



November 12, 2024

Poulsbo City Council
City of Poulsbo
200 Moe Street
Poulsbo, WA 98370
Via E-mail: councilmembers@cityofpoulsbo.com

Re: *Parking Implementation Plan Recommendations
Poulsbo, WA
Walker Consultants Project #39-001440.01*

Dear Honorable Council:

Walker Consultants (“Walker”) is pleased to submit the following Parking Implementation Plan Recommendations Memorandum for the City of Poulsbo, WA (the “City”) regarding the development of a revised operational framework for parking rules, technologies, and controls in downtown Poulsbo (“Downtown”).

Background

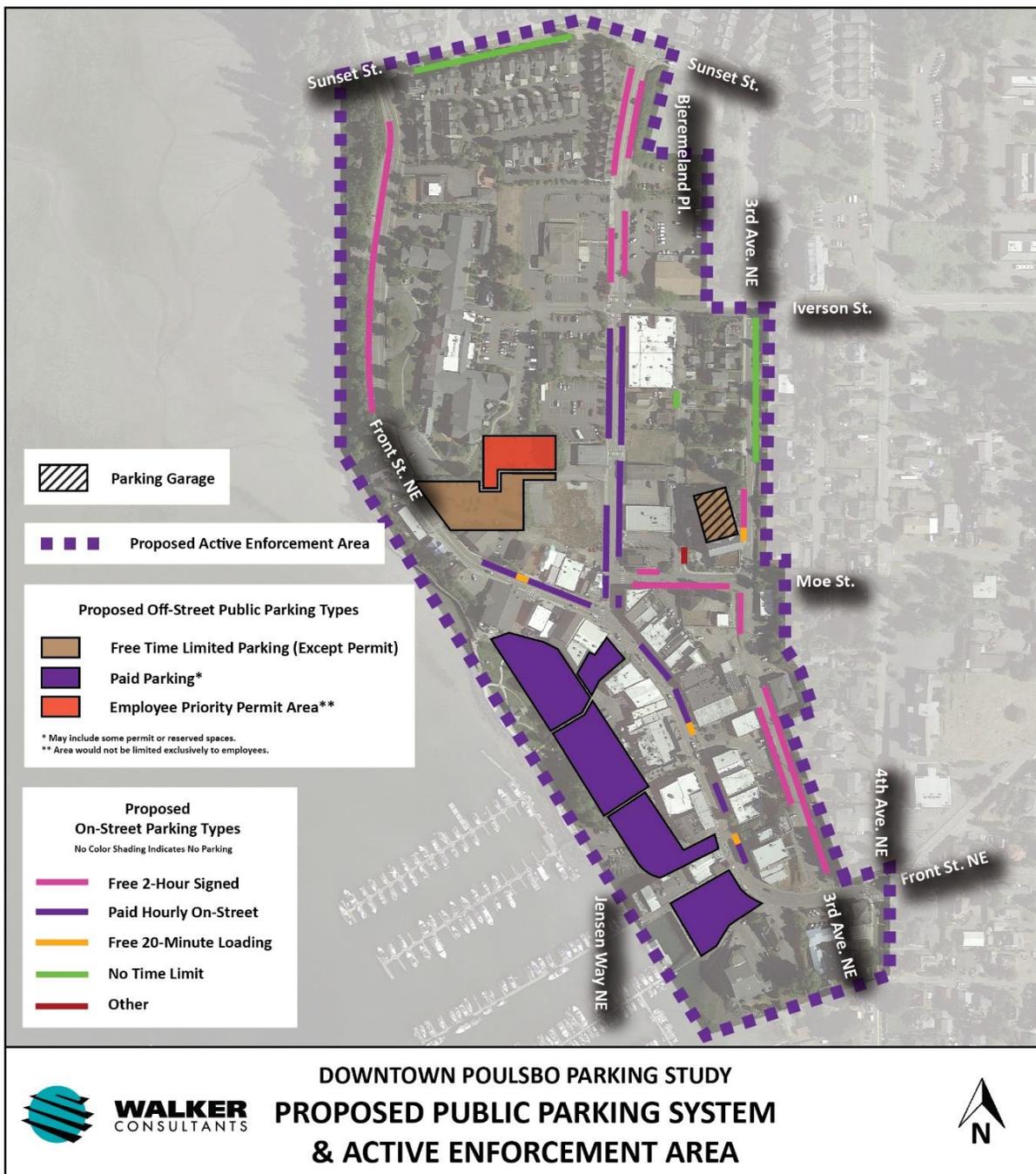
As identified in the *Downtown Poulsbo 2023 Parking Study Update* (the “Plan” or “2023 Plan”), the Downtown public parking supply consistently reaches and, in many areas, exceeds 85% occupied during much of the typical day, both during the week and on weekends. High, unbalanced utilization of public parking supplies may limit access to the area for residents, employees, and visitors, but it also limits further economic development potential. The City is exploring actionable implementation for better management of parking demands. Pending modifications to the parking system must provide adequate ongoing funds for the operation and maintenance of the City-managed public parking system, and potentially provide a funding source for future investment in transportation demand management strategies and initiatives for Downtown improvement.

