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Phillip Kushlan: Raising Downtown parking rates is a good thing - really

READER'S VIEW: DOWNTOWN PARKING

BY PHILLIP KUSHLAN - Idaho Statesman

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At a time of increasing highway congestion and rising fuel costs, most drivers in Boise will not greet the suggestion of raising some public parking rates as good news. Yet that is really the message behind the recommendations of the Downtown Public Parking Reinvestment Program.

The recommendations are the result of hard work by the Parking Advisory Committee (PAC), made up of many members of the Downtown community: business professionals, property owners, shopkeepers and others.

The PAC originally met in 2003 and made several recommendations to CCDC, Boise's redevelopment agency, which owns and operates the garages. Among them were the "First Hour Free" program and a policy to evaluate fees on a four-year cycle.

The PAC reconvened in 2008 and re-evaluated the system, resulting in the Parking Reinvestment Program and its recommendations. The proposed program and all supporting documents can be reviewed at:

www.ccdcboise.com/PAC.

Parking fees in the public garages do not cover the full cost of parking. (If they did, the private sector would build more of them.)

In Boise, the 3,000 spaces in the public garages were built by CCDC using bonds backed by expected property tax income. Parking fees only cover operation and basic maintenance. This makes sense - the public subsidizes the building of garages to get cars off the street and create the urban vitality we all enjoy, while the user pays for the cost of operating the system.

The parking garages in Downtown Boise have been a huge success. In Downtown, you can park once and walk to many shopping, working and living destinations without navigating a sea of parking lots. This makes Downtown a desirable destination and a good place for business: annual Downtown sales have nearly doubled since 2003.

Parking rates have not kept up, however, and deferred maintenance needs to be addressed. Raising some of the rates means the automobile user - not the public - underwrites the operating cost of garage parking.

When the garages were built (dating back to 1976) they were high-quality facilities, but few significant upgrades have been implemented, and major maintenance has been put off for cost reasons. Some of the facilities are showing their age.

Noting the disturbing trend toward chronic deterioration in the nation's infrastructure, the PAC has recommended careful reinvestment in the Downtown garage system that ranges from minimum stewardship obligations to "best-in-class" system upgrades.

To pay for the reinvestment, the PAC recommends some rate increases, but insists on two things: the first hour should remain free, and the daily maximum charge of $12 should not increase. The First Hour Free program instituted in 2004 has been an unqualified success. Last year there were a half million more garage visits than in 2004. The visitors are staying longer: the average length of stay went from 2 to 3 hours. Visitors are spending more, nearly double, as noted previously.

Of course, the first hour free comes at a cost. To preserve the First Hour Free incentive, the PAC recommends raising the hourly rate to $2.50 and the monthly rates to $100, and again hold them steady for four years. This increase is expected to generate the $1 million per year that system maintenance and improvements require.

The good news again? The First Hour Free program remains intact, encouraging more people to visit downtown. The successful Downtown garages get long-overdue maintenance as well as improvements that make it easier and faster to use them. And the users of the system pay for its operation, allowing public funds to go to other investments in downtown - workforce housing, green development and public transportation are just three examples - that benefit everyone.

Phillip Kushlan is the executive director of Capital City Development Corporation.

VIEWPOINT

Editorial

Perplexed

Seattle needs to take responsibility for its square-footage tax mess

That distant crackling noise heard in Seattle as April drew to a close was the sound of pencils breaking in company offices all over town.

We're kidding, of course, but most business managers probably felt like breaking their pencils while struggling to make sense of Seattle's dense, complex and convoluted instructions for paying the city's new square-footage tax.

Incredibly, Seattle seems to have succeeded in generating more frustration over its tax instructions than over the tax itself. Compounding the problem, the office of Seattle Mayor Greg Nickels tried to duck responsibility for the mess by blaming it all on the state Legislature.

We hope the Nickels administration accepts responsibility for a problem of its own making and does everything it can to make it easier — much easier — for Seattle's business taxpayers to comply with the city tax code.

Seattle cooked up the square-footage tax to replace about $22 million that it expected to lose from a business-and-occupation tax reform bill that the state Legislature passed in 2003, with a five-year phase-in period.

The city's new tax is expected to replace most of the lost revenue by collecting about $18 million a year.

