



CITY OF VANCOUVER

ADMINISTRATIVE REPORT

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Meeting Date: March 13, 2007

TO: Standing Committee on Transportation and Traffic

FROM: General Manager of Engineering Services in consultation with the General Manager of Corporate Services

SUBJECT: Parking Payment in Lieu - review of fees and area, and assignment of payments

RECOMMENDATION

- A. THAT the payment-in-lieu fee per parking space be increased from \$14,500 to \$20,200;
- B. That the payment-in lieu boundary, currently bounded by Burrard on the West, be extended west of Burrard Street as shown on Appendix A, to reflect the addition of a City parking facility at 1095 Waterfront Road;
- C. That payments totalling \$895,000, identified in Appendix C, be transferred from the Payment-in-lieu Fund to the Parking Site Reserve.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS A, B, and C.

COUNCIL POLICY

The payment-in-lieu parking fee set by Council is based on the average cost of providing parking space within a civic parking facility less expected revenue.

Payment-in-lieu funds received are held in the Payment-in-lieu of Parking Reserve until specific parking spaces are identified and allocated to a specific lot by Council.

BACKGROUND

Generally, under the Parking Bylaw, a development is required to provide a specific amount of on-site parking to meet the development's basic needs. However, not all developments can reasonably provide parking for their needs. Rather than have development denied, or parking requirements waived, the City introduced a Payment-in-lieu policy in 1986. This option allows the payment of the net cost of a parking space to the City in areas where the City could reasonably be able to provide the parking. The net cost is defined as the capital and operating cost less future revenues.

The payment-in-lieu areas are shown on Appendix A and include the historic districts (which have reduced parking requirements) and much of the Downtown. These areas were established because the City either has provided or could reasonably provide parking in off-street parking facilities. Payment-in-lieu is authorized by the City's Charter which allows its use for commercial and heritage residential developments. Any money paid is required to be paid into a reserve fund and only used for the provision of new or existing parking spaces.

The Payment-in-lieu system primarily affects heritage areas where parking is often impossible to provide on site. Payment in lieu does not occur very frequently and payments to date have been primarily for heritage related developments.

PAYMENT-IN-LIEU FEE

Council policy is that the payment-in-lieu fee take into account the net cost of providing a parking space within civic parking facilities in the official payment-in-lieu area(s). To establish this fee, construction and any land costs are offset by income from the parking facility. Developers who request the payment-in-lieu option still have to pay market rates for the use of any parking spaces the City provides. Once the parking space(s) are assigned the developer is given priority in leasing parking for these spaces in a City parkade.

The economics of three recent City parkade developments were considered in updating the payment-in-lieu fee. Appendix B shows the payment-in-lieu of parking fees calculated using the methodology previously used and approved by Council. An average of the payment-in-lieu amounts calculated for each area is used to generate a composite rate. It should be noted that the recently acquired Chinatown parkade at Keefer and Columbia was not included in the analysis because it is over 10 years old and the City paid only a small portion of its initial costs.

- In Yaletown the City has recently taken ownership of 154 public parking spaces and a public park as part of the Yaletown Park residential development at Mainland and Nelson streets. This is the third Yaletown parking facility and has somewhat higher capital costs, although there is no land cost for this facility. The net operating income is projected to be similar to the other Yaletown parkades
- In Gastown the City rebuilt the Gastown parkade; the portion adjacent to Water Street, which serves the Gastown community, was used in the analysis. The capital cost includes the cost to renovate and add to this facility as well as the original acquisition cost.

- In the Central Business District the City earlier this year completed the small parkade at 1095 Waterfront Road through arrangements with VECCP.

The analysis shows that the average net cost per stall has increased, and this report recommends that the payment-in-lieu charge be increased from \$14,500 to \$20,200. This increase reflects the capital costs, inflated to January 2007, of the Gastown, Waterfront, and Yaletown parkades, and operating costs offset by revenues from the operations by the Parking Corporation of Vancouver (EasyPark).

