

Executive Summary

This assessment includes a thorough evaluation of Worcester's paid public parking system including a review of its on- and off-street public parking facilities, programs, supporting policies and services as well as organizational structure and governance, service delivery, use of equipment and technology, rates and fees. The intended purpose was not to conduct a traditional supply and demand study but to focus on efficient management of the public parking system to improve parking performance, competitiveness and financial stability.

This effort follows a 2010 feasibility study of monetizing Worcester's public parking system through a potential long-term lease/concession contract with a private investor/operator. The City considered long-term leasing its parking assets due in part to the relatively weak financial position of the public parking system. In return for payments to the City, the concession agreement would have required guaranteed parking rate increases, technology upgrades and other concessions. Ultimately, the City decided not to pursue monetization but instead explore ways on its own to maximize value and use of its parking assets to improve its financial position.

Summary Findings

Worcester's public parking system has run substantial deficits two of the past three years, and the only thing keeping it from a consecutive 3-year deficit was a one-time, pre-paid 5-year lease payment at one of its parking garages. A review of system-wide revenues and expenditures shows that even though the City has managed to keep operating costs at a lower range found in municipal parking facilities nationally, debt service remains high and parking revenues are insufficient to prevent deficit conditions. The situation would be even worse if the City was to budget for facility renewal and replacement costs associated with long-term capital improvements, which is a recommended practice.

Parking revenues have not kept pace with expenditures, debt obligations and market conditions, which has created the structural deficit. Three contributing factors are that:

1. Worcester's parking rates are well below those found in other New England municipalities of similar size and some of its parking facilities are below market rates when compared to nearby/competing private parking facilities.
2. The City has many long-term, large-block facility agreements with private organizations and public institutions for heavily discounted or free parking, which has significantly reduced base operating revenues from regular day-to-day employee parkers.

3. Parking Enterprise Funds like Worcester's generally dedicate all user fees, fines and revenues to the short- and long-term needs of its parking system – only returning surplus revenues to its General Fund after these needs are met. Worcester's parking citation revenue is separated from the on- and off-street parking funds and a significant amount is returned to the City's General Fund - despite the aforementioned operational deficits, lack of capital reserve funding, and need for investment in technology.

Meter technology, like pricing, has not kept pace with the marketplace. 40% of all coin-only parking meters in service are spring-loaded mechanical units dating back to the 1960s. "Honor boxes" for parking payments are still in use at some surface lots. This outdated equipment results in higher maintenance costs and theft potential, and lower revenues, reliability and customer satisfaction. By not providing a credit card option for all on- and off-street parking facilities, the duration of some customer visits are based not on how long customers would like to stay but on how much change is in their pocket. Ultimately, this leads to higher customer citations, frustration and dissatisfaction.

The system assessment also identified a regulatory and pricing environment that is inconsistent and unnecessarily complex. For example, there are at least six different on-street time-regulated parking spaces (10-min., 15-min., 30-min, 1-hour, 2-hour and 4-hour) and five different hourly meter rates (\$0.20, \$0.25, \$0.40, \$0.50 and \$1.00) downtown. Differing rates, posted time limits and hours of operations were observed at meters on the same street and sometimes adjacent to one another. The variability of these conditions, and at times the lack of adequate postings of these regulations, can confuse and discourage the customer, and hamper enforcement efforts, which were found to be significantly lower than in comparably sized cities.

Important to maintaining current parking rates, meter technology and a responsive regulatory environment are establishing effective organizational structure and governance. In Worcester, the delivery of parking services, which involves multiple City Departments and Divisions, is indirect and somewhat fractionated. Decisions related to on- and off-street parking pricing and regulations are in effect made by two different boards with different legislative processes. From the staffing side, there is no one parking professional directing and leading the program. This lack of single-point program management responsibility and diffuse organizational/decision-making structure, which is typically found in smaller cities, has led to a more passive/reactive parking management system, where over time, regulations, pricing/fees, signage, and even equipment technology have become outdated.

While the overall public and private parking supply appears to be sufficient for current demand, parking utilization imbalances were observed. Two of the four public parking garages (Federal

Plaza and Pearl-Elm) downtown are well utilized weekdays and carry substantial waiting lists for monthly permit parking. Meanwhile, the other two garages (Major Taylor and Union Station) are significantly underutilized. The on-street system was observed to have areas of significant over- and under use. Many street segments on either side of Main Street downtown were observed to be at or exceeding effective capacity during weekday peak periods, while streets north and west of the downtown core remained in some cases virtually empty. Outdated pricing and time-limit regulations contribute to these imbalances.

Summary Recommendations

The City is at a critical crossroads in the evolution of its public parking system and continuing down the current path is not an option. It can no longer afford to passively manage its parking system with deeply subsidized rates and agreements. The City has invested millions of dollars in structured parking that should provide substantial long-term economic dividends to its commercial districts assuming appropriate utilization. Worcester's valuable public parking supply exists within a very competitive market of private facilities competing on location, service and price. The City system therefore must compete and take a more proactive role in managing and maximizing the use and value of its assets.

That means hiring a lead parking professional and restructuring to improve responsiveness and decision-making. It means regularly monitoring the use of the entire public and private parking supply and setting parking rates, regulations and policies not only to reflect market conditions, but to balance use of its assets and cover costs. It means investing in current parking technology to allow real-time monitoring of its parking supply while providing customers and businesses multiple payment options, timely information and incentives. It means working to retain and expand the customer base every day through marketing, promotion, education and improved wayfinding.

In addition to updating current parking technology, equipment and signage, the City must invest in long-term facility renewal, rehabilitation and when needed, expansion. It must provide appropriate enforcement and security levels by leveraging private sector resources where possible through technology enhancements and specialty service contracting. Ultimately, these needed investments must be funded along with all parking system expenditures and obligations. A restructured Parking Enterprise Fund should dedicate all parking revenues to this effort including those resulting from citations and market rate pricing.