At this point in an editorial it's customary for us to offer supporting details about the subject at hand. But the mechanics of calculating Seattle's square-footage tax defy summation.

Consider the provision that says companies selling services "from a Seattle business location(s) may take a credit equal to the square-footage tax owed for the reporting period multiplied by the ratio of adjusted gross income to total gross income generated by the Seattle business location."

It's no wonder that the city's tax division in late April fielded about 500 calls a day — more than six times the usual volume — about the square-footage tax.

Ron Bueing, director of state and local taxation at the Seattle office of Deloitte Tax LLP, told Puget Sound Business Journal Staff Writer Deirdre Gregg: "I don't think anyone's ever written a more complex, less intuitive taxing statute."

The mayor's office promptly blamed the Legislature, with spokesman Alex Fryer saying, "We see this as Olympia's fault."

Blaming the Legislature is disingenuous. Olympia's B&O tax-reform package did not force Seattle to generate new tax revenue in any particular way — or at all, for that matter. The square-footage tax is a scheme of the city's own making.

And it doesn't have to be that complicated. Just ask the city of Bellevue, which has a much simpler square-footage tax on the books.

The Nickels administration needs to stop the blame game and take responsibility for its own actions. Then it needs to draft a square-footage tax that's either comprehensible — or gone.

—GEORGE ERB
Editor

Tacoma's play for Russell holds larger lessons

PUBLISHER'S NOTEBOOK

Emory Thomas Jr.

Maybe it's the snow-capped mountains and surrounding salt water that lead to a sense of self-satisfaction. Perhaps it's the cool Puget Sound mindset that recoils at the encroachment of newcomers. Or maybe it's the populist streak pervading the Pacific Northwest.

Whatever the cause, economic development guru Angelos Angelou finds this region's approach to corporate recruitment remarkable in a certain way: "Economic development in your state is practiced differently than in other parts of the country," he says, choosing his words carefully. "It tends to be very localized and not leveraged properly ... it's timid ... not aggressive."

Angelos should know. His Texas-based firm — AngelouEconomics — has done site selection and economic development for clients ranging from Citgo to the Czech Republic to the state of New York.

But among his most recent projects is Tacoma's bid to keep Russell Investments in the city's downtown core. The Economic Development Board for Tacoma-Pierce County put its offer on the table on March 31 — a $282 million proposal that not only reaches out directly to Russell but also lays out a larger plan to continue transforming Tacoma.

"It's as strong as anything I've ever seen out of Washington state," says Jeff Marcell, executive vice president and chief operating officer of enterpriseSeattle.

A small sampling of the items included in the deal, the core of which includes $148 million in direct investments:

— $16.5 million of business-and-occupation tax phaseout credits from the city of Tacoma.

— $15 million toward the construction of high-capacity parking facilities.

— $7.5 million in business-and-occupation tax credits from the state.

— $33 million in lowered construction costs for a new headquarters based on the state's commitment to provide sales-tax exemptions on construction materials, equipment and labor.

To be sure, from a national perspective, it doesn't stand out quite so starkly. Even back in the early 1990s, for instance, Alabama put a $253 million incentive package on the table to lure Mercedes-Benz to place an auto plant in that state, which it did. Some incentive packages have grown substantially since then.

Still, the Tacoma offer for Russell Investments was strong. "For the United States," says Angelou, "it's one of the strongest in the country so far this year."

Now Tacoma simply waits ... waits to see if the long requited relationship between that flagship investment firm and the city's center and identity will continue.

But whatever the outcome, Tacoma's creation of this package should have implications far beyond the city's boundaries.

It may well serve as a model for communities throughout this state — communities that can and should reach further than they have in the past to retain and recruit the kinds of businesses that both improve opportunity and enhance quality of life.

Among the ingredients: the enlistment of multiple parties with city, county, state, federal and other participants on the same team; aggressive action and reaction (soon after Russell was put in play, the Economic Development Board's CEO Bruce Kendall and others fashioned a swift and weighty response); a willingness to set aside timidity and think big.

"We have followed a style that we think can be duplicated," Angelou says. "Economic development is all about leveraging assets and going out and telling your story and being aggressive and not just waiting for your phone to ring."

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