

Ahead of the Curve
in creative parking solutions

**DOWNTOWN NAPA
PARKING IMPACT FEE
NEXUS STUDY**

NAPA, CA

Prepared for:
CITY OF NAPA

APRIL 6, 2016



WALKER
PARKING CONSULTANTS



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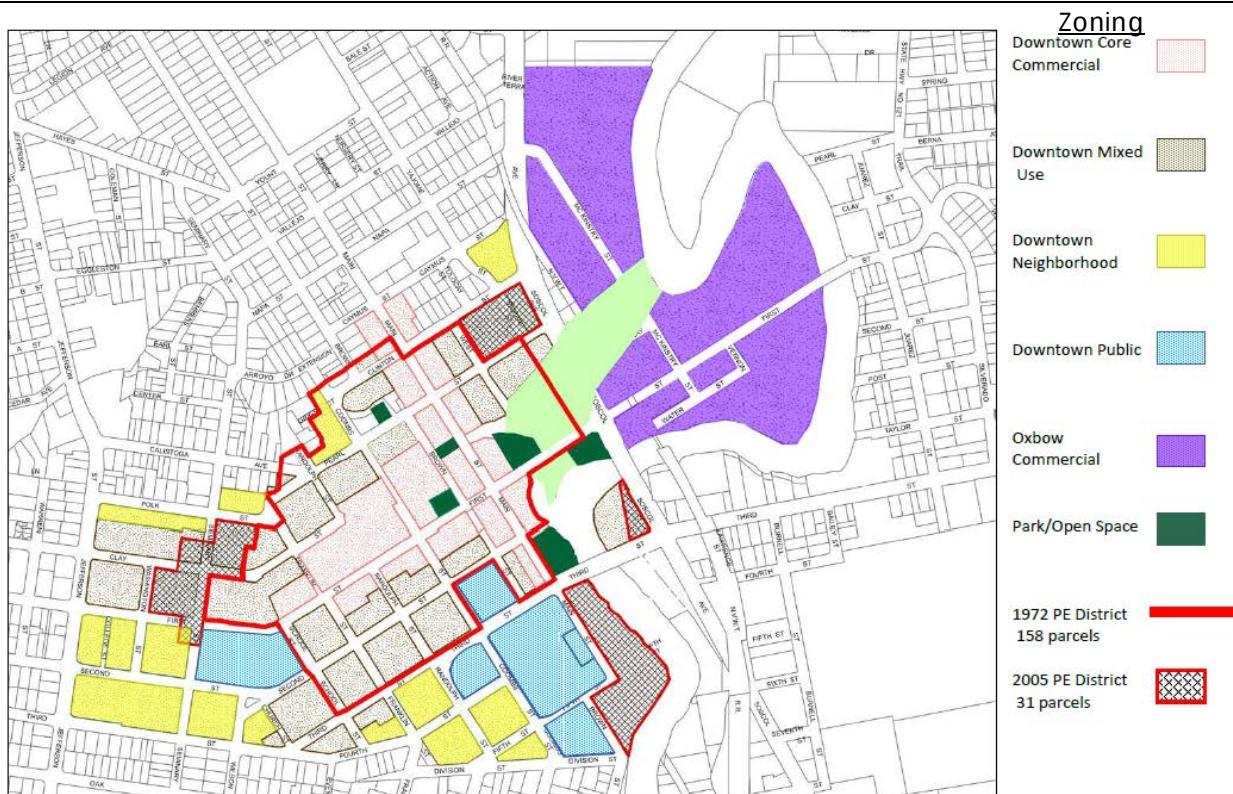
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PARKING IMPACT FEE BACKGROUND

The City of Napa currently charges a parking impact fee on the parking demand generated by net new non-residential development located within the boundaries of the Parking Exempt District ("PE District"). The PE District's boundaries, which were modified in 2005 to include 31 additional parcels (depicted in hash-mark shading) for a total of 189 parcels, are shown on the map in Figure 1.

