

01-27-2021 Town Council Meeting Responses to Council Questions

ITEM #11: FY 2020 Financial Results and Trends and FY 2021 Q2 Financial Update

Council Question:

On page 201, it says there is uncertainty that the Parking Fund can survive in its current configuration. Is there a recommended restructuring from staff to help address this uncertainty?

Staff Response:

Town staff made several recommendations to Council of strategies to help balance the Parking Fund (April 12, 2017 parking work session and over the last year during discussions about the Rosemary Deck project). Recommendations included: 1) consistency in rates charged at Town decks/lots (move all hourly to \$1.50/hour and all monthly to \$115/month); 2) charge day time and night time rates vs one 24 hour rate; 3) over-lease monthly spaces by 15%, which is common practice in the parking industry; 4) remove parking fees from the Council-adopted fee schedule to provide additional flexibility for demand pricing; 5) explore parking payment in lieu option; and 6) consider increasing the tax rate for the Downtown Service District to help offset the cost of parking.

Actions that have been taken include: Council approving the removal of parking fees from the Council-adopted fee schedule and an increase in the hourly and monthly rate at the Wallace Deck, CVS Deck and the Rosemary/Columbia lot for consistency in how we charge and to help balance the parking fund. We believe that these measures would have positively impacted the long-term financial health of the Parking Fund. However, in March 2020 COVID-19 hit NC and to help the Town's downtown businesses and our community, we stopped charging for parking until August. That, coupled with downtown business closures and UNC still being virtual, has dramatically impacted revenues in the parking fund.

Recommendations would include measures to help bridge the gap between now and COVID recovery (UNC reopening, Rosemary Deck construction, new Rosemary Street office building). Short-term measures could include: Parking staff evaluating cost cutting measures wherever possible; the debt fund absorbing the annual debt service for the Wallace Deck and 140 West Deck, and a possible transfer from the General Fund to cover any additional shortfall.

We are reviewing FY 2021 year-end revenue projections now and are waiting on FY 2022 budget numbers from departments. Once we have this information we will have a better idea as to the shortfall we need to cover and can bring this topic to Council for discussion at the March 17th work session.