

Report to Civic Works Committee

To: Chair and Members
Civic Works Committee
From: Scott Mathers, MPA, P.Eng.
Deputy City Manager, Planning and Economic Development
Subject: Core Area Parking Initiatives
Date: June 13, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Planning and Economic Development, the following actions be taken with respect to initiatives to support parking in the City's Core Area:

- a) The Civic Administration **BE DIRECTED** to bring forward a business case as part of the 2024-2027 Multi-Year Budget that provides funding to undertake a Downtown Parking Strategy Update;
- b) The Civic Administration **BE DIRECTED** to undertake a procurement process to redevelop the parking lot at 185 Queens Avenue for the purposes of a mixed-use development including affordable and market units and a privately owned and operated parking garage that provides both public and reserve parking;
- c) The Civic Administration **BE DIRECTED** to extend the current temporary free parking promotion in the Core Area to the first quarter of 2024;
- d) The Civic Administration **BE DIRECTED** to bring forward a bylaw amendment that would allow reserved parking in City parking lots at a bulk discounted monthly rate; and
- e) This staff report **BE RECEIVED** for information.

Executive Summary

Parking demand in the Core area is closely linked to economic activity, building vacancy rates, employment numbers and other indicators. At this time, it is also highly dependent on return-to-work strategies and people returning to the core. These initiatives include:

- Extending the temporary free municipal parking program,
- Allowing bulk discounted reserve parking in municipal parking lots,
- Reinitiating the procurement process on 185 Queens Ave, and
- Undertaking a Downtown Parking Strategy Update.

This report provides further background and the financial implications of these proposed short and long-term initiatives with the goal of supporting parking in the Core Area.

Linkage to the Corporate Strategic Plan

The 2023-2027 Strategic Plan identifies Council's priorities and implementing strategies to inform the associated 2024-2027 Multi-Year Budget. The following outcomes of the Economic Growth, Culture and Prosperity as well as the Mobility and Transportation strategies include: London's Core Area is a vibrant neighbourhood and attractive destination; and Londoners of all identities, abilities and means can move throughout the City safely and efficiently. It also specifically addresses the following strategies:

- Economic Growth, Culture, and Prosperity strategy 4.1 a) "Decrease commercial vacancy through new programs and initiatives.",
- Economic Growth, Culture, and Prosperity strategy 4.3 e) "Explore and implement strategies to support the retention of existing businesses",
- Economic Growth, Culture, and Prosperity strategy 4.3 d) "Update the Downtown Parking Strategy",
- Climate Action and Sustainable Growth strategy 2.1 a) "Implement the Climate

Emergency Action Plan with a focus on actions up to 2027 that will contribute towards achieving 2030 emissions reduction targets.”,

- Mobility and Transportation strategy 1.2 a) “Complete and implement the Mobility Master Plan.”, and
- Housing and Homelessness 1.1 “a) Increase the supply, range, and depth of affordability of quality housing options where people feel safe.”

Discussion

1 Background

1.1 Previous Reports Related to this Matter

Planning and Environment Committee – October 7, 2019 – 185 Queens Avenue Parking Lot Redevelopment

Strategic Priorities and Policy Committee – October 28, 2019 – Core Area Action Plan

Strategic Priorities and Policy Committee – April 28, 2020 – COVID-19 Financial Impacts and Additional Measures for Community Relief

Strategic Priorities and Policy Committee – May 18, 2021 – Comprehensive Report on Core Area Initiatives

Strategic Priorities and Policy Committee – November 30, 2021 – Strategy to Reduce Core Area Vacancy

Strategic Priorities and Policy Committee – May 30, 2023 – Core Area Land and Building Vacancy Reduction Strategy

1.2 Prior Council Direction: Timeline

Q4-2017 Parking Strategy

In December 2017, a Parking Strategy was prepared to assess the parking needs in the Downtown. The Strategy observed utilization rates for 6 sub-areas of the Downtown. The 185 Queens Avenue (known as Municipal Lot #5) property, is located in Sub-area 4 and in proximity to Sub-area 3, which had the highest peak weekday utilization rates of 81 and 89% respectively. The Strategy noted that a 90% utilization rate is considered “maximum practical occupancy”.

The Strategy projected an adequate parking supply in most of the downtown and a future parking supply deficit of approximately 200 to 300 public parking spaces in sub-areas 3 & 4 and suggested an opportunity to participate with developers in joint venture projects to integrate public parking within new developments as a sufficient and effective way to overcome this deficit. The Strategy also made recommendations related to transportation demand management to increase mobility options, transit, and the importance of the City’s ability to influence parking supply.