ASSIGNMENT OF PAYMENT-IN-LIEU FUNDS

Funds which are paid for payment-in-lieu parking spaces are held in the Payment-in-lieu reserve fund. These funds must be used for parking spaces to serve the development, and are generally assigned to an existing space in a City parkade. Once Council assigns the parking space for the payment-in-lieu use, the funds are transferred from the Payment-in-lieu fund to offset the costs of this space.

Since 1986, the City has collected \$2,233,800 for 191 parking spaces. The City has committed \$1,338,800 for 129 parking spaces. The City can commit the balance, \$895,000 for 62 parking spaces, in parkades which will serve the parking needs for each payment. A detailed listing of the Payment-in-lieu funds recommended for transfer is shown in Appendix C. The \$895,000 would be transferred to the Parking Site Reserve fund, which funded the development of the spaces.

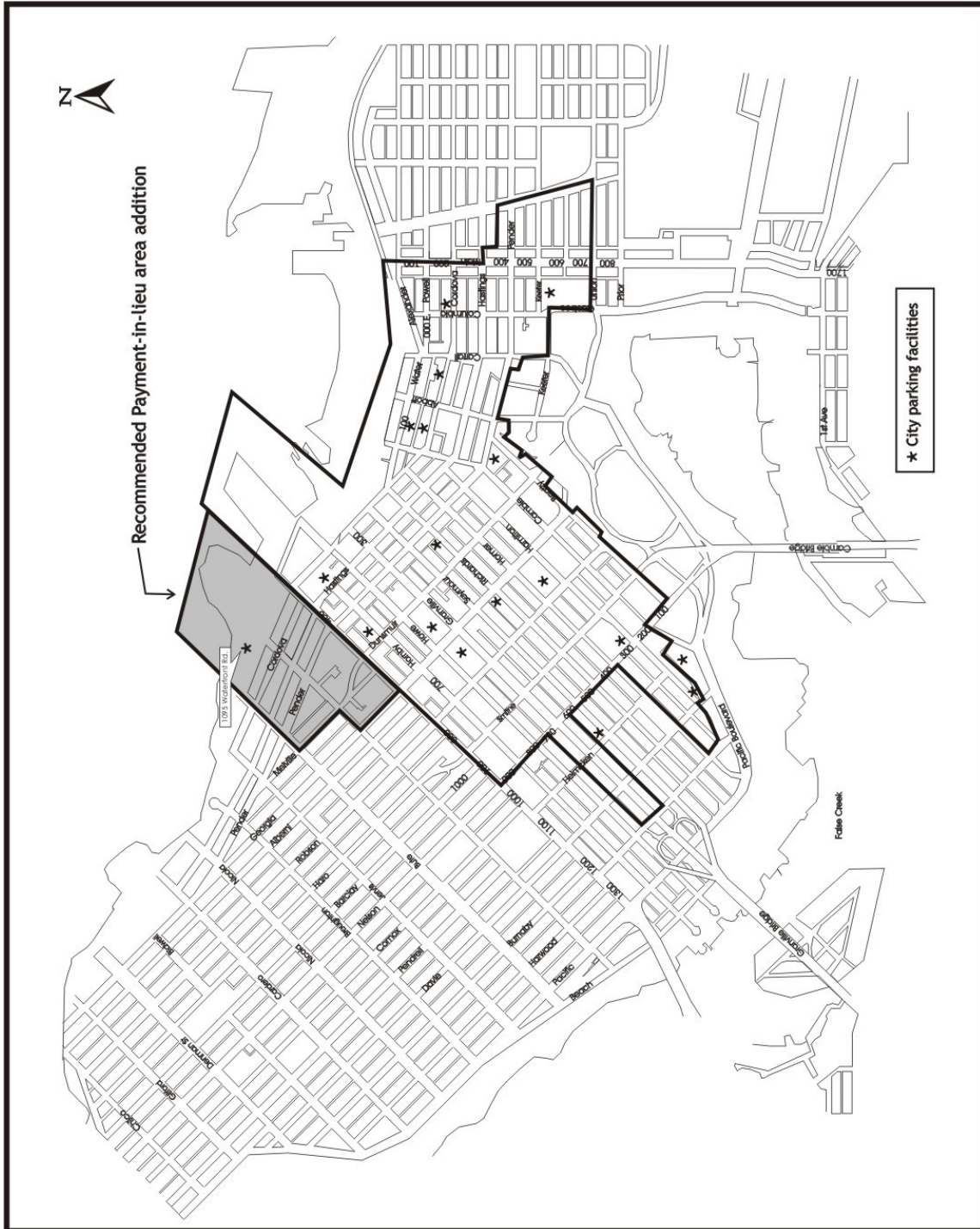
EXPANSION OF PAYMENT-IN-LIEU AREA

The payment-in-lieu area, shown on Appendix A, is restricted to an area where the City would reasonably be able to provide alternate parking to serve development. It also recognizes City policy which favours on-site parking as the best option, if it can be provided. In the Downtown the City has recently built a parkade to serve the area adjacent to the Vancouver Convention Centre expansion project, including the foreshore seaplane operations. It would therefore be appropriate to expand the payment-in-lieu area to include the area which could be reasonably served by this parkade. The recommended expansion is west of Burrard Street and is shown on Appendix A.

CONCLUSION

This report reviews the payment-in-lieu parking fee and recommends the fee be set at \$20,200 to reflect the net cost for the City to provide a parking space. It also recommends that the payment-in-lieu boundary be expanded west of Burrard Street, adjacent to the City's new parkade at 1095 Waterfront Road, and that a number of payment-in-lieu payments be assigned to parking facilities and the amount, totalling \$895,000, be transferred to the Parking Site Reserve fund.