This memorandum presents the preliminary draft of operational program modeling completed to explore the potential cost recovery of initiating a parking program within the Downtown. The scenarios included in the analysis assume costs and operating methods that may be implemented. This memorandum does not contain a revenue pro forma; all projections and assumptions are subject to change based on further program development. Financial success resulting from implementation strategies is not guaranteed. Recommendations, analysis, and budget projections have been compiled based on Walker’s professional opinion of cost in coordination with analysis of neighboring comparable cities and past proposal cost documents.

Proposed Area for Implementation

Based on data and results from the 2023 Plan, Walker recommends that the proposed managed parking area mirror the 2023 Plan footprint. This is the area within which parking rules and restrictions would be actively enforced. Per City Council’s previous direction, the proposed payment area would include the Anderson Lots, Front Street, and Jensen Way to Iverson Street. The King Olaf Lot itself would remain free and time limited, with the north “overflow” section serving as an “Employee Parking Area.”

Figure 1. Proposed Managed Parking Implementation Area



Program Assumptions

Walker, in conjunction with City staff and after review by committee, has developed a set of key assumptions under which the paid parking program would operate. These assumptions were created for the purpose of understanding potential program elements and projecting approximate cost recovery ranges.

This analysis contains assumptions that are not a guarantee of program performance or a representation of financial goals. Because of the assumptions' inherent uncertainty and probable variation, actual results will vary from estimated or projected results, and such variations may be material. Additionally, unforeseen and changed laws, technologies, events, or circumstances may occur after this engagement and completion of services, rendering this document obsolete.

Days and Times for Paid Parking

Based on feedback from City staff and committee, Walker currently assumes two options for the days and times with which paid parking would be in effect.

Alternative 1: The first alternative option assumes paid parking will be in effect Mondays through Saturdays from 10am to 6pm, with free parking on Sundays.

Alternative 2: The second option assumes paid parking will be in effect 7 days a week from 10am to 6pm.

For both options, Walker currently assumes that paid parking would be in place year-round as opposed to during peak season (April – October).

Grace Period Recommendation

The program must accommodate the needs of local residents and visitors making quick trips Downtown. Therefore, the City should enforce the times suggested, which are designed to offer grace and free parking before 10am and after 6pm.

Revenue Assumptions

- 1. Paid Parking.** Based on the field data collection, Walker projected potential revenue on a per-occupied-space basis based directly on observed hourly parking demand for a typical June weekday and Saturday. Monthly adjustment factors have been applied using historical trends for monthly sales tax generated by the City. In addition to seasonal fluctuations in parking demands, the model anticipates a 10% reduction in overall parking volume due to price elasticity.
- 2. Employee Permits.** 42 spaces would be provided at the upper King Olaf Lot for employee parking. Initial permit volume is assumed to fill the allocated spaces.
- 3. Parking Violations and Citations.** The preliminary revenue model also accounts for parkers who choose not to pay for their parking with variables for reductions to paid transactions due to violations. Violations are then accounted for as potential citation revenue. Along these lines, it is assumed that 85% of parking sessions will comply and will result in a transient revenue-generating transaction. Of those not captured,

and for the purpose of modeling, it is assumed that about 66% of citations would be collected on. Finally, it is assumed that parking enforcement would be in effect 6 days a week.