As shown in the following map, the 185 Queens Avenue site, is located in a very strategic central location to sub-areas 3 & 4, and also to all 6 sub-areas of the Downtown. (The site is immediately below (south) of the zone 4 label).

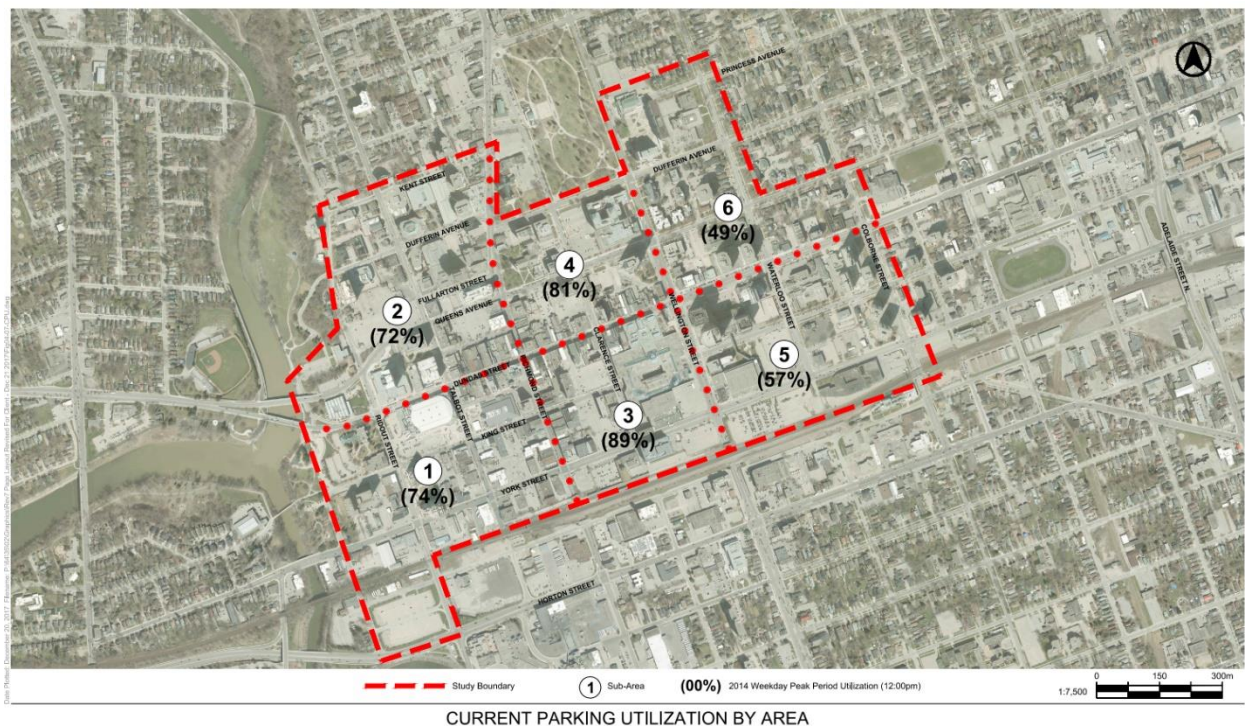


Figure 1: Downtown parking use by area.

Q4- 2019 Adoption of the Core Area Action Plan

In October 2019, Council adopted the Core Area Action Plan. Two parking related initiatives were included in the Plan: direction to undertake a procurement process for a mixed-use parking development at 185 Queens Avenue and introduce a program for temporary free parking:

The Queens Avenue parking lot is municipally-owned and located within a high-priority zone in need of additional parking spaces as identified by the Downtown Parking Strategy. A procurement process will be undertaken to seek out a mixed-use residential/commercial development proposal that includes 200-300 public parking spaces, built to the City's municipal parking specifications. The intent is to leverage the development potential of this well-located site to obtain public parking at this strategically important location.

Experiment with temporary free municipal parking Municipal parking is offered within the Core Area in on-street spaces as well as within City parking lots. All of these spaces use Honk Mobile - an app that patrons use to pay for their parking space for a specified time. This action would see free parking offered in different locations, for different times, for different purposes. For example, it may be used in areas where construction is occurring, to provide greater convenience for customers. Alternatively, it could be used in coordination with businesses for sales events, or on days that are traditionally slower than other days. Methods to monitor the impact of free parking will be explored -for example, requiring completion of a three to five question survey to activate the Honk Mobile code for free parking. This will allow for a fact-based understanding of parking in the Core Area and how it relates to the business environment.

