

TRANSMITTAL MEMO

TO: Council President Nick J. Mosby
FROM: Peter Little, Executive Director
DATE: March 1, 2021
RE: City Council Bill 21-0029



I am herein reporting on City Council Bill 21-0029 (hereinafter the Bill) introduced by Councilmembers Dorsey, Burnett, Cohen, and Bullock.

The purpose of the Bill is to modify the annual licensing fee for commercial parking facilities within the City of Baltimore and how the fee is calculated; beginning on a certain date, providing for the annual adjustment of the licensing fee for inflation as measured by the Consumer Price Index; and conforming related provisions.

The Parking Authority of Baltimore City (PABC) has reviewed the proposed legislation and has several concerns. PABC's chief concern is that a substantial and continuing increase in the annual license fee will further reduce the likelihood that developers will build the parking necessary (by Zoning Code and/or to meet market demand) to support new developments or redevelopments in the City, thereby forcing the City to build and operate parking facilities to support new development or redevelopment. Due to a variety of factors, parking operations in Baltimore had slim profit margins prior to the pandemic. The pandemic has decimated parking operations, reducing profits to near zero, or forcing them into deficit and default. If new parking facilities cannot be profitable, or at least break-even, then developers will turn to the City to develop that parking. The City does not want to assume the expense and risk of building and operating many new parking facilities.

The Parking Authority is also concerned about the likely negative effects of this Bill on City residents who work in the parking industry in Baltimore, and on the Bill's probable negative effects on Baltimore's economy as it struggles to recover from the pandemic. This license fee is a fixed cost for parking facility owners and operators. Increasing this fixed cost by 100% in 2021, 200% in 2022, 300% in 2023, and 400% in 2024 will force parking facility owners to either cut expenses in other areas, raise parking rates, or some combination thereof if they want to break even.

The expense most likely to be cut by parking facility owners and operators is payroll since it is typically the largest expense in any parking operation. There are hundreds of people who work in the parking industry here in Baltimore, many of whom are City residents. It is likely that many of those workers will lose their jobs or have their hours cut as a result of this substantial increase in the annual license fee.

Increases in parking rates associated with this exorbitant increase in the license fee would cripple the City's efforts to recover economically from the pandemic. Patrons of City restaurants and other businesses, visitors to the City's many attractions, fans coming to sporting events, patrons of shows at City theaters and other venues, and convention attendees will be less likely to come to the City due to parking rates made artificially higher due to this proposed Bill.

Office workers would be less likely to return to physical offices here in the City because of higher parking rates necessitated by this Bill. Retail businesses such as restaurants, office supply and furniture firms that rely, at least in part, on office workers coming to the City would be hurt as a result.

It is for these reasons that the Parking Authority does not support the passage of CCB 21-0029.