

Memorandum



CITY OF DALLAS

DATE September 29, 2023

TO Honorable Members of the City Council Economic Development Committee: Tennell Atkins (Chair), Omar Narvaez (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Paul Ridley, Kathy Stewart, Chad West

SUBJECT **Follow up on Request to Implement Paid Parking in the Farmers Market Public Parking Garage**

On September 5, 2023, the Economic Development Committee was briefed on a request to implement paid parking in the Farmers Market Public Parking Garage and voted to defer this agenda item to the October 2, 2023 Economic Development Committee meeting in order to give staff more time to discuss with City Council Members and revise the proposal in response to that feedback, if necessary. As a result of those conversations, staff offers the following amendment to the proposal:

The City's portion of the parking revenue (as calculated by the formula in the Maintenance and Management Agreement ("MMA") executed on March 29, 2017) shall be deposited into the Farmers Market TIF District Fund for district-wide improvements (instead of being deposited into the Transportation Department's general fund revenue account as previously indicated).

Attached is **Exhibit A**, further detailing the background, proposal, and staff recommendation for implementing paid parking in the Farmers Market Public Parking Garage.

Should you have any questions, please contact Kevin Spath, Assistant Director, in the Office of Economic Development at (214) 670-1691 or kevin.spath@dallas.gov.

A handwritten signature in blue ink, appearing to read 'Majed A. Al-Ghafry'.

Majed A. Al-Ghafry, P.E.
Assistant City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, Interim City Attorney
Mark Swann, City Auditor
Billierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizor Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



City of Dallas

EXHIBIT A

Farmers Market TIF District Request to Implement Paid Parking in the Farmers Market Public Parking Garage

**Economic Development Committee
September 5, 2023**

Kevin Spath, AICP, EDFP, HDFP
Assistant Director
Office of Economic Development

Overview



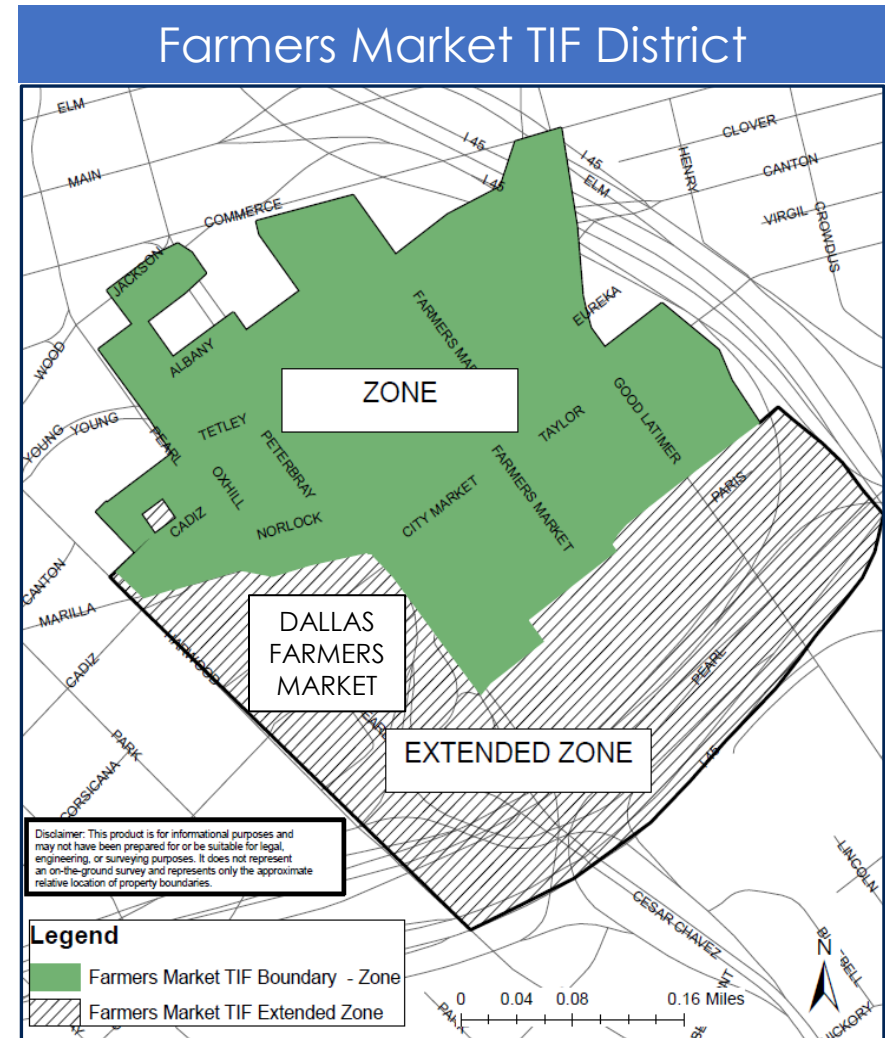
- Background
- Paid Public Parking Request
- Staff Recommendation, Economic Development Committee Action, and Next Steps



