CITY OF HAMILTON

PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Downtown Renewal Division

Report to: Mayor and Members Committee of the Whole
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SUBJECT: Reinvestment of a Portion of Hamilton Municipal Parking System Net Operating Surplus to Benefit Eligible Business Improvement Areas (PED06003) (Wards 1, 2, 3, 4, 6, 7 and 13)

RECOMMENDATION:

That, as part of the 2006 Budget process, consideration be given to allocating 10% of the Hamilton Municipal Parking System’s net operating surplus to fund an ongoing reinvestment strategy supporting parking related programs or projects to the benefit of those Business Improvement Areas that are regulated by parking meters or other user-pay devices that regulate parking.

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EXECUTIVE SUMMARY:

As suggested by the Committee of the Whole in 2003, discussions were initiated between representatives of the Hamilton Association of Business Improvement Areas (HABIA) and staff respecting parking and its affect on the revitalization of various business communities throughout the City. These discussions resulted in a mutually agreed upon proposal whereby a percentage of the annual net operating surplus of the Hamilton Municipal Parking System (HMPS) would be made available for reinvestment into programs or projects of special interest to HABIA and its members.
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Such annual funding would be limited to 10% of the HMPS' budgeted net operating surplus and, as previously indicated, said funds would only be used to help finance programs/projects that are specifically related to parking, such as the beautification or improvement of municipal parking facilities, the provision of complimentary parking during special events taking place within a given Business Improvement Area (BIA) and the posting and maintenance of "way finding" signs.\(^1\)

Staff and HABIA have agreed that only BIAs contributing to parking revenues through the operation of parking meters or other user pay devices that regulate parking (such as "pay-and-display" machines) within their boundaries should benefit from the proposed strategy, and that the portion of the 10% of net operating surplus to which a given BIA is entitled would be directly proportionate to the percentage of parking revenues generated within said BIA.

Under the proposed strategy, currently referred to as the Reinvestment of Parking Surplus (RIPS) Program, each eligible BIA would identify which programs or projects they believe would be of the greatest benefit to their member businesses and, through HABIA, request that funds be dedicated to the identified programs or projects. Subject to confirmation that the criteria governing the RIPS program were satisfied, HMPS would apply an appropriate proportion of the 10% of the net operating surplus to the identified programs or projects. HABIA and each member BIA would be entitled to request reinvestment of the subject net operating surplus in programs or projects in accordance with their own priorities.

**BACKGROUND:**

At its meeting of March 4th, 2003, the Committee of the Whole discussed the matter of paid parking in commercial areas and, during that discussion, it was suggested that revenues generated from parking meters within BIAs might be returned to the BIAs for their benefit. Councillor Collins, then the Chairman of the Hamilton Association of Business Improvement Areas, in a letter to the Mayor and Members of Council dated August 6th, 2003, indicated that HABIA fully supported such an initiative and had already entered into discussions with HMPS.

Discussions between HABIA and staff have resulted in the following agreed upon terms:

1. The RIPS Program will only benefit BIAs having paid regulated parking within their boundaries.

2. The Dundas BIA will be included under special provisions to accommodate the ParkSmart contract.\(^2\)

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\(^1\) On-street signage directing motorists to off-street parking lots.

\(^2\) The percentage of parking revenues attributed to the Dundas BIA will be based upon the City's portion of said revenues, exclusive of ParkSmart's portion, until the contract with ParkSmart is concluded, at which time 100% of the meter revenues generated in Dundas will be factored in.
3. The RIPS Program will not affect existing “free” parking programs, however the dedicated revenue surplus may by applied to offset the costs associated with the creation of new free parking programs or the expansion of existing free parking programs.

4. Each of the nine eligible BIAs will have access to a portion of the 10% of the net operating surplus consistent with the average parking revenues produced within the boundaries of each BIA that accrue to the City. For clarity, the percentage of the shared surplus available to a given BIA will be equal to the percentage of on and off street parking revenues said BIA generates.

5. The subject 10% of the net operating surplus shall remain in the accounts of HMPS until a program or project requiring funding has been identified by HABIA, at which point, funds for that program shall be expended by HMPS.

6. Said funds shall not exceed 10% of the HMPS’ budgeted net operating surplus in any given year. However, such funds or a portion thereof, may be set aside in a “Reserve Fund” account to support long term programs or to support projects having a cost that is greater than one year’s available funding.

7. Eligible items for expenditure with funds that the HMPS will set aside for use by the BIAs will include:

   (a) Expanding Free Parking Programs where HMPS operations allow.

   (b) Parking Associated Capital Expenditures (parking signage, upgraded lighting, planters, landscaping, new parking machines etc.)

   (c) Advertising/promotion of parking programs (a maximum contribution of up to 50% of the cost).

   (d) Special Event related parking expenses.

The foregoing terms shall define the general provisions under which any policies and procedures are developed to implement and facilitate the RIPS Program.

