

April 30, 2017

## Q&A on Warrant Article 26: Parking Benefits Districts

### **What is Warrant Article 26?**

In 2016, the General Court enacted the Municipal Modernization Act. This was wide ranging legislation that changed a lot of things, including the way localities in Massachusetts can deal with parking. One of the provisions of that law would, if accepted by Arlington, authorize the creation of parking benefits districts. The Board of Selectmen has “enthusiastically” recommended that Town Meeting accept that provision. Doing so would not actually create any PBD. It would simply authorize the Board of Selectmen to create them.

### **What is a parking benefits district?**

A parking benefits district is a geographical area whose parking revenues are used to finance area improvements through a dedicated fund. Not all of the parking meter receipts collected in a PBD have to be returned to the PBD in this way. The State law authorizing PBDs sets forth the uses to which parking revenues can be put. These include installation, maintenance and operation of parking meters, parking regulation, salaries of parking management personnel, “improvements to the public realm,” and “transportation improvements, including, but not limited to, the operations of mass transit and facilities for biking and walking.”

A parking benefits district may be managed by a body designated by the municipality, like a business improvement district or main streets organization.

To oversimplify a little, establishing a parking benefits district in (say) Arlington Center would mean that parking revenues from the meters in Arlington Center would stay in Arlington Center, to be used to improve the experience of the people who work and shop there – or who just appreciate the vitality of Arlington’s hub.

### **If Town Meeting accepts the Board of Selectmen’s recommendation on Article 26, what is going to happen?**

The Board of Selectmen would establish a parking benefits district in Arlington Center. Money collected from the parking meters on the street and in the municipal lots would be paid into a parking fund. This would not include money from parking violations. It is estimated that parking meter receipts would be about \$425,000 in FY 2018. This could be a bit more – a reasonable high-side estimate is \$480,000. It could also be less. Over the next 5 years, parking meter receipts could increase, but the expected increase would be under 5%.

The gross revenues would be used (a) to pay for the parking meters, (b) to pay half the cost of enforcement, and (c) to pay for a part of the parking budget. The amount left over, for improvements to Arlington Center, would be around \$150,000.

### **Would there be parking districts other than the one planned for Arlington Center?**

Probably not. Arlington has three commercial districts. The considerations that led to installation of meters in Arlington Center don’t apply elsewhere. As a result of more than a year of study, the Town

came to the conclusion that its parking policies led to perverse incentives: people who wanted to park all day were taking up (then free) spaces on the street, and shorter term parkers were parking in the common lots or giving up in disgust. The parking meters were designed to put long term parking in the meters and short term, often commercial, parking on the street. This was intended to benefit commerce in Arlington Center and to contribute to the overall vitality of the Center. Anecdotal evidence indicates that it has had that effect.

The other two commercial centers in Arlington are very different. Neither has a significant municipal parking lot. And in both cases, meters are likely to push parkers onto residential streets, which nobody wants. As far as we can tell today, the only candidate for a parking benefits district in Arlington is Arlington Center.

### **Why does Arlington Center need a parking benefits district?**

The Center is struggling. About 15 stores there have brown paper rather than merchandise in their windows. Some have been empty for close to 4 years. As Alyssa Clossey, co-founder of Support Arlington Center, says:

"Arlington Center is the heart of Arlington, located in between East Arlington and the Heights along and around Mass. Ave. -- our main artery. With Town Hall, Arlington High School, the main Post Office, the historic Arlington Friends of the Drama and Regent theaters, the future hub of Arlington Center for the Arts, and more -- the center is the pulse of the Town. And yet it is the center that is struggling the most with empty store fronts.

"With a dedicated fund, the Town could put real money into improving the lighting, design, and adding art into the center, bringing more beauty and interest into the patrons, residents, visitors, business owners and future business owners. We want to continue to see the center as a place for people to go out to dinner, lunch, grab coffee, breakfast, buy a book at our local book store, pick up gifts at specialty shops, catch a movie, performance or live music at our historic theaters and indoor/outdoor cafés-- essentially enjoying a few hours of their day or night in the inviting, bright, beautiful, energized center."