Figure 1: City of Napa Parking Exempt District Boundary



Source: City of Napa

The parking impact fee is codified in Napa Municipal Code chapter 15.104 and was adopted in 2005 in conjunction with the PE District boundary expansion. The fee originally was set at \$7,500 per required parking space (net new) to help mitigate the new development's impact on the public parking supply. The fee does not apply to residential properties because they are required by code to provide on-site parking. The net new parking impact is derived by subtracting the gross square footage of existing development on a site from the gross new square footage of the new development project, and applying the adopted parking standard(s) as defined in the zoning code to the net new square footage. The Parking Impact Fee is then charged on each net new parking space generated by the project. The development project receives "credit" for the parking demand generated by the existing non-residential square footage on the site. The parking impact is calculated based on land uses and the City's parking requirements (Municipal Code Chapter 17.54, see Section

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17.54.040(D), and Downtown Specific Plan Chapter 6, see Table 6.2), generally as follows for non-residential uses:

- For commercial and office uses: 3.2 spaces per 1,000 square feet of ground floor space, and 2.4 spaces per 1,000 square feet of second floor or higher space.
- For hotels and motels, 1 space per sleeping room plus 1 space for manager plus 1 space for every 2 employees (full or part time) plus, if hotel has convention, banquet, restaurant or meeting facilities, parking shall be provided in addition to the hotel / motel requirement, as determined by the Planning Commission, based on a parking study.
- For bed and breakfast inns, 1 space shall be provided for the owner/manager's unit and each guest room. Credit may be given in limited instances for on-street parking fronting the structure where a survey documents such parking is available and does not affect adjacent residential uses.
- For public/quasi-public facilities, standards are typically established through parking studies of the specific use.
- For mixed use, which is defined by the Downtown Specific Plan ("DSP") as a mix of uses that are either office, commercial/retail, residential, lodging/hospitality, institutional, public and quasi-public, a blended factor of 3.2 spaces per 1,000 square feet is applied in the Nexus Study to the non-residential portion of future development since the precise mix of uses is unknown. Any residential component is required to incorporate parking on site.

NEXUS STUDY APPROACH

This Nexus Study serves as an update to the 2004 nexus study prepared by Economic & Planning Systems (EPS). In the EPS nexus study, the cost per space to construct structured parking was approximately \$21,500 excluding land, which equated to a cost to the developer of approximately \$44 per square foot of the private development. At the time, the total demand for parking in the PE District was not as high as today, nor as high as anticipated in the future. The City Council established a lower fee to encourage continued private investment in Downtown while still helping the City obtain funding to help with construction of new parking. At that time, the City's redevelopment agency was a funding source to supplement the Parking Impact Fee, and near-term development was anticipated to generate several million dollars in parking impact fees to apply to a new parking structure. Since the Parking Impact Fee's establishment in 2005, two large development projects constructed parking on site and the country experienced a recession which slowed the pace of development. As a result, the City has collected only \$1.1 million in parking impact fees to date.

As a first step of the Nexus Study, Walker Parking conducted field verifications of the City's parking inventory and surveyed parking utilization in the PE District on July 10, 2014, referred to as the "benchmark date" for this analysis. Some changes worth noting since the parking impact fee was established include:

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- 1) The EPS study determined there was 835,000 square feet of retail and office space in the PE District in 2005, compared to approximately 1,164,000 square feet of retail, office and mixed use development in the PE District at the benchmark date, an increase of 329,000 square feet. This total is for all occupied and unoccupied buildings, but does not include public and quasi-public facilities, primarily because most if not all of the public facilities in the Study Area are served by on-site parking (e.g., City Hall and other City offices) and the assumption is that any future expansion of public facilities, whether in the Study Area or on the periphery, will require a physical parking solution rather than payment of the Parking Impact Fee. Note that some new development constructed since 2005 included on-site parking, specifically Napa Square provided 44 parking spaces for its office and retail tenants, and Riverfront Napa provided 229 parking spaces total (68 for residents, the remainder for customers and tenants in the property). The 141-room Andaz Napa hotel was completed in 2006, and now leases the top level of the Clay Street Garage (54 spaces), and through valet is permitted to park 75 cars by stacking. Rather than paying a parking impact fee up front, the hotel makes a monthly payment to the City based on an annual schedule over a 30-year term.
- 2) The County-owned Fifth Street parking garage was completed in 2009, adding 277 spaces to the public supply and 208 spaces that are restricted for County fleet or private use by occupants of the nearby Riverfront Napa and Napa Mill properties.
- 3) Parking occupancy peaks have shifted over time and parking demand has expanded into evenings and weekends.
- 4) The DSP, adopted in 2012, incorporated new parking standards and included updated long-term land use projections for the study area, which includes the PE District.
- 5) The Napa River Bypass, completed in 2015, resulted in removal of 122 surface and on-street public parking spaces at Lot X and West Street in the north end of the PE District.
- 6) In addition, there have been other minor changes in parking supply and the costs to build and operate parking have changed as well.

For these reasons, an updated nexus study is warranted.

The benchmark date total development figure includes the gross square footage for all existing buildings in the PE District, whether occupied or unoccupied. A “parking credit” was incorporated into the analysis by applying the appropriate parking standard to the gross square footage of the vacant portion of the buildings that were unoccupied as of the benchmark date. Approximately 154,000 square feet, or 13% of the 1,164,000 square feet, was vacant on the benchmark date. In all instances, the vacancies were retail and office space in commercial buildings. A significant portion of the vacancy was attributable to the Napa Center (aka “First Street Napa”) renovation project, which accounts for slightly over 100,000 square feet of retail space.

Note that Walker’s analysis assumes that the current PE District will be expanded to include the six parcels now zoned Downtown Core Commercial in the Downtown Specific Plan, located

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on Main Street between Clinton and Caymus streets, as shown on Figure 2. The remainder of this report will refer to this expanded area as the “Study Area.”

Per the State of California Mitigation Fee Act (Government Code section 66000 et seq.), in order to establish, increase or impose a fee as a condition of approval of a development project by a local agency, the local agency shall do all of the following¹:

1. Identify the purpose of the fee.
2. Identify the use to which the fee is to be put. If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in Section 65403 or 66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged.
3. Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed.
4. Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

¹ <http://www.leginfo.ca.gov/cgi-bin/displaycode?section=gov&group=65001-66000&file=66000-66008>

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Figure 2: Study Area and Public Parking Supply



Source: City of Napa; Walker Parking Consultants

The Nexus Study will:

- Assess existing parking supply and demand in the Study Area, and determine current parking surplus during peak parking demand conditions.
 - This assessment will include parking demand that would be generated by properties within the Study Area that were vacant on the benchmark date, which will be assigned a "parking credit" should those properties become occupied after the benchmark date. Upon occupancy these properties will create parking demand on the current parking system but will not be subject to a parking impact fee, unless they redevelop by adding net new (non-residential) square footage.
 - By considering parking occupancy during peak parking demand conditions, this assessment also will consider private properties with on-site parking that serves private development in the Study Area.

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- Project future parking demand based on DSP development projections plus any known development since the 2012 DSP adoption that has not been included in the projections.
- Determine future parking shortfall based on the projections.
- Determine the costs to produce the parking required based on the projections, and subtract the funds the City has on hand to determine the funding need.
- Calculate parking impact fee per space required to provide required funding to fill the need.

STUDY AREA CURRENT CONDITIONS (PARKING SUPPLY)

This section outlines the current conditions of public parking starting with the supply in the Study Area, followed by the surplus of spaces during peak conditions.

PUBLIC PARKING SUPPLY

Public parking supply in the Study Area is depicted on Figure 2 and summarized on Table 1. It includes spaces that are owned and/or operated by the City of Napa and made available to the general public, including the portion of Parking Lot A on Second Street behind Goodman Library which is owned by the City of Napa Parking Authority. It also includes the 277 spaces in the County-owned Fifth Street Garage that are non-restricted and available for public use, as well as the County-owned Sullivan lot at Third and Coombs streets (block 28 on Figure 2. This garage and lot are located just outside the PE District boundary but serve development in the PE District.) It does not include spaces that are reserved for specific user groups such as private firms or public vehicles, rendering the spaces unavailable for general public use.