Background



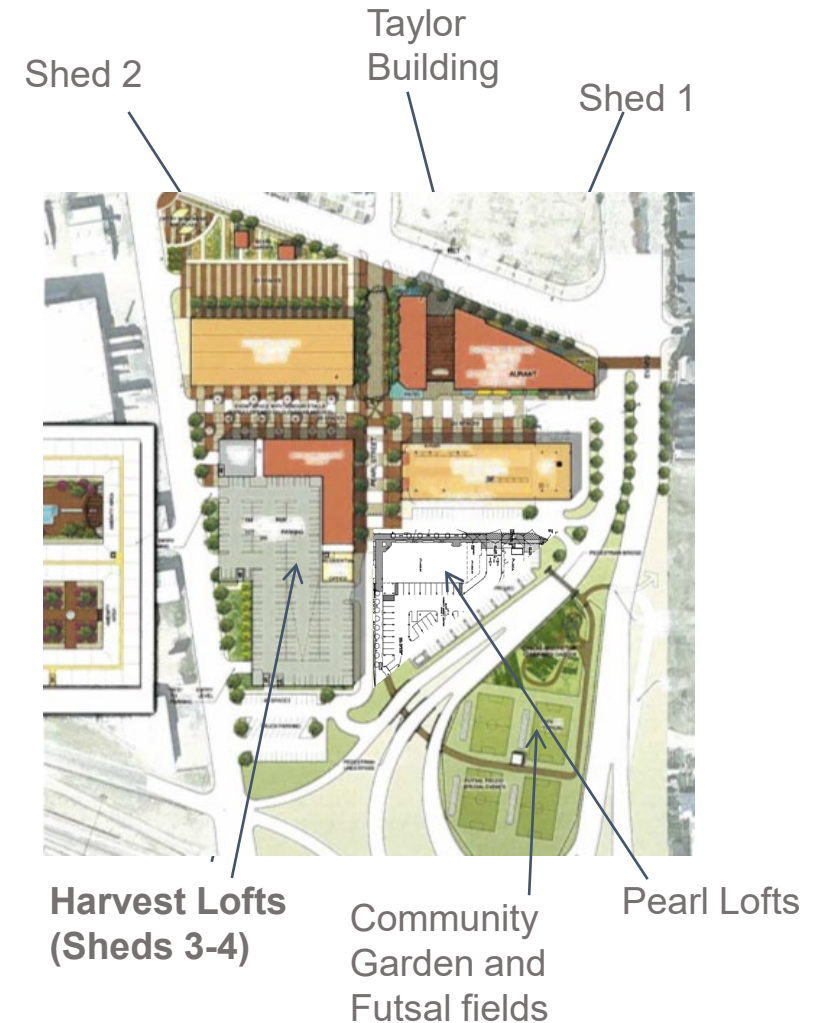
- Spring 2012, City issued RFP was issued to privatize and redevelop Dallas Farmers Market
- In numerous actions dating from 2013 to 2016, City Council approved amendments to the Farmers Market TIF District Plan and TIF District funding assistance for the Farmers Market Redevelopment Project to implement the Plan
- The Farmers Market Redevelopment Project is complete
 - In May 2022, one additional project was added, Pearl Lofts mixed-use mixed-income project, which began site demolition and construction in June 2023
- A Master Agreement regulates the Farmers Market Redevelopment Projects and each development site also has a separate development agreement



Background



	Agreement/ Project	Description	Required Private Investment	TIF District Funds	Status
1	Shed 1	119 stall local farmers market	\$800,000	\$300,000	Completed 7/2015; Paid
2	Shed 2	24,148 sf retail Mudhen restaurant	\$1,784,987	\$355,477	Completed 12/2016; Paid
3	Harvest Lofts (Shed 3 & 4)	240 apt units 16,000 sf retail 300 public parking spaces	\$28,000,000	\$13,204,350	Completed 11/2017; Paid
4	Taylor Building	60 apt units 25,000 sf retail	\$17,800,000	\$3,553,480	Completed 12/2019; Paid
5	Community Garden & Futsal Fields	Community garden & futsal fields	\$1,500,000	\$589,888	Completed 6/2019; Paid
6	Pearl Lofts	100 apt units 5,585 sf office	\$27,000,000	\$6,544,245	Under Construction