Q1-2020 185 Queens Avenue Procurement Initiated

Staff initiated a Request for Qualification for a mixed-use development including a municipal parking garage that closed February 2020.

Q2-2020 Covid Emergency – 185 Queens Avenue Procurement Canceled

In March 2020 the Covid emergency was declared. Staff outlined in an April report to the Strategic Priorities and Policy Committee that the financial impacts related to the Covid pandemic were estimated at \$33M. As a result, the procurement process

for a mixed-use parking development was cancelled to balance the financial impacts and risks to the City.

Q2-2020 Temporary Free Parking via Honk App Initiated

This initiative was funded in the 2020-2023 Multi-Year Budget at \$150K annually. The intent of this initiative was to focus on the impact public construction projects have on existing businesses and to provide for reduced parking rates for special events. Subsequently, the temporary free parking was expanded to the entire core area following the COVID 19 pandemic providing 2 hours of free parking as an incentive to Londoners to visit the Core Area. The program is still in place.

Q2-2021 Parking Structure Initiative

In May 2021, it was recommended that the parking structure initiative be cancelled noting that future parking opportunities will be explored as the post-pandemic parking demand and corresponding parking revenues is better understood.

Rather than cancel this item, at its meeting on May 25, 2021, City Council also directed Civic Administration to report back on the status of the geographic distribution of parking demand, parking revenue and any recommended modifications or alternatives in the second quarter of 2022. Future structured parking opportunities were also to be explored at a high-level. The recommendation was modified as follows:

- d) Civic Administration BE DIRECTED to report back to a Strategic Priorities and Policy Committee meeting to be held in the 2nd Quarter of 2022 on the status of the geographic distribution of parking demand, parking revenue and any recommended modifications or alternatives to the Core Area Action Plan #11; it being noted that future structure parking opportunities will also be explored.

Q3- 2021 Building Vacancy

In November 2021, staff brought forward a report to develop a strategy to reduce core area land and building vacancy. This strategy would then include a review of the Downtown Parking Strategy and provide input on a recommendation for any updates or changes to the strategy. A portion of the resolution is included below:

That the Civic Administration BE DIRECTED to report back on a proposed strategy that sets out potential tools that may assist in reducing core area land and building vacancy, including, but not limited to:

- c) an assessment of the related strategies in Our Move Forward - London's Downtown Plan, and the Downtown Parking Strategy for any recommended updates or changes;*

This direction for the parking review was in response to the status update provided for the 185 Queens Avenue parking lot. It was noted by staff that this review would not be a full update to the Downtown Parking Study that was approved by Council in December 2017 and suggested a major update should be contemplated after the completion of the Mobility Master Plan and would require approximately eighteen months (to allow for four seasons of data collection) and \$300,000 to \$450,000 to complete depending on scope.

Q4-2022

In the fall of 2022, input was requested on the opportunities and challenges experienced in London's Core Area. Input was received from Core Area visitors, business owners, residents, workers, and property owners. The lack of parking was a frequently cited as a significant concern in the engagement survey results by respondents from all three core-area communities: Downtown, Midtown, and Old East Village. Concerns expressed about parking were the limited supply and availability of public parking.

Q2-2023

The Core Area Land and Building Vacancy Reduction Strategy was received by Council and sets out potential tools that may assist in reducing Core Area land and building vacancy. As part of the Core Area Land and Building Vacancy Study, Tate Economic Research conducted consultations with representatives of local partner organizations, realtors, and major landlords and developers. Parking was the second most frequently raised issue raised during these consultations. Partner organizations, realtors, and landlords and developers mentioned this issue, with a particularly large number of comments from realtors and landlords and developers. Frequently raised issues

focused on pricing and proximity of parking being key factors in attracting and retaining tenants. The importance of reserved or on-site parking was also mentioned, as was a suggestion from realtors that the City play a larger role in the provision of parking, with Guelph and Toronto identified as being successful in this area. The study also highlighted that surface parking lots were a prime candidate to implement municipal strategic priorities including affordable housing.