A vibrant Arlington Center has the potential to lead the economic development of the town.

The Master Plan envisions many of the improvements to Arlington Center that the Town hopes to fund with a PBD, and the Master Plan Implementation Committee in its report to the 2017 Town Meeting welcomes the establishment of a PBD to provide those improvements. (MPIC Report at 2-3.)

### **How much money are we talking about?**

The Town estimates that receipts from the parking-lot and on-street meters will total about \$425,000 in FY 2018. Revenues from the parking lots are expected to be around \$125,000, based on 2016 figures and reduced a little bit because some people parking in the lots now might park on the streets in the future. Revenues from on-street parking are expected to be around \$300,000, based on results from December 2016 to February 2017. While it is possible that the pattern may change in the summer months, the revenues to date are consistent with the projections made in March.

In future years, it would be reasonable to predict modest growth in parking meter revenues. Generally, however, we can expect gross parking revenues to be about \$440,000 per year in the medium term, with \$480,000 per year being a reasonable high end estimate.

These are gross receipts. In FY 2018, the Town expects to deduct the cost of operating the parking meters (\$172,000), half the cost of parking enforcement (\$56,000), and a portion of the parking budget (\$46,000), leaving about \$150,000 for improvements to Arlington Center.

**I've heard it could be a lot more than that. How do we know this won't get out of hand?**

While it is possible that parking meter utilization will exceed predictions based on historical data, it is unlikely that the difference will be large. It is important, however, to note that the Town has not put into the parking fund receipts from enforcement (even though it is using the parking fund to pay part of the costs of enforcement) and does not plan to do so. Ticket revenues were \$331,000 in FY 2106 and are expected to be about \$488,000 in FY 2017 and FY 2018.

In defining what revenues may be placed into a parking fund, Massachusetts law does not mention parking fines, but rather “fees received for the use of such parking meters.” MGL c. 40, section 22A. (The specific provision authorizing parking benefits districts speaks of “parking revenues,” but the context makes it likely that this term has the same meaning as “fees received for the use of such parking meters.”)

It is questionable whether state law as it stands today authorizes depositing revenues received from parking fines into parking funds. The Town does not, however, have to face that question, because it has no intentions of doing this.

In sum, while estimates are estimates, it is highly unlikely that revenues deposited in into the parking fund will be substantially higher than predicted.

**What would money in a parking benefits district be used for?**

As noted above, the gross revenues from meters will be used in the first instance to pay a portion of the Town's parking budget and costs of enforcement, and all of the costs of operating the meters. Improvements to Arlington Center would be funded by the net proceeds from the parking meters.

The Town's Parking Implementation and Governance Committee has solicited ideas from the public to obtain feedback on improvements. (This process of public consultation is intended to continue.) The most pressing capital project would be improvement of the Russell Common Parking Lot and the Park Terrace walkway to Medford Street. These improvements are expected to cost \$163,000.

After that, the parking benefits district might be used in a variety of ways:

- Broadway Plaza Reconstruction (part of funding)
- Whittemore Park Reconstruction (part of funding)
- Benches
- Trees
- Pedestrian Lighting
- Planters
- Trash receptacles
- Snow removal (e.g., to enable people to get from parking meters to the sidewalks)

Decisions on the use of parking fund money would be made each year. The uses that could be funded from the parking fund are listed in the state statute. While that list is “broad,” as the BoS has said, all of

the authorized uses are tied to tangible improvements to make the area in the district more functional and vibrant:

“acquisition, installation, maintenance and operation of parking meters and other parking payment and enforcement technology, the regulation of parking, salaries of parking management personnel, improvements to the public realm, and transportation improvements, including, but not limited to, the operations of mass transit and facilities for biking and walking.”

All of the improvements contemplated by the town are well within the statutory limits.