Through a parking license agreement with the City, the Archer Hotel will have exclusive use of 145 spaces in the Pearl Street Garage. Those spaces are included in the total parking supply counts, even though they will not be available for general public use on a self-park basis. They will, however, serve to park customers to the hotel and adjoining restaurants and retail spaces, and through valet parking and car stacking the hotel will be permitted to park an additional 45 cars, beyond the 145 striped spaces, on the top level of the garage. Upon completion of the hotel project, the hotel developer will pay \$3.15 million to the City's Parking Fund, which greatly exceeds the Parking Impact Fee requirement and will help accelerate the City's ability to build a new downtown parking structure. Through a similar parking license agreement with the City, the Andaz Hotel has exclusive rights to valet 74 cars in 54 striped spaces on the top level of the Clay Street garage, for which the hotel is making an annual payment of approximately \$50,000 per year, which escalates over a 30-year term for approximately \$2 million to the City's Parking Fund in exchange for those privileges. The 54 licensed spaces are included in the parking supply counts.

There are 1,984 spaces of total public parking supply in or serving the Study Area, of which 643 are on-street and 1,341 are off-street. Walker Parking has applied an effective supply factor of

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85% for on-street and 90% for off-street parking spaces, which is industry standard². Effective supply reflects the fact that parking systems are “effectively” full at less than 100% occupancy. It accounts for the dynamics of vehicles moving in and out of spaces as well as lost spaces due to misparking, debris, construction, etc. The effective public supply for the Study Area is 1,754 spaces.

Note that the DSP parking demand factors incorporate an effective supply factor, which is described as “practical capacity” on page 182 of the DSP (Table 6.3, footnote 5).

Table 1: Study Area – Public On-Street and Off-Street Parking Supply

Type	Spaces	Effective Supply Factor	Effective Supply
On-Street	643	85%	548
Lots	460	90%	415
City Garages	881	90%	791
Total	1,984		1,754

Source: City of Napa; Walker Parking Consultants

EXISTING AND LONG-TERM DEMAND AND PARKING SHORTFALL

This section addresses the existing and projected long-term parking demand through the end of the Downtown Specific Plan projection period (year 2030).

EXISTING DEMAND

For the existing demand analysis, Walker Parking:

1. Verified the existing development in the Study Area as of the benchmark date, utilizing a City-provided parcel-by-parcel database of existing development by square footage. The database includes building square footages that were vacant. As previously noted, as of the benchmark date, there was approximately 1,164,000 square feet of floor area with approximately 1,010,000 occupied square feet and 154,000 vacant square feet.
2. Conducted a field observation of peak parking conditions generated by occupied buildings. Based on field data collection in July 2014, peak parking conditions were experienced on Thursday afternoon at 1:00 PM, which is typical in downtown areas.

² On-street effective supply of 85% is an industry standard that has been adopted and popularized by Professor Donald Shoup (an example is here: <http://shoup.bol.ucla.edu/CruisingForParkingAccess.pdf>). Off-street effective supply of 90% is cited in the book authored by Walker Parking Consultants staff titled *Parking Structures: Planning, Design, Construction, Maintenance and Repair*.