4. **Technology and Credit Card Fees.** Credit cards are anticipated to account for almost all transient and permit purchases with a 3% transaction fee. Technology fees are captured at an assumed rate of \$0.35 per transaction.

Expense Assumptions

1. **Staffing.** For purposes of this exercise, internal staff costs are projected to include labor hours for Judicial Clerk duties and to compensate for a Director of the program. Labor rates are inclusive of fringe.
2. **Third-Party Outsourced Operations Contract.** Modeling assumes that day-to-day operational support is provided by an existing third-party vendor, to include roving enforcement at unpredictable times of day.
3. **Supplies and Technology.** Mobile/Scan-to-Pay is the sole assumed technology for payments. Operating expense assumptions include consumable supplies such as permits, signage, and citations.
4. **Enforcement Vehicle.** A vehicle with corresponding mobile license plate recognition (LPR) technology is assumed to be purchased and amortized over 3 years, for a cost of \$75,000.

Preliminary Operational Budget & Cost Recovery Scenarios

Using the assumptions outlined in the previous section, Walker projected two operational budget draft scenarios and cost recovery scenarios, with the key variable being whether Sundays are included as paid parking days. For both scenarios, parking rates are anticipated to provide adequate cost recovery to support the parking system's operations and maintenance. Note that figures provided do not consider initial or upfront capital costs that would be associated with the establishment of the managed system.

Alternative 1: Paid Parking Monday through Saturday

For Alternative 1, hourly parking would be priced at \$2 per hour and employee permits would be priced at a rate of \$20 per month, excluding administrative processing fees. For this scenario, operating under the assumptions as stated previously, annual revenue would be about \$900k and annual expenses would be about \$420k. This would result in a **projected annual cost recovery percentage of about 213%**, which means that projected revenues would represent about 213% of projected expenses.

This preliminary scenario would result in a projected positive cash flow, where annual cost recovery revenues exceed expenses.

Alternative 2: Paid Parking 7 Days a Week

For Alternative 2, hourly parking would be priced at \$2 per hour and employee permits would be priced at a rate of \$20 per month, excluding administrative processing fees. For this scenario, operating under the assumptions as stated previously, annual revenue would be about \$1M and annual expenses would be about \$420k. This would

result in a **projected annual cost recovery percentage of about 243%**, which means that projected revenues would represent about 243% of projected expenses.

The Alternative 2 scenario would result in a projected positive cash flow, where annual cost recovery revenues exceed expenses, resulting in a revenue positive operation.

Other Scenarios Considered

A City committee reviewed other budget and cost recovery scenarios that considered different assumptions about key model variables, including but not limited to the proposed hourly rate for day parkers, the monthly rate for employee permits, the times when paid parking would be in effect, the months in which paid parking would be in effect, and the number of days per week where active enforcement would take place.

The scenarios recommended above represent options within the “mid-range” of all the scenarios considered, with projected cost recovery percentages that fall approximately halfway between the lowest and highest scenarios examined.

Low-revenue Scenario

For this alternate scenario, Walker assumed that paid parking would be in effect from April to October with a \$1 per hour rate in place for day parkers and a \$15 per month rate in place for employee permits, with enforcement occurring 6 days a week. Overall, the cost recovery percentage projected negative cash flow, meaning that projected costs would exceed projected revenues by approximately \$100,000.

This scenario, and similar scenarios, were excluded from further consideration because the program cost exceeded potential revenues, hereby making the scenario unable to sustain itself.

High-revenue Scenarios

Overall, the highest cost recovery percentage projected was 336%, meaning that projected revenues would be over 3 times projected costs. For this scenario, Walker assumed that paid parking would be in effect year-round with a \$4 per hour rate in place for day parkers during the “peak season” (April 1 – October 31) and a rate of \$2 per hour in place for day parkers during all other months. There would be a \$20 per month rate in place for employee permits, with enforcement occurring 6 days a week.

