



## Staff Report

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**File #:** 23-241

**Version:** 1

**Date:** 6/26/2023

**Item #:** 6.c.

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**TO:** Mayor and City Council

**THROUGH:** Keith Stahley, City Manager

**FROM:** Kristin Retherford, Community and Urban Development Director

### **SUBJECT:**

Downtown On-Street Paid Parking Implementation Plan

Ward(s): Ward 1

Councilor(s): Councilors - Stapleton

Neighborhood(s): CANDO

Result Area(s): Strong and Diverse Economy; Welcoming and Livable Community.

### **SUMMARY:**

Response to Mayor's motion of 2/27/2023 directing staff to return to Council with a plan to implement paid on-street parking in the downtown parking district and phase out the parking district tax.

### **ISSUE:**

Information Only

### **RECOMMENDATION:**

Information Only

### **FACTS AND FINDINGS:**

Ten years of downtown parking utilization studies have recommended replacing the current Downtown Parking District model with a performance based on-street paid parking management system. Such a system will better match parking demand within the downtown core to maximize the use of parking spaces. There are both utilization and financial benefits to transitioning to a paid on-street system and phasing out the parking tax model. The Downtown Parking District system taxes downtown businesses. This tax revenue along with parking permit fee revenues fund the operating

costs of the district. However, these combined revenues are not sufficient to cover expenses.

Implementing an on-street performance-based system of parking and eliminating the parking tax would move the system toward revenue sources that spread cost recovery to a larger parking base. A large portion of the parking district system is in stalls that are provided free of charge to users. There are approximately 1,106 on-street and 1,225 off-street non-permit spaces. The burden of cost recovery for delivering a high-quality parking system is placed on the parking tax, and the permit program which only represents 31% of the stalls in the system.

The revenue generated from the Downtown Parking Tax has decreased over time and even when combined with permit fees is not sufficient to cover the increased costs of operating the Downtown Parking District. Revenue reductions are a result of large retail closures (Nordstroms, J. C. Penney, TJ Maxx), and changes in remote worker parking needs. Since 2013, the Downtown Parking Tax has been capped at 2% annual growth or the CPI, whichever is less. The parking tax has not kept pace with the inflationary impacts to the costs of operating the downtown parking system.

## **BACKGROUND:**

At the February 27, 2023 City Council Meeting, Mayor Hoy presented a motion to direct staff to return to City Council with a plan to implement paid on-street parking in the downtown parking district and phase out the parking district tax. Implementation of a paid system will be accompanied by access to new technology that will allow payment options such as payment by app.

To manage the increased demand for on-street parking until such time as the on-street paid system is implemented, on-street time restrictions may need to be changed from 3-hours to 2-hours. Capacity in the on-street system downtown is becoming limited as new downtown residents utilize these spaces rather than permit spaces in parking garages. Third-party utilization studies have indicated for many years that the average on-street parking time limit is less than 2 hours. Reducing on-street time limits from 3-hours to 2-hours would be a disincentive for downtown residents and employees to park on street in spaces intended under the current parking tax system for free use by customers.

The implementation of a paid system would allow those who want or need the convenience and proximity of on-street parking to pay for use of a space whether it be for thirty minutes or eight hours, while free spaces for customers will still be available in parking garages. Employees and residents will still require either day-use or monthly permits.

An on-street paid parking implementation plan would take into consideration the importance of engaging third-party consultants to prepare financial analysis and to develop a communication plan that provides on-going and regular updates on the status of implementing paid parking to Council and key stakeholders such as the Salem Chamber of Commerce, CANDO Neighborhood Association, Downtown Property Owners and Businesses, Downtown Advisory Board and easy access on the City's website for the general public to receive information.

Because paid parking technology and legal processes to close the district are also part of the implementation plan, the tasks and timelines are estimates based on paid parking technology supplier information and estimates for financial stabilization of revenue after converting to an on-street paid parking system.

## DOWNTOWN ON-STREET PAID PARKING IMPLEMENTATION PLAN

### Tasks & Timeline

2/27/2023 Council direction to staff to prepare on-street paid parking plan

Summer 2023 Riverfront-Downtown Urban Renewal Plan Amendment to add parking technology as a project in the Plan.

Summer 2023 Fee out on-street paid parking Communication Plan

Summer 2023 Review location for new equipment and signage and existing signage removal

Summer 2023 Finalize equipment and signage costs

Fall 2023 Fee out downtown parking utilization survey

Fall 2023 Fee out parking financial and new technology implementation strategy/policy. Scope to include:

- Data on benefits of paid parking
- Assessment of parking apps
- Financial analysis/communication plan
- Other/paid parking hourly costs, enforcement hour recommendations

Fall 2023 Order Equipment

Winter 2023 Ordinance Revision for Parking District closure

Fall 2024 Implementation/installation of equipment

Summer 2026 Official closure of Parking District

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**Attachments:**  
1. None