Background



Harvest Lofts

- **300 public parking spaces** were purchased by the City in 2017
 - Public parking spaces were constructed to serve the entire Farmers Market Area
 - Brian Bergersen (FM City Park, LLC, “Manager”) funded up-front costs for the construction of the public parking spaces
 - City paid \$8,149,535 to purchase the 300 public parking spaces and associated air rights
 - Funding Sources: 2006 Farmers Market bond funds, Farmers Market land sale proceeds, Public/Private Partnership funds, and Farmers Market TIF District funds
 - Public parking spaces are on the first floor and basement level with an open stairwell, dedicated elevator, and direct pedestrian passageways to Farmers Market sheds/retail
 - Remaining floors of the garage serve the Harvest Lofts residential units



Background



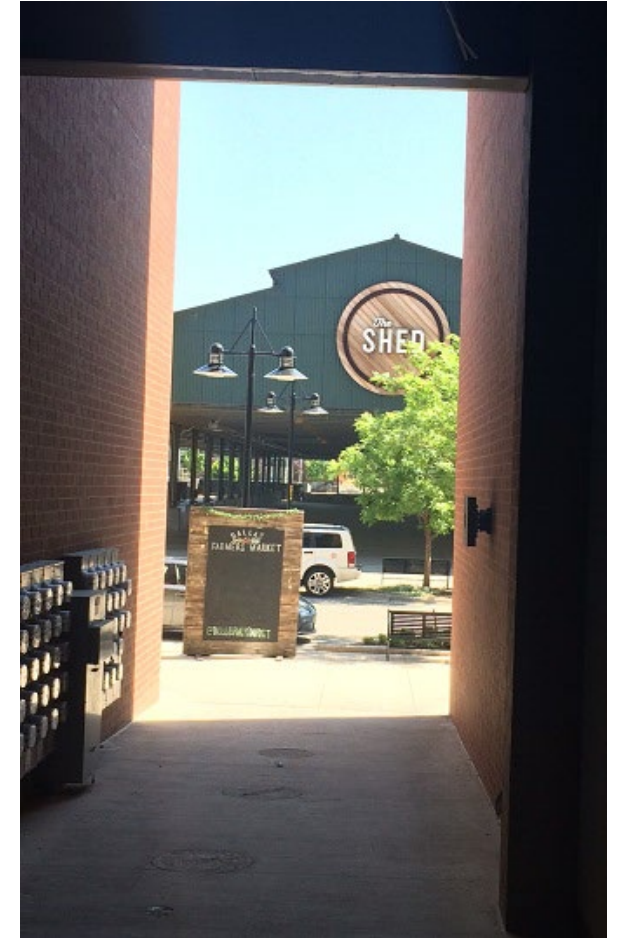
- March 2017: as part of City Council's approval of the City's acquisition of the public parking spaces, City entered into a **Maintenance and Management Agreement (MMA)** with Manager
- MMA dictated terms for charging patrons utilizing the public parking spaces and for revenue sharing between City and Manager
- MMA specifies that parking spaces shall be free to patrons with the exception of Special Events, defined as temporary events or gatherings open to the public in which the estimated number of participates/ spectators exceeds 50
 - Manager may charge vehicles up to 12 hours per month for such events
- MMA states that if Manager wishes to charge fees to vehicles in excess of twelve hours per month, such **request must be made in writing to the Director of Economic Development**
- MMA states that if City agrees to charge for daily parking, such determination shall be **approved by the Director** and City of Dallas **Economic Development Committee** prior to enforcing new parking rates



Paid Public Parking Request



- On March 10, 2023, Manager submitted a request to the Director of the Office of Economic Development to implement paid parking in the Farmers Market Public Parking Garage
- Office of Economic Development, Transportation Department, and City Attorney's Office have since worked with Manager on such request
- After discussions with the City's Department of Transportation and per the MMA, staff recommends approval subject to the feedback of Economic Development Committee



Paid Public Parking Request



- Why Paid Parking?

