

City of Sandpoint Paid Parking Policy and Fee Structure

Proposal for Mayor Grimm and Sandpoint City Council

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Introduction

Sandpoint's downtown paid off-street parking policy is intended to provide a funding mechanism to support the ongoing maintenance and development of public parking facilities in the Commercial A zoning district, including the downtown core, City Beach, and north to the Pend Oreille Bay Trail parking lot. The policy is based on the findings of Sandpoint's 2022 Parking Demand Study, which included among its preliminary policies and strategies the proposal to "implement and manage a paid parking program" to "support a vibrant downtown core" and the 2024 Comprehensive Plan, which included among its goals and objectives:

- "Enhance access to businesses, shops, restaurants, and other destinations through parking management solutions" (Chapter 6, Goal 1, A);
- "Refurbish the existing (City) lot, add paid parking." (Chapter 9), and;
- "Ensure sufficient public parking to enable redevelopment of underutilized properties" (Chapter 9, Goal 5, J)

A paid parking policy will generate between \$300,000 and \$350,000 annually to maintain, enhance, and eventually expand downtown parking, most of that revenue coming from visitors and tourists whose use currently dominates our off-street parking facilities during peak demand periods, yet who pay nothing towards those facilities' maintenance or eventual replacement costs.

Implementing a paid parking system for off-street parking facilities aligns with and supports the City's policy of exempting residential and non-residential development within the Commercial A district from off-street parking requirements. By monetizing parking, the City incentivizes efficient land use and encourages alternative modes of transportation, reducing the demand for expansive parking lots that consume valuable urban space. Unpriced parking, on the other hand, distorts urban development patterns, promotes car dependency, and increases housing and commercial costs.

City Parking: An Asset or Liability?

Cities often fall into the trap of viewing infrastructure like roads, parking lots, and utilities as assets simply because they provide a public service or attract users. Infrastructure is only an asset if the city can afford to maintain it over its lifecycle. When a city lacks the financial resources to properly maintain and eventually replace its infrastructure, that infrastructure becomes a **liability**—a cost that drains resources rather than generating value. Over time, neglected infrastructure deteriorates, leading to higher repair costs, safety risks, and diminished usability for residents and visitors.

Parking lots can seem like assets because they are highly visible and facilitate access to downtown businesses and recreational areas. Yet, without a dedicated funding mechanism, such as a paid parking program, the costs of maintaining these facilities inevitably fall on the city's general tax base, creating an unsustainable burden on local residents.

To transform liabilities into assets, cities must align their revenue structures with the long-term costs of their infrastructure. Paid parking systems provide a sustainable funding mechanism that ensures users contribute directly to the costs of maintaining and replacing the facilities they use. In the same manner that water and sewer services are paid for by those who use them, provision of off-street parking can be paid for by those who use it. This approach promotes fiscal health by aligning usage with responsibility, reducing dependence on already-stretched general funds, and preventing the kind of deferred maintenance that can lead to spiraling costs or eventual failure. By recognizing and addressing this dynamic, Sandpoint can move toward a more resilient and financially sustainable future, ensuring its infrastructure remains a benefit to the community rather than a hidden liability.

Purpose of Proposed Paid Parking Policy:

The purpose of implementing paid parking at Sandpoint's downtown and waterfront off-street parking facilities is to begin generating revenue to cover the actual costs of maintaining and eventually replacing the City's parking infrastructure. Currently, under the "free-to-park" model, the burden of maintaining downtown Sandpoint's 505 off-street parking spaces falls on the City's **General Fund**, the **Parks Fund** (which relies on revenues generated by parks facility users), and occasional grants secured by City staff. This system places an additional burden on residents and parks users while allowing non-resident users to benefit from these facilities without contributing to their upkeep.

