates in garages and surface lots will go into effect on July 1, 2024. Rollout of priced street parking is expected to begin in October of 2024.

**ATTACHMENT(S):** Attachment 1 – Budget Summary  
Attachment 2 – Map of Priced Parking Area