



Ketchum Urban Renewal Agency

P.O. Box 2315 | 191 5th Street | Ketchum, ID 83340

March 13, 2023

Chair and Commissioners
Ketchum Urban Renewal Agency
Ketchum, Idaho

RECOMMENDATION TO PROVIDE DIRECTION ON FUNDING PUBLIC PARKING IN THE FIRST AND WASHINGTON PROJECT

Introduction/History

This report provides the following information to assist the Board in the decision to include and fund public parking at the First and Washington site:

- Background on the city's approach to public and private parking in the downtown
- Parking demand and utilization for the downtown and 1st and Washington parking lot
- Parking structure options and costs for 1st and Washington Avenue site.
- Options for funding public parking

As presented in this report, there are several public parking and funding options that could be implemented. All the options require additional exploration and discussion with the development team and KURA. At this juncture, staff requests the Board decide if public parking should be included in the project, and if so, the amount of funding KURA is willing to contribute. If the Board decides to fund parking, staff will meet with the development team and return to the Board with detailed information and implementation options.

Report Summary

The following summarizes the information in this report:

- To promote and facilitate a vibrant and year-round downtown, in 2017 private parking requirements were reduced for priority uses. This shifted parking demand from private responsibility to public responsibility. The city accepted the responsibility and implemented parking management strategies and added additional public parking in the downtown.
- Demand for public parking is at capacity in some areas of the downtown during peak periods. However, overall, there is a sufficient supply of short-term public parking throughout the downtown located within a 5–10-minute walk.
- Demand for long-term employee and resident parking will continue to increase, especially in the winter, creating the need for additional long-term parking spaces. The First and Washington site provides the opportunity for long-term parking to meet future demand.
- The area around First and Washington is transforming into a destination location with two new hotels, the Argyros Theater, the Farmers Market and other events at Forest Service Park and surrounding new mixed use commercial and residential projects. Short and long-term parking

demand will increase in this area. Ketchum is the only resort city of similar size that does not have a public parking structure to handle long term demand.

- Two parking options meet the KURA goals for the project. The options provide 54 or 93 public parking spaces. The cost estimate for these options is \$9.4 million and \$13.5 million respectively.
- KURA has the capacity to fund \$8-\$9m million for parking. This consists of a borrowing capacity of \$4.5-\$5.0 million and cash consisting of \$4.0 million.
- Depending on the configuration of the parking, either all shared parking for the public and residential tenants or a combination of dedicated residential parking and separate public parking, the development could share in the parking costs. This would need to be negotiated and could impact the rental rates of the units.

Approach to Parking in Ketchum

Parking consists of two intertwined resources, public parking available on the street and public parking lots and private parking located off the street on private property to accommodate the demand created by the use occupying the property. While each resource is managed separately, they relate to one another in many ways. If there is insufficient parking to accommodate the parking need on private property, customers, visitors, and employees will rely on the public parking.

For the last 30 years, Ketchum has been evaluating options on how to improve and better manage the supply, utilization, and distribution of public parking in the downtown. At the same time, parking requirements for private development largely remained the same between 1974-2017. In 2017, private parking requirements were significantly changed to accomplish the following goals:

- Encourage mixed use projects in the community core that contain a balance of uses contributing towards a vibrant, active, year-round downtown.
- Create incentives for development of smaller more affordable market rate units that could be occupied by year-round residents.
- Promote the reuse of existing buildings.
- Provide incentives to encourage retention, expansion and development of commercial uses that contribute towards a vibrant, successful, and busy downtown during the day and night.
- Encourage the use of alternative modes of transportation to reduce traffic congestion, reduce the demand for parking and enhance the pedestrian and bicycle opportunities.
- Encourage the production of on-site community housing.

Projects approved and developed downtown after 2017 have relied on reduced parking requirements for residential, restaurant, retail, and assembly uses. In 2022, reduced parking was established for office uses. Projects with priority uses were feasible because of the reduced parking requirements such as the Argyros, numerous residential projects containing smaller market rate or deed restricted residential units, and projects with ground floor retail.

At the time the parking reductions were approved, the city recognized that downtown parking demand and management would shift from private responsibility to public responsibility for priority uses. A responsibility the city was willing to accept to promote a vibrant and successful year-round economy. Public parking was considered public infrastructure, the same as streets, sidewalks, and other public improvements.