By transitioning to a paid parking model, the **largely non-resident users** of Sandpoint's off-street parking facilities will share the financial responsibility for maintaining and replacing these essential public assets. This policy reflects the City's commitment to creating a fair, sustainable, and financially responsible system for managing its parking resources, ensuring that users contribute equitably to the long-term viability of Sandpoint's public amenities.

Capital costs of Sandpoint's off-street parking

The estimated annual maintenance and replacement cost of downtown Sandpoint's 505 off-street parking spaces is approximately **\$290,375, or \$575 per parking space**. Typical maintenance includes sweeping, crack sealing, striping, sealcoating, and occasional asphalt repairs, which costs around \$400 per parking stall. The eventual 20-year replacement cost is estimated at **\$3,500 per stall (annualized to \$175 per year)** based on local construction costs from recent parking lot projects completed in Sandpoint including Travers Park parking lot.

This policy has been developed to correlate to the anticipated maintenance costs the City already bears (or in most cases, defers) in its provision of off-street parking, NOT as a general revenue source to be allocated to capital projects unrelated to downtown parking and related amenities. Based on projections, implementing paid parking is expected to generate approximately **\$324,834 in annual revenue**, fully covering maintenance and replacement costs while providing additional funds to enhance the City's parking facilities and infrastructure, which

presently have not seen meaningful investment or basic maintenance in decades due to the lack of available funding mechanisms.

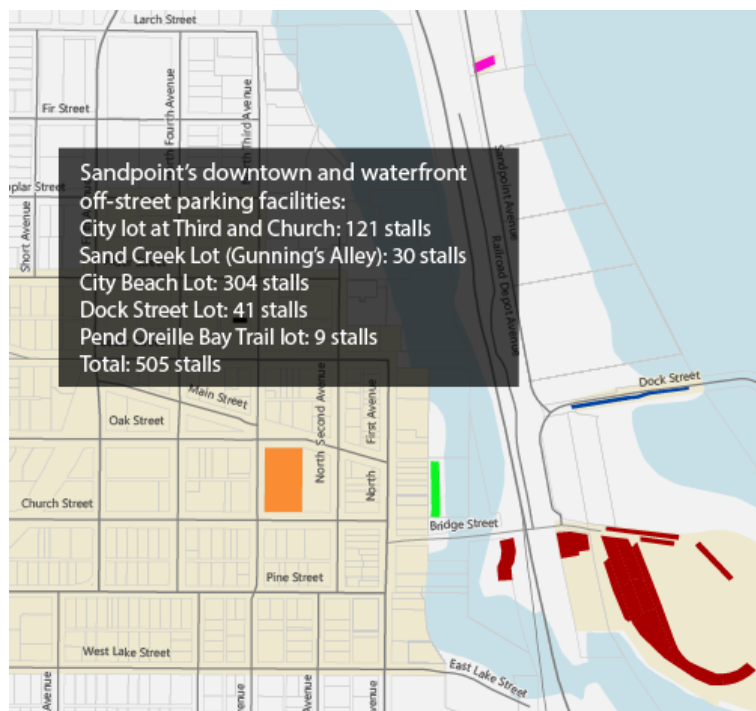
Applicability

The parking policy applies **year-round** to the following **City-owned parking lots** and on-street parking facilities in the Commercial A district, including:

1. **City Beach Lot**
2. **City Lot at Third and Church Streets**
3. **Sand Creek Lot**
4. **Pend Oreille Bay Trail Lot**
5. **Dock Street Lot (Windbag Marina)**

Dynamic pricing¹ will be implemented during weekends and peak periods (Memorial Day to Labor Day) for high-demand waterfront lots, including the **City Beach Lot**, **Sand Creek Lot**, and **Dock Street Lot**.

The **North ITD Lot** and **South ITD Lot** across Fifth Avenue are excluded from this policy, as the City does not own these free public lots.



¹ Dynamic pricing: a flexible pricing strategy where the cost of parking adjusts in periodically based on demand, availability, or time of day.