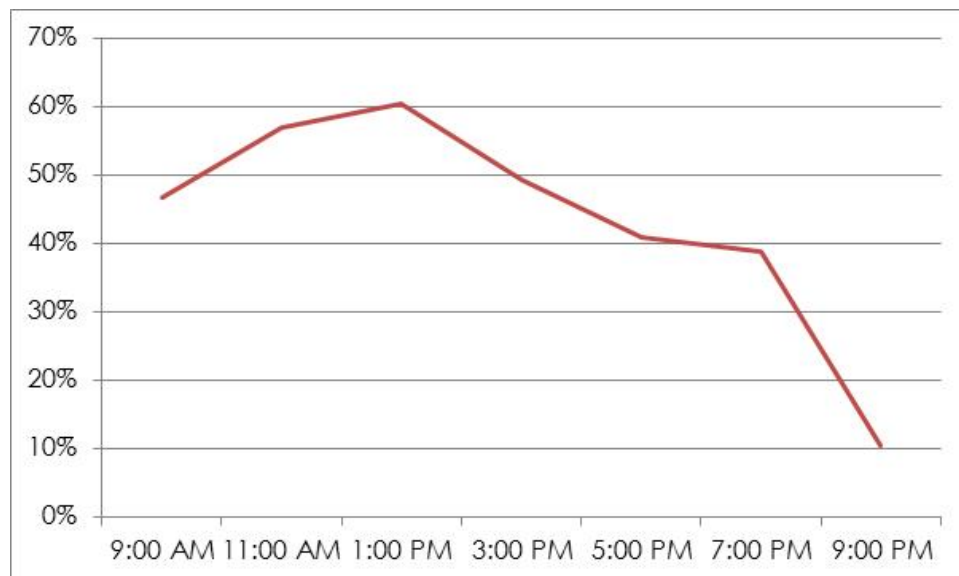
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Figure 3 illustrates occupancy by time of day on Thursday July 10, 2014 in the Downtown Core, of which the Study Area is a part.

3. Estimated the parking demand that would be generated by vacant buildings if they were fully occupied, based on City parking requirements, since the parking demand generated by those unoccupied structures when occupied would use existing supply and would not be charged an impact fee.
4. Factored in existing demand for any property that has an approved entitlement that will generate additional parking demand on the public parking supply, but which has already mitigated that additional demand (namely the Archer Hotel. The Napa River Inn expansion also has approval and is not yet built, but it has mitigated its parking demand with private restricted parking supply in the Fifth Street Garage and is therefore not considered to create parking demand that will impact the public supply).

Figure 3: Occupancy by Time of Day on Thursday July 10, 2014



Source: Walker Parking Consultants

Of 1,754 spaces in the Study Area, there are 1,311 occupied at peak, leaving a surplus of 443 spaces, which is outlined on Table 2. The 1,311 occupied at peak is based on field observation on the benchmark date.

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Table 2: Study Area – Surplus Public Parking Spaces during Peak Period

Type	Effective Supply	Occupied at Peak	Surplus	% of Total
On-Street	548	407	141	26%
Off-Street	1,206	904	302	25%
Total	1,754	1,311	443	25%

Source: City of Napa; Walker Parking Consultants

Table 3 summarizes occupied and vacant floor area and parking required for the vacant gross floor area (GFA), utilizing parking demand ratios specified. The analysis assumed second floor vacancies as office use with a parking demand of 3.2 spaces per 1,000 square feet; and vacant ground floor space as retail use with a parking demand of 2.4 spaces per 1,000 square feet in accordance with the DSP parking standards.

Table 3: Existing Mixed Use, Office and Retail Space as of July 2014

Use	Total GFA	Occupied GFA	Vacant GFA	Parking Required for Vacant GFA
Mixed Use	171,731	171,731	0	0
Office	344,632	333,855	10,777	34
Retail	647,869	504,826	143,043	343
Total	1,164,232	1,010,412	153,820	377
(-) Surplus at Peak				443
(=) Remaining Parking before Archer Demand				66
(-) Archer Demand				145
(=) Surplus/Shortfall				(79)

Source: City of Napa; Walker Parking Consultants

In summary, as of the benchmark date, effective public supply for the Study Area was 1,754 spaces; and existing development in the Study Area on the benchmark date required 1,311 parking spaces based on observation during peak parking demand period (Thursday at 1:00 PM). At the benchmark date, 153,820 square feet of commercial space was vacant that, when fully leased, will add demand for 377 parking spaces, based on current parking standards, which will not pay an impact fee. In addition, the Archer Hotel is already entitled and would add demand for 145 spaces. The current effective supply of 1,754 spaces does not meet the existing demand requirement as it is short by 79 spaces at parking peak.