This scenario, and similar scenarios, were excluded from further consideration because revenues greatly exceeded projected costs. If the City were interested in a scenario such as this, pending revenues could be used to support community enhancements or investments in the Downtown area.

Adding 3rd Avenue and Moe Street

Walker’s original Plan included 3rd Avenue and Moe Street in the paid parking footprint. These streets are directly adjacent and surrounded by streets with paid parking rules. By omitting them from the program, we are likely to see spillover and increased congestion from drivers circling to find the free parking on these street segments. For concise management, consistent rules, and reduction of traffic, Walker suggests adding these streets back into the program. Including these street segments in the cost modeling increases the revenues by a range of

approximately \$135k to \$160k annually. If Sundays are included in the paid program, revenue is projected to be closer to the high end of this range.

Alternatives and Risks

- A third-party outsourced operational contract will require a competitive process and or appropriate vehicle for procurement. Contract negotiations may involve unforeseen elements that increase projected costs.
- If Sundays are omitted from the paid parking program, compliance issues are anticipated. Free parking on Sundays may impede visitors from being able to find available parking, as it is likely that employees might not park in their designated area. City staff has indicated to Walker that demand patterns on Sundays are typically closely aligned with patterns on Saturdays.
- Citation revenue projections for modeling were based on data from other communities that was calibrated and scaled down to align with the size of Poulsbo's public parking system and the proposed actively managed area. However, Walker notes that citation revenue varies widely as a result of fine amounts, schedules, the level of enforcement, citation frequency, and the percentage of citations that are warnings with no associated fine. Depending on Poulsbo's specific enforcement framework and guidelines, citation revenue may be higher or lower than what has been considered in this model.
- With scan-to-pay mobile applications and/or multi-space parking meters, revenue would be associated directly with vehicles, and not with the individual meter or space. Parking would be paid in hourly increments while associated lengths of stay would not be in exact hourly increments (a parker may pay for 2 hours but leave after 1:55 minutes). Assuming a very high-occupancy parking system, with rapid turnover, this would result in revenue on a transaction-hour basis potentially exceeding revenue on a per-occupied-space basis. As a result, projected hourly parking revenues described in this model may be conservative.
- The City's parking garage at City Hall will require operational management in the form of time limitations and employee permits. Walker suggests an enforced time limit of 2 hours from 8am to 5pm Monday through Friday, which will help to preserve adequate space for those conducting business at City Hall. Ongoing assessment is suggested, and modification of City Hall Garage management rules may be required if parking patterns demonstrate a negative experience for City Hall visitors.