Parking Fees

The proposed parking fee model is based on a base **hourly rate of \$2**, with dynamic pricing applying at the waterfront parking lots at City Beach, Sand Creek (Gunning's Alley) and Dock Street. **Dynamic pricing starting at \$3 per hour and increasing with demand** will apply on weekends during the peak summer months (Memorial Day to Labor Day).

Daily maximums of \$16 for the City Lot, City Beach Lot, Sand Creek Lot, and Pend Oreille Bay Trail Lot will apply, while the Dock Street Lot, due to its proximity to the proposed new hotel and limited availability of parking stalls, will have a **daily maximum of \$20**.

Parking Pass Options

The policy includes several parking pass options to provide flexible and affordable alternatives to the standard hourly and daily parking rates. These passes include annual options for residents, non-residents, downtown business owners, downtown residents, and marina slip occupants, each tailored to meet the needs of frequent users while ensuring they contribute to the maintenance and replacement costs of Sandpoint's parking infrastructure.

Resident and non-resident passes

For City of Sandpoint residents and non-residents, the passes allow for up to two hours of free parking per visit, providing a cost-effective solution for short-term parking while still generating revenue for the City.

Downtown business passes

Downtown business passes, offered exclusively to businesses within the Commercial A zoning district, enable employees to park at all City-owned lots for a flat annual fee, supporting local economic activity and reducing administrative burden for daily parkers.

Marina slip occupant passes

Seasonal lessees of slips at Sandpoint's public marinas (Windbag and City Beach) have the option to purchase passes that grant parking for up to 24 hours at the City Beach or Dock Street lots to access their slips, ensuring convenient parking while addressing the unique needs of this user group.

Downtown Resident passes

The downtown resident pass is for individuals who live within the Commercial A zoning district to allow for use of City parking lots and on-street parking spaces that otherwise limit parking to a maximum of 2, 3, or 4 hours. This is a pass that is already included in Sandpoint's fee schedule, and with additional residential units currently in the development pipeline the demand for resident parking passes is anticipated to increase in the coming years.

Summary of Parking Pass Options

Pass Type	Cost	Eligibility	Benefits
Resident Annual Pass	\$10	City residents	2 hours free parking per visit at all lots for a single car

Pass Type	Cost	Eligibility	Benefits
Non-Resident Annual Pass	\$20	Non-City residents	2 hours free parking per visit at all lots for a single car
Downtown Business Pass	\$200	Commercial A district businesses	Unlimited parking at all lots for a single car
Marina Slip Occupant Pass	\$100	Windbag or City Beach slip occupants	Unlimited parking at Dock Street and City Beach lots
Downtown resident parking pass	\$350	Residents of the Commercial A district	Unlimited on-street and off-street parking downtown

Compliance with LWCF Guidelines

This parking policy aligns with the **Land and Water Conservation Fund (LWCF) guidelines** by maintaining equitable public access to City-owned parking facilities and ensuring compliance with restrictions on discriminatory practices. LWCF regulations stipulate that facilities developed or improved with LWCF funds must remain accessible to the general public without imposing restrictions based on residency or other discriminatory criteria. This policy upholds these requirements by offering parking access to all users, regardless of residency, and structuring fees and passes in a way that does not exclude or unfairly burden any group.

Hourly and daily parking rates are applied uniformly, with no residency-based restrictions, ensuring that both residents and non-residents have equitable access to parking facilities. While the policy offers discounted annual parking passes for residents, this option is available alongside non-resident passes, which provide the same benefits for a modestly higher fee. These options maintain compliance by ensuring non-residents have access to the same parking privileges as residents without exclusion or disparity in service.

Furthermore, the policy balances compliance with LWCF guidelines while addressing the practical need for sustainable funding. By charging users modest fees to support the maintenance and eventual replacement of parking infrastructure, the City ensures the facilities remain accessible, safe, and functional for all users in the long term. This approach fulfills the dual goals of preserving public access and promoting the financial sustainability of facilities developed with LWCF assistance.