**If Town Meeting accepts the BoS recommendation on Warrant Article 26, how can it be sure that the parking benefits fund is subject to appropriate fiscal controls?**

The Town Manager has committed to a process. The Parking Improvement and Governance Committee would solicit recommendations from the public and compile a proposed list of recommended operational and capital improvements. The Town Manager would present his list of improvements to Finance Committee or Capital Planning Committee as appropriate. A final schedule of improvements would be submitted to Town Meeting for endorsement, much as the Community Development Block Grants application is today.

While this process is less different from the process for appropriations from the General Fund, it does provide an appropriate check on the Town Manager’s use of PBD funds for Arlington Center. It is highly unlikely that imprudent or wasteful spending will pass unnoticed. Controversies would be resolved among the Finance Committee, Capital Planning Committee, the Board of Selectmen, and the Town manager.

Of course, the commitment of the current Town Manager binds only him and doesn’t have the force of law. Moreover, a fair argument can be made for a more precisely drawn procedure. For these reasons, the Finance Committee has recommended delaying spending the net proceeds of parking meter receipts (except for enforcement and administration) until a future Town Meeting, to give the Town an opportunity to put an appropriate process into the Town bylaws. (See Finance Committee Report on Article 39, at p. 14-15.)

**We have seen something like this before, haven’t we? Didn’t we accept state legislation on parking last year? How does this proposal relate to that?**

We have seen this before. The state Municipal Modernization Act of 2016 had several provisions relating to parking. In October 2016, Town Meeting accepted section 25 of the Act, which allowed receipts from parking meters to be used to pay for the costs of the parking meters (among other things), without the need for further appropriation. The Town has created a parking fund under that provision. Every penny that would be used to fund an eventual parking benefits district is already being deposited in that parking fund. None of that money is currently subject to appropriation by Town Meeting. None of it can be transferred from the parking fund to general revenues. All of it may be used for the same purposes that would be allowed under the parking benefits district. The same questions about controlling expenditures from the parking fund must be answered, whether Town Meeting authorizes a parking benefits district or not. In fact, the Finance Committee’s recommendation on Warrant Article 39, which would approve the use of parking fund money on operations and some other expenses and delay expenditures for Arlington Center improvements, does not relate to the parking benefits district at all, but the already existing parking fund.

**Why not pay for Arlington Center revitalization out of the existing parking fund or the General Fund? Why do we need a Parking Benefits District?**

While the existing parking fund could be used to pay for improvements in Arlington Center (and elsewhere, for that matter), it is still critical to approve Article 26:

- Establishing a parking benefits district would clearly commit the Town to the health and vitality of Arlington Center on a sustained basis.
- It makes sense to use the money generated by parking meters in Arlington Center for improvements to Arlington Center. The state has recognized this in a general way in enacting the parking provisions of the Municipal Modernization Act. The parking meters were not installed in order to beef up Town revenues. They were installed as a way to regulate parking in a specific area. This has created a pool of money funded by people who use Arlington Center, and it is natural to spend those funds on making their Arlington Center experience better.
- Using parking receipts as a dedicated fund to provide more life to Arlington Center is the only realistic way to get the job done. General Fund revenues are divided among many expenditures. Only by segregating new parking revenue can we focus on improving Arlington Center over time. Establishing a geographically defined parking benefits district allows us to do that. While it is theoretically possible to use the existing parking fund to support the Center, Town Meeting rejection of Article 26 would surely affect the Town's willingness to do so. By the same token, adoption of a PBD would greatly clarify a confusing legal situation and allow for a more efficient and responsive administration of the fund.
- The proposed parking benefits district is modest in scale. Only a portion of meter revenues beyond the costs of operations will actually go to Arlington Center improvements: about 40% would instead pick up costs of parking enforcement and administration that would otherwise be borne by the General Fund. A moderate but sustained effort focused Arlington Center would contributed enormously to the health and vitality of our downtown.

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