PROJECTED DEMAND

To project demand for parking in the Study Area generated by future development that will be subject to the Parking Impact Fee, Walker Parking adjusted DSP-anticipated build-out by land use (2030) based on existing conditions data. The DSP projections included assumptions

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regarding “opportunity sites” that would likely redevelop over time, and determined likely additional square footages for anticipated development by land use. The assumed land uses to generate future public parking demand include retail, office and lodging. Also, since the adoption of the DSP, two relatively small projects which paid a parking impact fee have been completed – The Thomas at Fagiani’s, and Burger Fi – and are included in the benchmark date “existing development” calculation. Walker Parking compared the DSP development assumptions for these two sites to the actual impact and adjusted the long-term parking demand accordingly.

Table 4 illustrates the net parking required to support projected DSP build-out.

Table 4: Additional Parking Demand in Study Area Based on Projected Downtown Specific Plan Build-Out

Net Change in SF - Ground Floor Uses	Net Change in SF - Second Floor+ Uses	Net Parking Change - Ground Floor Uses	Net Parking Change - Second Floor+ Uses	Total Net Parking for Projected Development
125,204	198,820	400	476	876

Source: City of Napa; Walker Parking Consultants

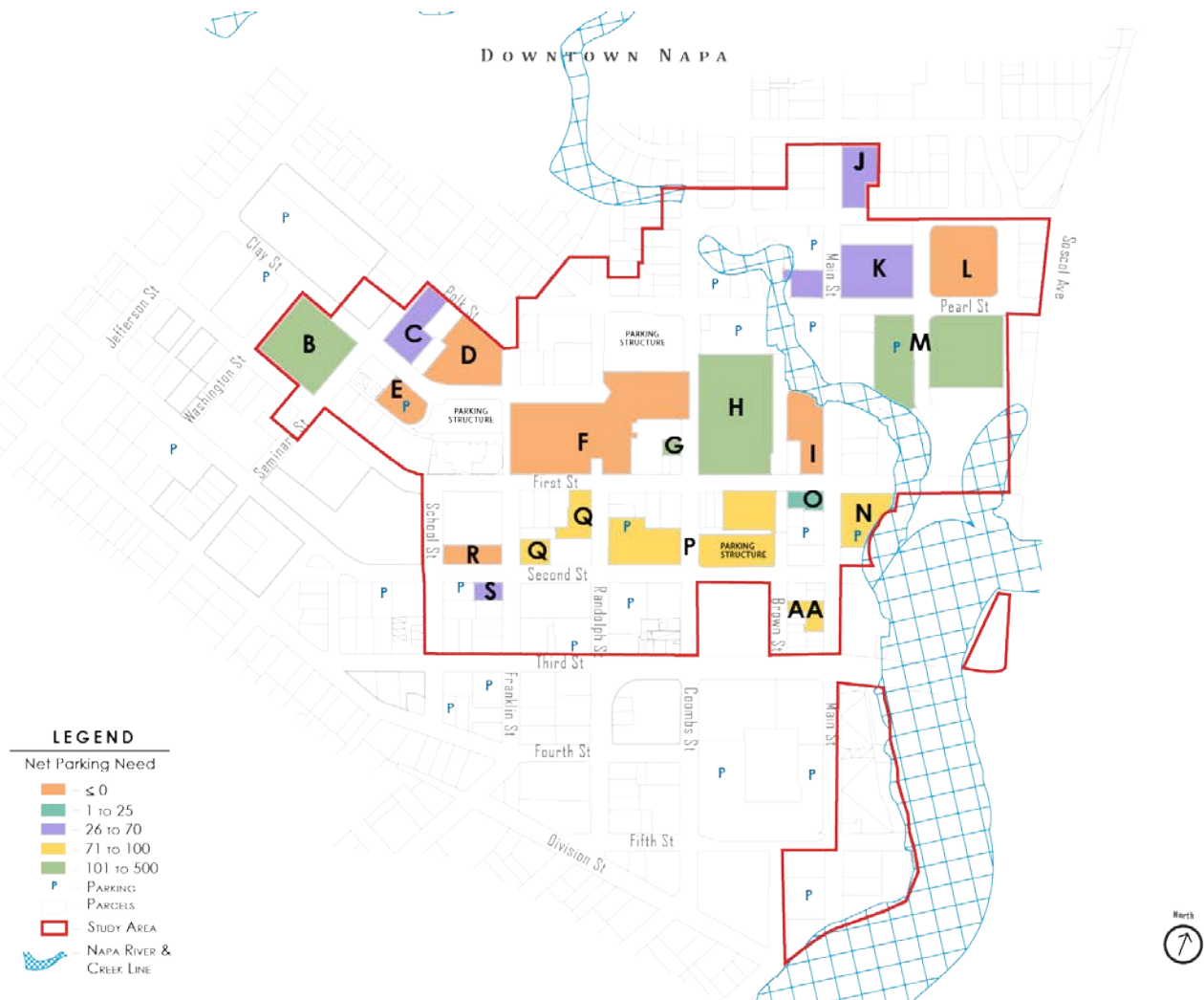
Figure 4 shows the anticipated future parking demand on a parcel basis.