Depending on the type of parking being shifted, short term (visitor and customer) vs long term (employees and residents) the shift would accelerate the demand for public parking facilities. At the time of the parking changes, long-term parking users (employees and residents) were impacting the availability of short-term

parking for visitors and customers. Employees and residents were occupying prime street parking spaces, which in turn reduced the availability of short-term parking for customers and visitors. To address the issue, and create more short-term parking, long-term parking spaces were converted to short term parking spaces. This action reduced the availability of long-term parking spaces and shifted employees and residents to the edges of downtown.

Over time, the private parking reductions directly impact the supply and demand of public parking downtown creating an increased demand for public parking. The availability of parking is critical to the success and continued vibrancy of the downtown. Since the parking reductions occurred, the city has focused on parking management strategies, evaluation and monitoring of parking conditions downtown and the creation of public parking to support a vibrant and active downtown.

The KURA played a key role by increasing the supply of public parking downtown. In 2018 the KURA acquired the city owned parking lot at 2nd Street and Washington Avenue and combined the lot with the adjacent KURA owned properties. The lots were reconfigured creating approximately 60 public parking spaces. The KURA is now deciding if public parking will continue to exist on the site as part of the new development under consideration.

Parking Demand and Utilization in the Downtown

Public parking in downtown Ketchum consists of on-street parking and off-street parking in three surface parking lots. As of 2022, a total of 1,996 public parking spaces exists in downtown, 136 spaces in public parking lots and 1,860 on-street spaces.

Parking utilization measures the level of occupancy of the parking supply during a given period and is expressed as a percentage of parking supply. Parking in downtown areas is generally considered “effectively full” when occupancies reach 85% utilization. When parking exceeds 85%, people have difficulty finding parking and some customers or short-term parkers may leave the area due to an inability to find parking. Occupancies above 100% are possible when vehicles park illegally or in unofficial spaces. Typically, the maximum distance someone would park and walk to their intended destination is about a 5–10-minute walk. Given the estimated 1,996 public spaces downtown, the total effective capacity in the downtown is approximately 1,697 parked vehicles at the 85% utilization level. The majority of parking spaces are within a 5–10-minute walking distance from all points downtown.

To determine if there is sufficient supply of public parking to meet present and future demand, two factors are analyzed, the number and location of public parking spaces and the utilization of the spaces.

Since 2004 the city has collected parking data for downtown including number of spaces, allocation of spaces and utilization of parking spaces. The number of public parking spaces downtown has increased over time with the addition of center parking on wider streets, conversion of parallel parking to diagonal parking and the addition and expansion of public parking lots. The data collected found the following:

- In 2004, an aerial survey was conducted during the summer to determine utilization of the public parking. At that time, 73% of the public parking spaces were being used, leaving 26% available.
- Additional parking was added downtown after 2004 and in 2015 and 2016 a utilization survey was conducted by City staff during the shoulder season in November and early December 2015 and during the peak period in December 2015 and December 2016. This survey revealed public parking was approaching, or at capacity, in certain areas in Ketchum during the December peak period (Attachment A). However, overall, there was sufficient parking within a 5–10-minute walk to accommodate peak demand.

- Most recently, the city contracted with Dixon Resources Unlimited to obtain detailed periodic parking utilization information (Attachment B). Utilization surveys were conducted June 2021-March 2022, April-June 2022, and July 2022-November 2022 (Attachment C). The most recent data collected in July 2022-November 2022 found some areas exceeding 85% occupancy, demonstrating parking demand is increasing. However, overall parking occupancies were below maximum thresholds and sufficient public parking exists throughout the downtown.

As shown in Table 1, available public parking downtown has increased and in 2021 consisted of 1,996 spaces. Public parking spaces include on-street parking and off-street parking in public parking lots. Utilization varies depending on the location and time of day.