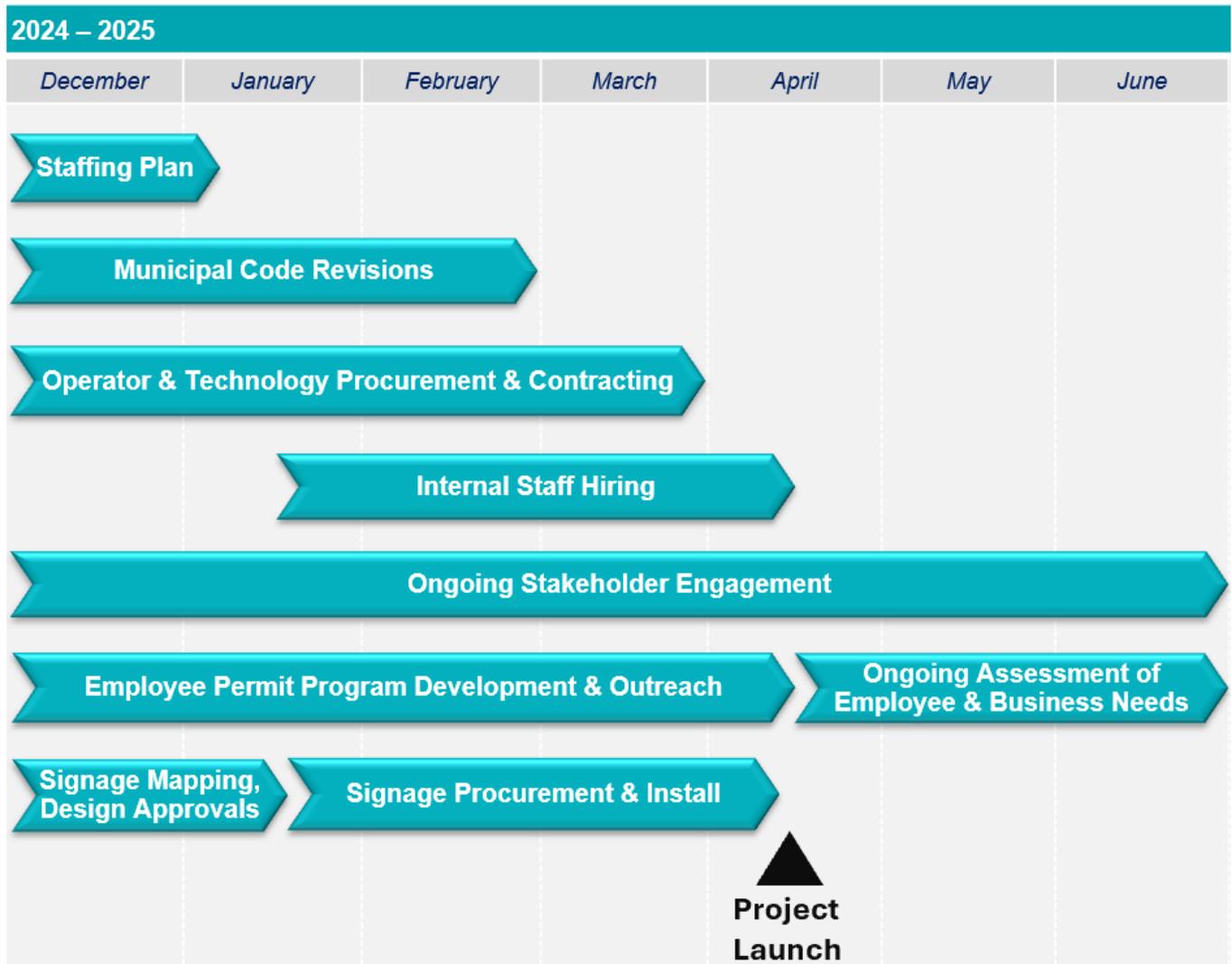
Implementation Timeline Projections

City staff has proposed a program launch date of April 2025, which corresponds to the natural seasonal uptick in parking demand. To meet this aggressive timeline, Walker suggests a concerted effort to work on all items for program development at the same time. This includes development of the program budget, staffing plan, hiring, system operations, Municipal Code updates, procurements, and signage revisions. Initial capital funds for signage and supplies are dependent upon further program development. Under the current model assumptions, the initial cost to launch the program may range from \$110k to \$130k, depending upon materials selected.

An important first step will be to find consensus in the staffing plan and to assign program duties and/or outline steps for recruitment.

Should the program move forward with the anticipated launch date of April 2025, the following projected timeline has been created, highlighting key benchmarks for success. Each item in this consolidated timeline will require immediate project resources. There are natural dependencies between tasks, so a delay in any key single task may delay the projected launch.

Figure 2. Proposed Project Timeline



We appreciate the opportunity to be of service to you on this project. If you have any questions or comments, please do not hesitate to reach out.