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Figure 4: Net Estimated Parking Demand Change by Parcel (per Downtown Specific Plan through 2030)



Source: City of Napa; Walker Parking Consultants

Anticipated residential development is not included in the analysis as it will be required to self-park in accordance with the Zoning Ordinance and DSP parking standards.

PARKING SHORTFALL

The parking shortfall is calculated by adding the parking required for vacant non-residential space as of the benchmark date (Table 3) with demand from the entitled Archer Hotel with the net parking required for projected development at DSP build-out (Table 4) then subtracting the surplus parking at peak on the benchmark date (Table 2).



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Table 5: Net New Public Parking Spaces Required at Downtown Specific Plan Build-Out

Parking Required for Vacant Commercial Space	377
Parking Required for Entitled Archer Hotel	145
Net Parking Required for Projected Development	876
(-) Surplus Parking at Peak	443
Public Parking Required at DSP Build-Out	955

Source: City of Napa; Walker Parking Consultants

PARKING IMPACT FEE COMPONENTS

To determine the Parking Impact Fee, the Nexus Study estimates the current cost to build above-grade, structured parking, including the cost of land that a new parking facility would occupy. Walker Parking has assumed that future public garages would be built to a standard similar to the Fifth Street garage and would not have on-site staff or parking access and revenue control equipment. Structured, above-ground facilities represent the most reasonable option (as opposed to surface parking due to land scarcity) for the City to provide public parking in the future.

The Parking Impact Fee calculation also considers funds available to the City to provide required parking. Subtracting these funds from the total cost to provide all required parking, which is then divided by the total number of spaces to be provided, yields the total cost per space to provide required parking.

PARKING STRUCTURE COST

Walker estimates that the cost to build an above-grade parking garage in the San Francisco Bay Area is approximately \$27,000 per space, based on actual costs for above-grade parking garages of approximately 400 spaces for public agencies in the East Bay and San Francisco. This assumes per-space hard costs of \$22,500 and soft costs at 20% of hard costs. Hard costs relate to the costs associated with physical construction, such as labor and materials, while soft costs include items such as architecture, engineering and permit fees. It does not include the cost of land, extra amenities, upgraded construction materials, or subterranean parking.

For the purpose of the Nexus Study, Walker Parking assumed that by 2030, in order to provide the 955 spaces of public parking required at DSP build-out, the City would most likely have to build two new structures of approximately 480 spaces each (the equivalent of the Fifth Street garage). Like the Fifth Street garage, which has set a new standard and public expectation for parking structure design, the parking garages would each cost approximately \$13-\$15 million if constructed in 2016, or the equivalent of \$27-31 thousand per space. The higher per-space cost factors in costs for a possible level or half-level of subterranean parking which will likely be necessary to achieve the desired quantity of spaces; nice building materials equivalent to the Fifth Street garage; and amenities such as charging stations, solar panels,

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and public art. Based on these assumptions, the total cost to the City in today's dollars would be \$26-\$30 million for two parking garages, excluding land.