Table 1

Parking Type	2004	2007	2015/16	2021	2022
Short Term Spaces	605	933	933	N/A	N/A
Unrestricted Spaces	1060	990	985	N/A	N/A
Total Spaces	1,665	1,923	1,918	1,996	1,996
Utilization of Spaces	74%	N/A	26%-121%*	35%-67%**	11%-100%***
* Peak period occupancy					
** Shoulder season weekday average occupancy					
*** July 2022-November 2022 occupancies					

Short-Term Parking Demand

Short term parking is defined as parking for customers and visitors for a period of 1-3 hours. Based on the data collected in the past and the most recent information collected (April-June 2022), there is sufficient public parking to meet the present and future demand for short-term parking. This assumes people are willing to walk 5-10 minutes to their intended destination. While some areas, such as the area around Atkinson’s, experience occupancies over 85% at peak periods, overall, there is available parking throughout the downtown to meet the short-term parking demand. This is confirmed by the utilization data showing the majority of areas downtown experience parking utilization at or less than 50%. For the foreseeable future, with implementation of parking management strategies, there will be sufficient short-term parking to support businesses in the downtown.

Long-Term Parking Demand

Long term parking is defined as parking beyond 3 hours, typically used by daytime and nighttime employees and downtown residents. It is projected the demand for long-term parking will continue to increase. As new residential units and commercial uses are constructed downtown, the demand for daytime long-term parking and overnight winter parking continues to grow.

Currently the downtown has a mix of short term and long-term parking. As demand for short-term customer and visitor parking increases, long-term parking spaces will be converted to short-term spaces. Employees and residents will be shifted to the outskirts of downtown into adjacent residential areas. This is particularly problematic in the winter when employees and residents must navigate icy conditions and walk a considerable distance to long-term parking. Demand for overnight winter parking will also continue to increase as more residential units are developed downtown.

Since the 1960s overnight parking on city streets during the winter was prohibited. Prior to 2017, the historical practice was to require residential parking to be provided on private property. To encourage the

production of more housing, and to prioritize square footage dedicated to housing instead of parking, in 2017 the city reduced residential parking requirements in the downtown. It was acknowledged at the time this action would increase the demand for overnight residential parking. The demand would be met by implementing parking management strategies and developing new off-street parking facilities. The city currently has a program allowing overnight winter parking in specific areas downtown. Those areas are limited, and the overnight parking spaces are highly utilized.

The utilization studies show increasing demand for parking in key areas of the city, with demand exceeding the 85% occupancy in some areas. The utilization studies show there is sufficient overall short-term and long-term parking available today, the demand for long-term parking will increase as new developments occur. In the area of First and Washington is transforming into a destination location that will impact the supply and demand of public parking. Two new hotels, multiple mixed-use projects, the Farmer's Market at Forest Service Park, and events at the Argyros are all expected to increase demand for short and long-term parking in the area. In addition to daytime demand, there is an increasing demand for overnight winter parking which will continue to grow with the construction of new residential units. Over time, the demand for long-term employee, resident, and overnight winter parking will continue to increase.

Parking Demand and Utilization at 1st and Washington Parking Lot

The public parking lot at 1st Street and Washington consists of approximately 60 spaces. Utilization of the lot is increasing, with higher utilization between 12pm-9pm weekdays. The city monitors utilization through the Community Services Officers (CSO) and through the Dixon data collection. The following summarizes the most recent utilization information:

- Dixon data collection August 2021-March 2022 shows 76.6% occupancy between 2pm-5pm.
- CSO observations, summer occupancy ranges between 60%-70% between 12pm-9pm and winter occupancy is approximately 50% between 12pm-6pm and 30% between 6pm-9pm.
- When events occur at Limelight, Argyros and Forest Service Park, the parking lot provides easy and accessible parking.

Parking utilization in the lot is a function of the availability of public parking on streets in the area. If there is abundant street parking, utilization of the parking lot is low. When street parking is heavily used, parking in the lot increases. In the next 5 years, with the development of the 1st and Washington site and replacement and widening of sidewalks in the area, available street parking in the area will be reduced. This will create more demand for off-street parking in a public lot or structure.

Parking Management Downtown

The city is working on a Parking Action Plan for the downtown. Before the report is finalized and presented for approval to the Planning and Zoning Commission and City Council, the city will conduct additional business and public input. A draft of the report is attached as Attachment D. The draft Plan states:

“Certain off-street parking lots may be considered for redevelopment in the future. The City should consider opportunities to partner with developers to build parking that will be publicly available. A public parking garage could provide additional long-term and overnight parking options, which appear to be in short supply in Downtown Ketchum.

Ketchum is the only resort city of similar or larger size that does not have a public parking structure to handle long-term parking demands.