People living and working downtown are parking for free and taking up valuable Farmers Market short-term customer parking; Paid parking acts a parking management tool by encouraging parking turnover – it is not intended to be overly burdensome for short-term parkers but would discourage long-term parkers

- What are current parking rates downtown?

Free parking is unusual; Parking lots/garages fees vary from \$3 maximum (church) to \$25 maximum (hourly rates vary between \$2/hour to \$17/hour)

- Who is responsible for Garage Security and Maintenance?

Manager has full responsibility and currently employs security officer onsite 24/7. Manager has service contracts for trash, cleaning, and elevator maintenance. Parking revenue (page 9) would assist in funding security and maintenance in Farmers Market common spaces, including garage

- How will visitors know that paid parking is being implemented?

Ample signage and website updates will be provided to inform visitors that paid parking is being implemented



Paid Public Parking Request



Parking Revenue

- MMA specifies that the Manager pay City, out of Gross Parking Revenue, a percentage generated from the Public Parking Garage, as follows:

<u>Gross Parking Revenue</u>	<u>Percentage to City</u>
1st \$5,000 (i.e., \$0 - \$5,000)	20% to City
Next \$5,000 (i.e., \$5,001 - \$10,000)	25% to City
Next \$5,000 (i.e., \$10,001 - \$15,000)	30% to City
Next \$5,000 (i.e., \$15,001 - \$20,000)	40% to City
Next \$5,000 (i.e., \$20,001 - \$25,000)	45% to City
\$25,001 and up	50% to City

Per the MMA, by way of illustration, if the Gross Parking Revenue in a given calendar month is \$20,000, City would receive a total of \$5,750, which is the sum of \$1,000 (20% of the first \$5,000 in Gross Parking Revenue), \$1,250 (25% of the second \$5,000 in Gross Parking Revenue), \$1,500 (30% of the third \$5,000 in Gross Parking Revenue) and \$2,000 (40% of the fourth \$5,000 in Gross Parking Revenue)



Paid Public Parking Request



Equipment

- Section 3B of MMA states that, to the extent City elects to allow charging for daily parking or at any time if Manager elects to install parking-control equipment, Manager may, following receipt of approval from the Director, “deduct the reasonable costs of installing such equipment from City’s share of Gross Parking Revenues until the cost of installation is recovered”
- Manager proposes a license plate reader, control arm, cameras, visible parking rate signs, and 60 QR Code signs
 - Cost estimate of equipment: \$43,052
 - System intended to prevent wait times and not burden Harvest Lofts residents
 - Garage control arm will rise whether or not the QR Code payment system has been used and therefore it is possible that a vehicle exits without payment. If this occurs, an invoice in the amount owed plus a \$3 servicing fee will be mailed; if not paid within 30 days, a \$25 penalty will be added (Manager will be responsible – no City enforcement)
- Reporting of all financial transactions to City is required on a monthly basis



Paid Public Parking Request



Why the time is right to implement paid parking

- The garage has been in operation since 2017 with free daily parking
- Abuse of free parking at the periphery of downtown is occurring
- There is a perception of lack of available short-term public parking for the Farmers Market area
- Charging for parking at the requested rates is not anticipated to decrease patronage of the Farmers Market area
- Paid parking is needed to manage turnover and availability of short-term public parking supply
- Manager's portion of parking revenue will be reinvested to ensure high standards of maintenance and security
- Based on review of market rates for paid parking, staff and Manager believe the proposed rates for paid parking meet the Goldilocks principle



Staff Recommendation, Committee Action, and Next Steps



- Staff recommends that the Economic Development Committee approve paid parking with the following fee structure (as requested by Manager):
 - First two (2) hours free
 - After first two hours of free parking, then \$3.00 per additional hour with a maximum of \$18.00 per 24-hour period
- Within 6 months, staff will prepare a City Council agenda item to receive and deposit daily parking revenue
 - 2016 City Council resolution authorized deposit of revenue generated by **special event** parking into an Economic Development general fund
 - City Council action is needed to accept and deposit **daily parking revenue**
 - Revenue is not anticipated until after month 9 due to equipment purchase payback provision
 - Manager may begin charging for parking upon Economic Development Committee approval and after signs and equipment are installed





City of Dallas

**Farmers Market TIF District
Request to Implement Paid Parking in the
Farmers Market Public Parking Garage**

**Economic Development Committee
September 5, 2023**

Kevin Spath, AICP, EDFP, HDFP
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