2 Core Area Parking: Next Steps

As a result of the recent engagement work highlighting the concerns regarding parking, a preliminary analysis of the state of parking in the core was undertaken and a series of initiatives were developed to address concerns highlighted during the core area engagement and Core Area Land and Building Vacancy Reduction Strategy consultations. The subsequent sections provide a high-level parking demand analysis followed by a series of initiatives to address parking in the core area.

3 Parking Demand Analysis

As part of the review of parking demand, an analysis was undertaken by the City's Transportation Planning and Design area. It was recommended that the 185 Queens Avenue joint venture opportunity only be reinitiated if beneficial for multiple purposes such as housing and not solely on the need for parking. This was based on the recent impacts of the pandemic and indications of reduced parking demand in the core and recognition of current City policies, plans and goals.

The recommendation includes supporting actions such as:

- continue to improve transit, cycling and pedestrian facilities in and to/from the downtown including linear infrastructure and amenities like secure bike parking and bike repair stations,
- consider designating municipal parking spaces for car/vanpooling,
- continue efforts related to development of a Transportation Management Association (TMA) to provide a variety of services that encourage more efficient use of transportation and parking resources – including incentives for choosing options like transit, cycling and walking car/vanpool matching and discount programs, parking management, and telework, and
- enhance TDM policies and programs through the Mobility Master Plan.
- continue to implement additional on-street parking spots where opportunities exist such as the recent creation of new spots during the pandemic.

Due to the unprecedented impacts of the pandemic on parking supply and demand, it is recommended that a major update of the Downtown Parking Strategy be undertaken after completion of the Mobility Master Plan. This update would take approximately eighteen months to allow for four seasons of data collection to be observed. A business case would be required in the 2024-2027 Multi-year budget to complete this task, to account for both the consulting costs and the addition of a new staff resource

4 Proposed Core Area Parking Initiatives

The following sections provide a series of initiatives to address parking in the core area. These initiatives range from short to long-term in nature and several would need to be considered as part of the multi-year budget process.

4.1 Extend Temporary Free Municipal Parking Program

In the 2020-2023 Multi-Year Budget a Temporary Free Municipal Parking Program was developed with the intent of providing free parking as part of public construction projects impacting existing businesses and to provide for reduced parking rates for special events. Subsequently, the temporary free parking was expanded to the entire core area following the COVID 19 pandemic. This program is ongoing and provides two hours of free parking as an incentive to Londoners to visit the Core Area. This program has been very successful, and the CORE code was used over 200,000 times in 2022 providing discounted parking to people visiting the core area. As the Core Area is still in recovery

it is recommended that this program be extended until Q1-2024. This timeframe will provide additional time for economic recovery to the spring of 2024 and allow much of the major construction to be completed in the Core Area. This approach also aligns with sustainable transportation actions included within the Climate Emergency Action Plan, the upcoming Mobility Master Plan, and the London Plan. Finally, this approach will also reduce the overall financial impacts of this temporary program on the next multi-year budget. The financial implications are discussed in the “Financial Implications” section of this report.

An analysis of the location and frequency of use of the promo code has been recently completed. One issue has been identified for corrective action and will result in a change to the temporary free municipal parking program on July 1st of this year. Several municipal parking lots in the downtown have reduced pricing targeted at daily parking users. These lots are being over subscribed to promo code users looking for daily parking at a highly discounted rate. Starting July 1st, the 2-hour promo code will no longer be available to users of several of the low-cost downtown day use parking lots. Signage will be provided to inform current parking lot users.

4.2 Allow Bulk Discounted Reserve Parking in City Parking Lots

Currently, the City cannot offer reserved parking at a bulk discounted rate to businesses in the core. To address the need for reserve parking, it is proposed that the appropriate bylaw amendments be made to allow core area business to reserve parking in underutilized city parking lots at a discounted rate. The work to develop this approach would include significant input from both Legal Services and from Procurement & Supply staff to ensure that the process is fair and open and is not contrary to the bonusing provisions of the *Municipal Act*. The opportunity to be explored would allow new and/or existing businesses to reserve a portion of the capacity in pre-determined City parking lots at a discounted daily rate. These spots would also be available to landowners that are attempting to attract or retain businesses in the core when they are negotiating lease agreements. These spots would be reserved during standard business hours and available during the evening and weekends for use by the public.

4.3 Reinitiate Procurement Process on 185 Queens Ave

As noted above, Civic Administration did not recommend the City taking on the financial risk of owning and operating additional parking in the downtown due to the lack of current demand and the uncertainty of the need for daily parking for workplaces post pandemic.