In February 2022, the city conducted a downtown parking survey (Attachment E), to gather feedback from business owners, employees and residents on parking within downtown. A total of 386 responses were received. Key findings from the survey include:

- Most employees and employers rely on public parking for employees.
- Most customers rely on public parking when visiting the downtown.
- The majority of employees and customers find parking right away or within 5 minutes or less.
- The top improvement suggested by residents and visitors was building a parking garage.

KURA Public Outreach and Input

Prior to issuing a request for proposal, the KURA conducted robust public outreach with surrounding stakeholders and the community to gather public input on the three project goals and to identify any issues of concern. The community and stakeholders supported the three goals for the project:

- **Goal 1.** Provide local, affordable workforce housing downtown, particularly for professionals and those essential to a strong, diverse downtown economy.
- **Goal 2.** Provide structured public parking in anticipation of long-term downtown growth and development.
- **Goal 3.** Provide active ground floor opportunities to maintain the vibrancy of downtown.

During the public engagement stakeholders and the public were concerned about the impact the development would have on parking in the downtown and most excited about the potential for sub-grade parking that would help offset the development and maintain public parking in the area. In recognition of the public outreach, the RFP identified the three goals that any future project must meet.

Public Parking Options

The KURA hired Desman to identify different parking configurations for consideration by the Board. A report was prepared and is included in Attachment F. Desman concluded given setback requirements, the maximum building footprint is 92' x 210'. As a result, the width of the site is not conducive to the development of a functionally efficient and cost-effective parking garage at this location. However, this is a typical site in Ketchum and one of the largest sites available for public parking. Parking is possible but the cost will be higher due to the site configuration. After preparation of the report, the development team identified another option, this is reflected in Option 4A.

Once the parking options were identified, the development team prepared cost estimates for each option (Attachment G). The cost estimates assume all the parking is allocated to public parking. This approach increases the cost for parking beyond the estimate in the RFP proposal. As an example, in Option 3, one level of at grade parking and two levels below grade, the RFP proposal assumed the at grade parking would be dedicated to residential use and the two levels below grade would be public parking. The cost for the below grade parking was estimated at \$8.6 million assuming the KURA financed the construction. If all the parking is public parking, the estimated cost is \$13.5 million. If the hard and soft costs for the at grade parking were removed from the cost estimate, the cost estimate would be closer to the RFP proposal estimate.

The following compares the RFP proposal costs to the current cost estimate for at grade parking and two level of below grade:

Cost Detail	October RFP Proposal Cost Estimate	March 2023 Cost Estimate
Construction Hard Costs	\$7,843,919	\$12,772,981
Construction Soft Costs	\$268,862	\$268,862
Contingency	\$457,026	\$457,026
Professional Fees	\$69,878	\$69,878
Total	\$8,639,685	\$13,568,747

Table 2 below outlines the options and the cost estimates for each option. The development team will be present at the meeting to review the cost estimates. Desman will provide their evaluation of the cost estimates at the meeting.

When comparing the parking options with the KURA goals for the project, Options 3 and 3A meet all the KURA goals. The other options (Options 1, 1A ,2) compromise the number of residential units that can be developed or compromise Goals 2 and 3 (Options 4, 4A).

Table 2

Option	Number of Spaces	Number of Parking Levels	Number of Residential Levels	Cost Estimate	Compliance with KURA Goals
Option 1	93	2 levels above grade, 1 level at grade	1 level	\$10,548,868	In conflict with Goal 1
Option 1A	54	1 level above grade, 1 level at grade	2 levels	\$7,698,868	In conflict with Goal 1
Option 2	93	1 level above grade, 1 level at grade, 1 level below grade	2 levels	\$12,349,096	In conflict with Goal 1
Option 3	93	1 level at grade, 2 levels below grade	3 levels	\$13,568,747	Meets all Goals
Option 3A	54	1 level at grade, one level below grade	3 levels	\$9,448,868	Meets all Goals
Option 4	31	1 level at grade	3 levels	\$4,898,868	Meets Goal 1, in conflict with Goal 2
Option 4A	49-17 public spaces, 32 dedicated residential spaces	1 level at grade	3 levels	\$4,898,868	In conflict with Goals 2 and 3

The development team has indicated all the parking on site could be shared parking between the public and residential users without the need for dedicated residential parking. To facilitate this arrangement, the parking will need to be managed by either the KURA or the city. In the case of shared parking, all the parking would be public parking and available on a first come first served basis. No priority, special privilege or reduced rate could be given to the residents of the development. This approach increases the cost of the public parking. This is an area of negotiation between the KURA and the development team since this approach relieves the need and cost for parking for the development.