Sincerely,

WALKER CONSULTANTS



Kenzie Coulson

Consultant

kcoulson@walkerconsultants.com

Limiting Conditions

RELIANCE ON INFORMATION PROVIDED BY OTHERS - Any estimates or projections provided by WALKER will be premised upon assumptions provided by the CLIENT. As used herein, an "assumption" is an axiom or proposition included in an analysis to project future performance or events. It is not a guarantee of performance or representation of a fact that will eventually exist or be attained or reached. CLIENT fully understands that WALKER must utilize such "assumptions" to perform feasibility or other analyses. Furthermore, CLIENT fully understands that WALKER is not an auditor or a certified public accountant and will not independently review or investigate misrepresentations, fraud, misappropriation, completeness or accuracy of the information or assumptions provided by CLIENT, its agents, representatives, or others supplying information or data to WALKER for its use in performance of the Services. WALKER may draw certain assumptions from its past work on other projects of similar or like nature, and will do so in a manner consistent with the standard of care within the profession. CLIENT fully understands that, because of the inherent uncertainty and probable variation of the assumptions, actual results will vary from estimated or projected results and such variations may be material. As such, WALKER makes no warranty or representation, express or implied, as to the accuracy of the estimates or projections.

FINANCIAL PROJECTIONS - WALKER may compile, from information and assumptions provided by CLIENT, projections and related prospective statements of income, expenses and cash flow. CLIENT is responsible for representation about its plans and expectations and for disclosure of significant information that might affect the Services. WALKER is not CLIENT's investment advisor or advocate. The actual results achieved will vary from the projections and variations may be material.

CHANGES IN ASSUMPTIONS AFTER COMPLETION OF SERVICES – Unforeseen and changed laws, technologies, events or circumstances may occur after the course of this engagement and completion of Services which may render the Documents obsolete. WALKER has no responsibility to inform CLIENT about changed circumstances impacting projections and does not have any responsibility to update Documents for events and circumstances occurring after delivery of Documents to CLIENT.

CONSEQUENTIAL DAMAGES – To the fullest extent permitted by law, neither the CLIENT nor WALKER, shall be liable to the other or shall make any claim for any incidental, indirect or consequential damages arising out of or connected in any way to the services or projections provided under this agreement. This mutual waiver of

consequential damages shall include, but is not limited to, loss of use, loss of profit, loss of business, loss of income, loss of reputation and any other consequential damages that either party may have incurred from any cause of action including negligence, strict liability, breach of contract and breach of strict or implied warranty.

NO THIRD-PARTY BENEFICIARY – CLIENT understands that the Documents are prepared for CLIENT's internal management use only and that Documents are for CLIENT's sole benefit and no third-party beneficiary is implied. CLIENT agrees to obtain WALKER's prior written permission before distributing a copy of the Documents to anyone other than a member of its internal management. If CLIENT distributes a copy of the Documents to any person or entity other than its internal management, CLIENT fully understands that it does so at its own risk, and WALKER assumes no liability or responsibility therefor or the consequences thereof and CLIENT hereby agrees to indemnify and hold harmless from and against any and all claims or causes of actions for damages or loss against WALKER by such person or entity as a result of said person's alleged reliance on the Documents.

USE OF DOCUMENTS - CLIENT agrees not to use documents in a transaction in which one relies on the accuracy of projections, and WALKER assumes no responsibility for CLIENT's actions in its use of the documents in such transactions. Further, any use of documents for modifications or extensions of the services, new projects, or completion of this project by others, without WALKER'S specific written consent, will be at CLIENT's sole risk.

STATUTE OF LIMITATION – Parties agree that all legal action by one party against the other arising out of this Agreement or connected with the Services shall be barred and no such claim shall be initiated by either party after four (4) years have passed from the date the Documents were delivered to the CLIENT, unless applicable statute of limitation sets a shorter period.

LIMITATION OF REMEDIES - WALKER'S liability to CLIENT as a result of acts, errors or omissions of WALKER shall be limited in the aggregate to the fee for the associated effort.

MEDIATION – If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

MUNICIPAL FINANCIAL ADVISOR – Walker Consultants is not registered with the U.S. Securities and Exchange Commission ("SEC") as a municipal financial advisor. As such, Walker's consultation will be limited to engineering advice based on site and/or economic feasibility; Walker will not be recommending a specific financial structure or vehicle for consideration, nor will Walker recommend a specific financial plan. For those services, the owner/client should seek counsel from a qualified municipal financial advisor. Any opinions or views provided by Walker are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.