Given the concerns raised about reserved parking needs and the ongoing challenges of affordable housing supply, a Request for Proposal could incorporate these two purposes into a privately owned and operated mixed-use development. The benefit of moving forward with this approach at this time is a new development on this site will provide additional affordable and market housing in the downtown at a time when housing supply is extremely low. It will also provide additional public and reserved parking in the downtown with the amount of parking being determined through a competitive procurement at a low risk to the City of London.

It is recommended that a new procurement process be initiated in 2023 to seek out a mixed-use development that would provide:

- Daily parking privately operated that is available to the public;
- Reserved parking available to downtown businesses and offices; and
- Market and affordable housing units.

Applicant’s submissions would be evaluated based on the number of public parking, reserve parking spots created, and the number of affordable units provided as part of the development and available public parking spaces.

It is anticipated that there would be a good business case to provide private public and reserved parking in the downtown based on the needs expressed as part of the Core Area Land and Building Vacancy Reduction Strategy Engagement. Annual parking revenue for the 185 Queens Avenue lot was approximately \$247K per year (2019) prior to the pandemic and approximately \$ 241 K per year (2022) post pandemic. The lot contains 74 parking spots.

It is recommended that the City’s financial contribution to the development be limited to the value of the land and any existing Community Improvement Plan financial incentives available at the time of the development. In addition, the 185 Queens Avenue parking lot is a popular lot with an existing revenue stream that will benefit the new property owner. A Request for Proposal process could be initiated and Q3-2023 with a report back to Council targeted for Q4-2023.

4.4 Undertake a Downtown Parking Strategy Update

Council’s new Strategic Plan includes an update the Downtown Parking Strategy. It is recommended that the study area for the new strategy be reviewed for potential expansion noting the data collection and study costs would increase accordingly. The update would provide recommendations regarding future parking in the core, modal shifts to rapid transit and cycling infrastructure, and post-COVID return-to-work trends which may all impact the supply and demand for downtown parking. It is recommended that this strategy be included as part of a 2024-2027 Multi-Year Budget Business Case. This study could be initiated in 2025 for completion in 2026. This timing would allow the completion of the Mobility Master Plan to inform the work and also provide time for post-pandemic mobility trends such as corporate work strategies to stabilize.

5 Financial Impacts

Each initiative proposed above will have an associated financial implication. The following sections highlight the financial considerations for each proposed initiative.

5.1 Maintain 2-hour Downtown Free Parking Program Until Q1-2024

In the 2020-2023 Multi-Year Budget a Temporary free Parking Program was developed using the Honk App. The cost of this initiative was estimated to the \$150,000 per year and was funded using temporary funding for 4 years from the Operating Budget Contingency Reserve (utilizing 2019 operating budget surplus). The intent of this initiative was to focus on the impact public construction projects have on existing businesses and to provide for reduced parking rates for special events. Subsequently, the temporary free parking was expanded to the entire core area following the COVID 19 pandemic providing 2 hours of free parking as an incentive to Londoners to visit the Core Area. As presented in the year-end operating budget monitoring reports, the following table summarises the annual deficits for the overall Parking Area:

Table 1: Year-end Monitoring Surplus/Deficit Summary, in millions.

Year	Overall Budget Deficit
2022	\$0.3 M
2021	\$2.7 M
2020	\$2.7 M

There are several factors that have led to these year-end deficits.

Factor 1: 2020-2023 Budget Parking Revenue Projection

As set out in the initial 2020-2023 multi-year budget and revised during the budget updates, annual revenue targets for parking are set as follows:

Table 2: Multi-year Budget Parking Revenue Budget, in millions.

Year	Projected Revenue
2020	7.12
2021	8.01
2022	8.38
2023	8.38

When the 2020-2023 multi-year budget was developed it was anticipated that parking related revenue would increase by \$1.26M over the multi-year budget period.

Factor 2: Change in Parking Demand

Conversely to the multi-year budget revenue projection, there has been a marked decline in parking usage in the core due to the COVID-19 pandemic and after-effects of people not returning to the core. A recent study undertaken by the Institute of Governmental Studies at the University of California Berkley and the University of Toronto estimated that there has been an overall decline of 21% of people visiting London’s Downtown between January 2019 and November 2022.