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City of Vancouver
Payment-in-lieu Analysis
2006

	Yaletown 902 Hamilton	Gastown 150 Water	Downtown 1095 Waterfront	
	154 Spaces	796 Spaces	103 Spaces	Average
Present value of revenue ¹	\$23,800	\$26,200	\$49,100	\$33,033
Present value of operating	(\$10,200)	(\$19,700)	(\$18,500)	(\$16,133)
Capital cost including any land ²	<u>(\$30,958)</u>	<u>(\$30,164)</u>	<u>(\$44,793)</u>	<u>(\$35,305)</u>
Net Costs	(\$17,358)	(\$23,664)	(\$14,193)	(\$18,405)
10% Contingency	<u>(\$1,736)</u>	<u>(\$2,366)</u>	<u>(\$1,419)</u>	<u>(\$1,841)</u>
Total present value net cost	<u>(\$19,094)</u>	<u>(\$26,031)</u>	<u>(\$15,612)</u>	<u>(\$20,246)</u>

Values are per parking space

1 Assumptions

Inflation rate - expenses - 3%

Inflation rate - revenue - 3%

Land Appreciation rate - 3%

Discount rate - 7%

Contingency - 10%

Term (years of analysis) - 30

2 Capital costs have been inflated by 13.4% to reflect end of 2006.

Recommended Assignment of Funds

Address (By-law #)	Number of spaces waved	Amount Paid	Assigned Parkade Location
1286 Homer St. (8341)	2	\$27,000	Yaletown
309 W. Cordova (8426)	2	\$27,000	Gastown
640 W. Pender (8845)	8	\$116,000	CBD (535 Richards)
663 Gore Ave. (8905)	2	\$29,000	Chinatown
1226 Homer St. (8948)	6	\$87,000	Yaletown
163 W. Hastings (9341)	6	\$87,000	Gastown
833 Seymour St. (9362)	11	\$159,500	CBD (Library Sq.)
1050 Granville St. (9362)	2	\$29,000	CBD (1067 Seymour)
1110 Hamilton St. (9361)	23	\$333,500	Yaletown
Totals	62	\$895,000	

Total assignment of funds since 1986 assuming approval of above

Area	Existing space assignment	New space assignment	Total spaces assigned	Total paid
Yaletown	64	31	95	\$1,117,100
Chinatown	27	2	29	\$283,500
Gastown	5	8	13	\$159,300
CBD	33	21	54	\$673,900
Total	129	62	191	\$2,233,800