At the benchmark date, the cost to acquire land in the PE District was approximately \$90 per square foot. Assuming each of the new garages would require a one-acre footprint, the estimated land cost for both garages in 2014-15 dollars would be \$7.84 million. Therefore, for the purpose of this analysis, the total estimated cost of 955 new parking spaces is \$33.8-\$37.8 million, or the equivalent of approximately \$35,400-\$39,600 per space. For the purpose of the Nexus Study, the cost of land is shown both as included and not included in the cost of future parking. Where the cost of land is not included, the City is contributing the land value (which was acquired using non-impact fee funding sources) to offset the cost of the parking impact fee imposed on new development.

EXISTING AND ANTICIPATED FUNDS FOR NEW PARKING FROM EXISTING SOURCES

In total, the City will have approximately \$8.0 million available at June 30, 2017, for the provision of new parking between its Parking Impact Fee, Parking Assessment, Parking License Agreement, and Flood Project parking mitigation funds. These funds are held in the City's Parking Fund for design and construction of future parking facilities. Maintenance funds are accounted for separately and are not included in the balance.

Of the existing funds, \$1.15 million is parking impact fee revenue, and the remaining \$7.50 million is non-parking impact fee revenue as illustrated in Table 6. The City has budgeted \$600,000 for interim surface parking from non-impact fee revenue sources, resulting in the remaining fund balance.

Table 6: City Parking Fund Balance for New Parking Supply (2016 Dollars)

Downtown Parking Assessment	\$233,092
Parking Impact Fee	\$1,155,000
Flood Project Mitigation	\$3,660,000
Parking License Agreement	\$3,602,500
Total Estimated Funds	\$8,650,592
(-) Approved Expenditures	\$600,000
(=) Remaining Fund Balance	\$8,050,592

Source: City of Napa

The City anticipates receiving an additional \$1.775 million from July 2017 through June 2039 from the Andaz parking license agreement. Payments are made on a monthly basis based on escalating annual installments. This revenue results in less than \$100,000 per year to the Parking Fund for most of the 30-year term and therefore can contribute to future parking incrementally.

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PARKING IMPACT FEE CALCULATION

The parking impact fee calculation is based on the cost to provide above-grade structured parking for 955 required spaces in the 2015 to 2030 timeframe, minus funds that are expected to be on-hand. The total of hard and soft costs per space is assumed to be \$30,000 which would allow for upgraded materials, amenities, and some subterranean parking similar to the Fifth Street garage and as described under "Parking Structure Cost" above, and falls within the range specified previously. The cost to provide parking on City-owned land is approximately \$28.7 million. Under a scenario where land purchase is required, the cost of land is approximately \$7.8 million. Land costs are excluded in the City-owned land scenario since the land is assumed to be contributed by the City. Available funds of \$8.0 million are applied to both scenarios.

Table 7: Parking Impact Fee Calculation in 2015-2030 Timeframe (2016 Dollars)

Land Purchase Required

Net New Spaces Required	955
Hard and Soft Costs per Space	\$30,000

Total Cost of Parking	\$28,650,000
Land Value (2 acres at \$90 per SF)	\$7,840,800
(-) Available Funds	\$8,050,592

Net Funds Required	\$28,440,208
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Future Demand Subject to Parking Impact Fee	876
Total Cost/Space with Land Purchase	\$32,466

City-Owned Land

Net New Spaces Required	955
Hard and Soft Costs per Space	\$30,000

Total Cost of Parking	\$28,650,000
(-) Available Funds	\$8,050,592

Net Funds Required	\$20,599,408
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Future Demand Subject to Parking Impact Fee	876
Total Cost/Space on City-Owned Land	\$23,515

Source: Walker Parking Consultants

Where land purchase is required to provide the parking, the estimated fee to be charged to new development is approximately \$32,500 per space. Where new parking garages are provided on City-owned land, the fee is estimated at \$23,500 per space.