**ANALYSIS/RATIONALE:**

While extensive research into the practice of dedicating parking revenues to finance improvements within Business Improvement Areas has not been undertaken, staff is aware of at least two municipalities that have successfully implemented similar programs.

In 1992, the City of Saskatoon approved the financing of various streetscape and parking improvements within its three “Business Improvement Districts” relying on funds

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3 All annual maintenance impacts of capital expenditures are to be addressed prior to implementation.
generated by parking meters. In a report submitted by their Director of Planning and Development dated November 18, 1992, which was subsequently adopted by the Council of the City of Saskatoon, it was recommended that 43% of parking revenues (net of the GST) be allocated to the "Streetscape Reserve" and that 3% be allocated to Business Improvement District Operating Grants.

Similarly, the City of Old Pasadena, in 1993, borrowed $5M to finance the “Old Pasadena streetscape and alleyways project” and dedicated its parking meter revenue to repaying the debt. The bond proceeds paid for street furniture, trees, tree grates, and historic lighting fixtures throughout the business district and dilapidated alleys were turned into safe, functional walkways with access to shops and restaurants.

While the proposal set out in this report is not as extensive as the programs cited above, the experiences of Saskatoon and Old Pasadena do establish a precedent which indicates that reinvesting some portion of parking revenues in the Business Improvement Areas is a viable consideration.

ALTERNATIVES FOR CONSIDERATION:

Status Quo

Maintaining the status quo would preclude the BIAs from having any formal input into what programs or projects, if any, might be funded, or partially funded, by any percentage of the HMPS net operating surplus which would, therefore, be inconsistent with the message clearly received by HABIA from the Committee of the Whole in 2003.

Providing the BIAs with the opportunity to identify their preferred priorities would improve relations between the City and organized businesses and, quite possibly, enhance the experience of constituents doing business within the subject BIAs.

Variation of Percentage of Available Surplus

A 10% limit of the HMPS’ net operating surplus has been identified by staff as the “optimal” level for private sector directed reinvestment, i.e. large enough to be of some value to HABIA but small enough to assure the management of any negative effect on the HMPS Capital and Operating Budgets.

FINANCIAL/stAFFING/LEGAL IMPLICATIONS:

Financial Implications

The Hamilton Municipal Parking system is a self-sustaining business unit which receives

4 Figures published in September of 2004 at www.sfn.saskatoon.sk.ca indicate that Parking Meter revenues in Saskatoon average $2,500,000 per annum and that some $925,000 per annum is dedicated to streetscape enhancement projects.

no tax support, but is supported totally by its users through parking fees, fines and other miscellaneous revenues. All capital projects are also "self-financed". The recommended 2006 HMPS Budget provides for a net operating surplus of $422,140.

At present, all parking surpluses (i.e. $422,140 based on the 2006 Maintenance Level Budget) are returned to the City's general levy to help off-set tax increases. Accordingly, the recommendation that 10% of the HMPS' net operating surplus be made available for reinvestment into BIA parking related programs/projects would reduce the funds returned to the levy by approximately $42,210 for 2006. For 2007 and each year thereafter, BIA parking funding (10% of the HMPS net operating surplus) would be included as a line item in each year's budget.

Staffing Implications

N/A.

Legal Implications

N/A.

POLICIES AFFECTING PROPOSAL:

The recommendation is consistent with the City's policies respecting the development of public/private sector partnerships and supports the City's policies respecting downtown renewal.

RELEVANT CONSULTATION:

Legal Services and Corporate Counsel were consulted and raised no concerns. Finance and Administration were consulted and advised as to the implementation of the proposed program through the Budget process. HABIA and its constituent BIA organisations were consulted and support the recommendations.

CITY STRATEGIC COMMITMENT:

By evaluating the "Triple Bottom Line", (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
Partnerships are promoted.
The relationship between the City and the participating Business Improvement Areas is enhanced.

Environmental Well-Being is enhanced. ☐ Yes ☑ No

Economic Well-Being is enhanced. ☑ Yes ☐ No
Investment in Hamilton is enhanced and supported.
Reinvestment in parking related programs and infrastructure.
Further, the recommendation speaks to the intent of the City’s Strategic Plan by supporting fiscal accountability, encouraging innovation and promoting excellence in service since the reinvestment of a portion of the net operating surplus in parking related programs and projects will further promote the HMPS mandate to operate as a "self sustaining business unit" and, ultimately, contribute to the continued reduction of the tax burden borne by the constituency.

Does the option you are recommending create value across all three bottom lines?  
☐ Yes  ☒ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants?  
☐ Yes  ☒ No

As a final note, the recommendation supports the achievement of service excellence by effectively managing change and adopting best practices. The recommendation is consistent with HMPS Mission to manage the life cycle of its parking facilities “in support of the residential and business communities and the City’s Land Use, Transportation and Economic Development initiatives”.

MBH/PDB/kag