Factor 3: 2-hour Free Parking Promotion

The current free parking program provides a promo code for 2 hours of free parking as an incentive to Londoners to visit the Core Area. This program has been very successful, and the “CORE” code was used over 200,000 times in 2022 providing discounted parking to people visiting the core area. Each time the promotional code is used there is a \$0.25 transaction free incurred by the City. In 2022, the total transaction fees related to the use of this program were approximately \$50,000.

In addition to this direct cost, there is a corresponding loss of revenue. This loss corresponds to the total fees that would have been paid by those visiting the core that used the promotional code. The total value of discounts from the program in 2022 is approximately \$1.0 M including the parking \$0.25 transaction fee as shown in Table 3 below This value overstates the actual loss of revenue as it is not possible to determine whether the user of the code would have come to the Core Area and paid for parking if the promotion was not available. Also, due to the nature of the Honk App, a user is likely to select 2-hours of free parking even if they only need parking for a very short time. Even with this theoretical revenue loss of \$1.0 M in 2022, the overall deficit in the Parking Services budget in 2022 was only \$0.3M.

Table 3. Lost Revenue through promotion, in thousands

Year	Lost Revenue ('000s)
2021	\$433
2022	\$942
2023	\$326 as of March 31, 2023

Continuing the Free Parking Promotion to Q1 2024

The overall surplus and deficit in the parking area is due to several factors including the reduction in parking in the core due to the pandemic, the post-covid hybrid working environment, the free 2-hour parking promotion, and the multi-year budget revenue projection for parking. If the current program is continued to the end of 2023, it is estimated that a similar annual deficit in the range of \$0.3 and \$3 million dollars could continue in 2023. Eliminating the 2-hour free parking promotion at this time will reduce but not eliminate the overall reduction in revenues experienced in the core area in 2023.

Core Area Parking revenues will only fully recover when people return to the Core in pre-COVID numbers.

5.2 Include a Downtown Parking Strategy Update as part of a Multi-Year Budget Business Case

A major update of the Downtown Parking Strategy could be contemplated following the Mobility Master Plan. The new study would take approximately eighteen months (to allow for four seasons of data collection) and the cost is estimated at \$300,000 to \$450,000 to complete depending on scope, plus funding for a staff position to manage this project and its implementation.

5.3 Reinitiate Procurement Process on 185 Queens Ave

The City's financial contribution to the development would be limited to the value of the land and any existing Community Improvement Plan financial incentives available at the time of the development. This will be clearly disclosed in the RFP document. As noted in a previous section it is anticipated that there would be a good business case to provide private public and reserve parking in the downtown based on the needs expressed as part of the Core Area Land and Building Vacancy Reduction Strategy Engagement. The viability of private parking at this location will be determined by the proponent through the number of daily and reserved parking spaces indicated in the proposal.

It is recommended that the City's financial contribution to the development be limited to the value of the land and any existing Community Improvement Plan financial incentives available at the time of the development. The 185 Queens Avenue parking lot is a popular lot with an existing revenue stream of approximately \$ \$247 K per year (2019) prior to the pandemic and approximately \$241 K per year (2022) post pandemic that will be a lost by the City and benefit the new property owner. A Request for Proposal process could be initiated and Q3-2023 with a report back to Council targeted for Q4-2023.

5.4 Initiate a Parking By-law Review to Allow Reserve Parking in City Parking Lots

It is anticipated that providing the ability to rent larger portions of underutilized lots at discounted cost will increase the overall profitability of the City's parking inventory. The revenue from the discounted rates and the utilization of the program will be monitored to ensure that the program is having a net positive economic and parking revenue impact. The calculation of any discount will ensure that the revenue will meet the costs to provide parking services and not result in bonusing as defined under the *Municipal Act*.

Conclusion

The recent Core Area Land and Building Vacancy Reduction Strategy and Core Area Engagement initiative have highlighted the community concerns related to parking in the Core Area. The initiatives highlighted above provide short and long-term actions to manage the need for public and reserve parking over the coming years. Following the completion of London's Mobility Master Plan, it is also recommended that a comprehensive Downtown Parking Strategy Update be undertaken to determine parking needs and will reflect the post-COVID Pandemic work environment.

Recommended by: **Orest Katolyk, MLEO (C)**
Director, Municipal Compliance

Recommended by: **Stephen Thompson, MCIP, RPP**
Director, Economic Services and Supports

Recommended by: **Scott Mathers, MPA, P.Eng.**
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