Revenue Estimates:

To estimate revenue from the paid parking at Sandpoint's downtown and waterfront off-street parking facilities occupancy and turnover data from the 2022 Parking Study were applied and two scenarios were considered.

Scenario 1: No change in occupancy rates resulting from rollout of paid parking policy.

Turnover rates (number of vehicles using each parking stall each day) are assumed to be 3 vehicles per day during the peak season and 1 vehicle per day during the off-peak season at all lots. Occupancy rates observed in the 2022 parking study are **80% occupancy during peak season** for all lots except Pend Oreille Bay Trail and Dock Street, which vary based on demand. **During Off-Peak Season (October to April)** occupancy is estimated at:

- 50% at the City lot
- 5% at City Beach lot
- 60% at Sand Creek and Pend Oreille Bay Trail lots
- 10% at Dock Street lot

Using these rates as a baseline, the estimated total revenue from the paid parking program is **\$369,584.40**

Revenue by Parking Lot:

- City Lot (Third and Church): \$72,116.00
- City Beach Lot: \$184,771.20
- Sand Creek Lot: \$28,728.00
- Pend Oreille Bay Trail Lot: \$5,745.60
- Dock Street Lot: \$26,223.60

Revenue from Parking Passes:

- Resident Annual Passes: \$5,000.00 (500 passes at \$10 each)
- Non-Resident Annual Passes: \$10,000.00 (500 passes at \$20 each)
- Downtown Business Passes: \$20,000.00 (100 passes at \$200 each)
- Marina Passes (Dock Street and City Beach): \$17,000 (assuming 75% of slip renters buy a pass; 170 passes at \$100)

Scenario 2: Elasticity impact with reduced occupancy rates due to the rollout of paid parking

Demand for off-street parking is likely to fall once paid parking is implemented as users seek free alternatives to City lots such as street parking and the two ITD lots across Fifth Avenue. The “elasticity” of demand for parking is a value that tells us the percentage by which occupancy rates are likely to fall for each 1% increase in the price. Research suggests that the price elasticity of parking demand is between -0.1 and -0.5, meaning a 10% increase in price could lead to a 1% to 5% decrease in demand.

Based on these assumptions, the estimated occupancy rates following rollout of paid parking are summarized in the table below. The “Adjusted Peak” indicates the likely average occupancy rate after accounting for reduced demand following the rollout of paid parking.

Lot	Original Peak	Adjusted Peak	Original Off-Peak	Adjusted Off-Peak
City Lot (Third & Church)	80%	65% (-15%)	50%	45% (-5%)
City Beach Lot	80%	70% (-10%)	5%	4% (-1%)
Sand Creek Lot	80%	65% (-15%)	60%	50% (-10%)
Pend Oreille Bay Trail Lot	80%	65% (-15%)	60%	50% (-10%)
Dock Street Lot	80%	70% (-10%)	10%	8% (-2%)

Taking into consideration a likely reduction in demand for off-street parking following the implementation of a paid parking system, the revised estimated revenue from the paid parking system is **\$324,834.64**.

Revenue by Parking Lot:

- City Lot (Third and Church): \$60,838.80
- City Beach Lot: \$160,949.76
- Sand Creek Lot: \$23,580.00
- Pend Oreille Bay Trail Lot: \$4,716.00
- Dock Street Lot: \$22,750.08

Revenue from parking passes is assumed to be the same in both scenarios, at **\$52,000**.

Summary

Under the current free parking system, Sandpoint generates no revenue from its off-street parking facilities. This leaves the City with a significant funding gap, as the estimated annual cost of maintaining and eventually replacing the 505 parking spaces is approximately **\$290,375**. In the absence of paid parking, this financial burden falls entirely on the General Fund, the Parks Fund, and any grants that City staff can secure. This approach places a disproportionate strain on local taxpayers and parks users, while allowing non-resident users of Sandpoint's parking facilities to benefit without contributing to their upkeep.

