

Proposed Amendments to the Capital Reserve Bylaw to Address Parking Capital Reserve Provisions

Recommendation

That Bylaw No. 6774 - Capital Reserve Bylaw, 1993, be amended to specify that the Parking Capital Reserve shall be funded annually from an authorized provision in the City's Operating Budget.

Issue

This report recommends a proposed amendment to Bylaw No. 6774 - Capital Reserve Bylaw, 1993, to establish sufficient capital reserves to fund capital projects necessary to ensure effective and efficient delivery of parking services in the city. Current funding is based on a percentage of parking related revenues and will not provide the base of funds required in the coming years to undertake necessary capital projects and to build a reserve for future parking asset replacement.

Background

The Parking Capital Reserve, as established in the Capital Reserve Bylaw, is intended to finance one-time expenses related to the development and delivery of parking services in the city. The Reserve may be used to finance construction or upgrade of municipal parking facilities, purchase new parking meters and parts, and the cost of parking studies and projects.

The Bylaw specifies that the Parking Capital Reserve is funded annually from revenues from parking meters, meter hooding fees, parking permits, smart cards, taxicab stand fees and billboard leases on civic parking lots. The annual contribution to the Reserve is established at the rate of 4.12% of these revenues, after deducting the annual operating grant to any established Business Improvement District and the annual contribution to the Downtown Housing reserve. In recent years, annual contributions of \$134,900 were provided to the Parking Capital Reserve.

A report on the overall distribution of parking meter revenue is required, as the current formula is outdated. This review, anticipated for 2020, will include consultation with stakeholder groups, including the Business Improvement Districts. The need to ensure funding for capital costs associated with delivery of the parking services program will be considered further in that review.

Discussion/Analysis

The delivery of parking services has changed substantially in the last five years, with the implementation of flex parking stations in 2015. These stations offer a number of benefits to the public, and to the City, but also require more investment to manage and maintain this asset. In addition, with growth and development of the city, there are increasing pressures and demands for parking-related services and programs.

A number of capital projects have been identified to ensure effective and efficient delivery of parking programs and to build a base of revenue for future asset replacement through to 2029.

The following capital projects are required in the coming 10 years:

1. Equipment Replacement – begin to build a base of funds for replacement of pay stations at end of life.
2. Required Upgrade of Credit Card Readers in Pay Stations - credit card companies have signalled that all unattended credit card readers must be upgraded with additional security features by the end of 2022. This will require replacement of a number of components within the pay parking terminals. Further reporting will be provided to City Council when specific details, including confirmation of timeline for updates, costs for parts and labour, are known.
3. Complete outstanding work associated with installation of the flex parking stations, including removal of old meter posts, repair of amenity strips, purchase of new signage system for the reserve parking program and line marking of parking spaces.
4. Parking Asset Rehabilitation – undertake maintenance and upgrades of City of Saskatoon owned parking lots and repair of concrete flex parking station bases.
5. Review and Update of Software and Databases Used to Manage Parking Programs – evaluate existing software programs and spreadsheets used to manage parking programs and track operational information and implement new systems as necessary to upgrade or update these systems to gain enhanced functionality and efficiencies.
6. License Plate Recognition System Expansion (LPR) – purchase of additional LPR equipment to support additional requirements for enforcement of parking programs and provide enhanced ability to collect parking data and information.
7. Extension of Pay Parking Zones – subject to City Council approval, establishment of additional pay parking zones in areas of high parking demand or where parking turnover is needed. This cost will be offset by the generation of additional parking revenue.

The recommended change, if adopted, would see the wording in the relevant section of Bylaw No. 6774 be very similar to the wording in other reserves; the funding section would simply say that the Reserve would be funded by an annual provision in an amount authorized by City Council. This would also provide the necessary flexibility to modify the formula, but keep this important revenue source for the Business Improvement Districts in place. In short, this change is step one to achieve a better and more secure foundation for the parking capital projects that are set out above.

Implications

The current funding formula for the Parking Capital Reserve is not sufficient to fund the required capital projects in the future. Total anticipated costs for required capital projects, over the next 10 years, are estimated at \$2.94 million. Projects are staged, where feasible, to minimize financial impact in any given year.

In order to fund the required capital initiatives, an annual contribution \$375,000 is required.

It is appropriate that capital funding contributions be set at an amount that can be adjusted during the operating budget process and approved by City Council, rather than as a percentage of revenue, as the capital initiatives required to support the delivery of the parking services are not directly tied to revenues.

Should this bylaw amendment be approved, the allocation of increased revenue to parking capital projects will result in reduced contributions to general revenues. Contributions to Downtown Housing Reserve, Business Improvement Districts and the Streetscaping Reserve will not be impacted.

Implementation of capital projects will result in a positive contribution to revenue generation and enhanced work efficiencies and will address some long outstanding deficiencies.

Financial Implications

The proposed contribution to the Parking Capital Reserve for 2020 and 2021 is \$375,000, which is an increase of \$240,100 from the 2019 contribution of \$134,900.