Funding Options

As outlined in the parking options, Options 3 and 3A align with all the KURA goals for the project. The development team has indicated all the parking could be public parking shared by both the public and residents of the project. However, the Board could choose to segregate the parking with designated residential parking funded by the project and designated public parking funded by KURA.

In January the KURA considered the borrowing capacity for public parking. The KURA has borrowing capacity between \$4.5-\$5.0 million (Attachment H). There is approximately \$3.0 million available in unbudgeted fund balance and approximately \$1.0 million available in the FY23 budget for infrastructure projects for a total of \$4.0 million in cash that could be used for public parking. The total KURA contribution towards parking is \$8.5-9.0 million.

The following outlines the different funding options that could be considered:

Alternative A: All the parking is public. Residential users will share the parking with the public on a first come first served basis. KURA funds all the public parking with bonds and cash.

Alternative B: A portion of the parking is dedicated to the residents and a portion is dedicated public parking. Residents may use the public parking in the same manner as the general public. KURA funds the public parking, the development entity funds the dedicated residential parking.

Alternative C: All the parking is public. Residential users will share the parking with the public on a first come first served basis. KURA funds a portion of the public parking with bonds and cash and the development entity funds a portion of the parking.

Alternative D: Parking is either public parking or a combination of public parking and dedicated residential parking. The development entity funds the cost of parking and KURA reimburses the parking costs.

In considering the options, it is important to note that the development entity is a not-for-profit organization and will not be making any profit or receiving any funds from this project. Increases to the project costs must be offset by increases in the rent levels for the units. The development entity has indicated they are not inclined to support Alternative D. As a not-for-profit entity, their mission is to develop workforce housing, the mission does not include production of public parking. This conflict could inhibit the ability to obtain tax exempt financing for the parking. Generating private capital to produce public parking will be very difficult.

Conclusion

- Demand for public parking will continue to increase downtown. Some areas downtown are at capacity during peak periods.
- Demand for long-term employee and resident parking will continue to increase, especially in the winter, creating the need for additional long-term parking spaces. The First and Washington site provides the opportunity for long-term parking to meet future demand.
- The area around First and Washington is transforming into a destination location with two new hotels, the Argyros Theater, the Farmers Market and other events at Forest Service Park and surrounding new mixed use commercial and residential projects. Short and long-term parking demand will increase in this area. Ketchum is the only resort city of similar size that does not have a public parking structure to handle long term demand.

- Two parking options meet the KURA goals for the project. The options provide 54 or 93 public parking spaces. The cost estimate for these options is \$9.4 million and \$13.5 million respectively.
- KURA has the capacity to fund \$8-\$9m million for parking. This consists of a borrowing capacity of \$4.5-\$5.0 million and cash consisting of \$4.0 million.
- Depending on the configuration of the parking, either all shared parking for the public and residential tenants or a combination of dedicated residential parking and separate public parking, the development could share in the parking costs. This would need to be negotiated and could impact the rental rates of the units.

Recommendation

Staff recommends the Board deliberate and provide direction on the following issues:

- Does the Board support inclusion of public parking in the First and Washington Project.
- If the Board supports the inclusion of public parking, is the Board's preference to have all the parking public and shared between the public and the project residents or should there be dedicated residential parking.
- What level of KURA funding is the Board willing to support for public parking.
- Provide direction to staff on the preferred funding Alternatives.

After the Board provides direction, staff will meet with the development team to refine the information and return to the Board with more detailed information and implementation recommendations.

Attachments

- Attachment A: 2015/16 Parking Survey and Utilization Study
- Attachment B: 2021 Dixon Parking and Utilization Study
- Attachment C: 2022 Dixon Parking Utilization Data
- Attachment D: Draft Parking Action Plan for Downtown
- Attachment E: 2022 Downtown Parking Survey
- Attachment F: Desman Parking Options Analysis
- Attachment G: Parking Structure Cost Estimates
- Attachment H: January 2023 Piper Sandler Bonding Analysis