Implementing a paid parking system addresses this deficiency by generating an estimated **\$324,734.64** annually. Of this, \$272,834 is expected to come from hourly and daily parking fees across the five City lots, and \$52,000 from annual parking pass sales (resident, non-resident, downtown business, and marina passes). This revenue not only fully covers the projected maintenance and replacement costs but also provides a surplus of approximately **\$34,359.64**. The surplus could be reinvested in further improving parking infrastructure or other related projects.

By charging users for parking, the financial burden shifts away from Sandpoint's general tax base, ensuring that those who utilize the parking facilities contribute directly to their upkeep. This is particularly impactful for non-resident users, who represent the majority of parking demand and were previously able to park for free without any contribution to the City's costs.

The paid parking system also establishes a sustainable funding mechanism that ensures the City's parking infrastructure is adequately maintained and replaced as needed, preserving its functionality for future generations. Overall, the transition to a paid parking model promotes equity and fiscal responsibility by aligning the costs of maintaining Sandpoint's parking facilities with their actual usage, turning Sandpoint's five downtown off-street parking facilities from a liability into an asset, whose value for future generations is secured through a sustainable funding mechanism.

Finally, the proposed paid parking policy directly supports several goals and objectives of the 2024 Comprehensive Plan, particularly in the areas of Multimodal Transportation, Community Character and Design, and Jobs & Economic Development. By managing parking demand through pricing, the policy aligns with the Plan's focus on enhancing access to businesses and reducing congestion in high-demand areas (Chapter 6, Multimodal Transportation). It fosters efficient land use, preserving Sandpoint's vibrant downtown while reducing the need for expansive parking infrastructure that detracts from the city's character (Chapter 3, Community Character and Design). Furthermore, the revenue generated supports infrastructure maintenance and economic growth by ensuring a steady funding stream for public facilities, thereby promoting fiscal sustainability and investment in Sandpoint's downtown economy (Chapter 9, Jobs & Economic Development). This integrated approach reflects the Plan's vision of creating a dynamic, accessible, and economically resilient community.

Additional areas of the Comprehensive Plan that would be directly supported through implementation of this policy include:

1. Parks, Recreation, and Trails (Chapter 7)

A paid parking policy can help generate revenue to maintain and improve public spaces, including parks and recreational areas. By allocating parking revenue toward these amenities, the City can enhance the quality and accessibility of its recreational facilities, aligning with the Plan's goal of creating a robust parks and trails network that benefits residents and visitors alike.

2. Housing and Neighborhoods (Chapter 5)

Paid parking can reduce the pressure to dedicate excessive land to parking, freeing up space for residential and mixed-use development. This aligns with the Comprehensive Plan's goals of encouraging diverse housing options and creating livable neighborhoods. In particular, limiting free parking discourages car dependency, fostering more walkable, pedestrian-friendly neighborhoods.

3. Public Facilities, Services, and Utilities (Chapter 8)

The policy ensures sustainable funding for infrastructure improvements, supporting the maintenance of utilities and public services. Paid parking revenue can also contribute to better signage, lighting, and drainage in parking facilities, improving the overall quality of public infrastructure as outlined in this chapter.

4. Natural Resources and Hazards (Chapter 11)

By managing parking demand and encouraging alternative transportation options, a paid parking policy helps reduce environmental impacts such as air pollution and land use sprawl. These actions align with the Plan's goals of protecting natural resources and promoting sustainable development.

5. Implementation (Chapter 12)

The policy aligns with the Plan's call for actionable strategies to achieve the City's goals. By introducing a revenue-generating parking system, the City adopts a pragmatic approach to fund infrastructure and achieves long-term objectives without relying solely on external funding sources.

By supporting these additional areas, the paid parking policy demonstrates its broad utility in advancing Sandpoint's vision for a sustainable, livable, and economically vibrant community.