

**Who pays? What's fair?
Determining a Parking Fee Structure for Fort Williams Park**

Teaching Note

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Simulation overview

This simulation asks students to take the role of members of a committee formed by town government and tasked with developing a parking fee structure for a popular local park. The committee is composed of local residents with different viewpoints and goals for the process. All background materials presented in the simulation are real and come from publicly available information (e.g., town records and newspaper articles). However, the members of the committee are fictional and are designed to represent a variety of interests across the public, private, and nonprofit sectors.

Access to Fort Williams Park has traditionally been free to visitors, with no parking fees assessed to personal vehicles. The costs of operations and maintenance are paid for by a variety of sources including donations and fees generated within the park, two nonprofit organizations, and local taxpayers. An increase in park attendance in recent years, driven by out-of-state tourists, has led to rising operations and maintenance costs. This has prompted the Town Council to request that a special committee create a parking fee structure for personal vehicles visiting the park and assess the current fee structure charged to commercial vehicles (e.g., tour buses) entering the park. The issue is politically divisive, with some locals supporting the implementation of parking fees and others strongly opposed to the idea.

The simulation is appropriate for students taking graduate-level public administration or public policy courses with a focus on collaborative problem-solving. Additional technical

questions may be posed to students to utilize the simulation in graduate-level courses in public finance.

Teaching objectives

The simulation asks students to develop a parking fee structure for personal vehicles that is equitable, politically feasible, and will generate adequate revenue to supplement the costs of maintaining the park. Park financial operations are complex, with multiple revenue sources and purposes. Students are provided with information related to park finances and the goals of the fee; however, the amount of money that should be generated by parking fees is ambiguous. Students must determine which visitors should be subject to parking fees, appropriate fee amounts, whether all parking lots will be subject to fees, and whether the current fees charged to commercial vehicles entering the park are appropriate.

Through this simulation exercise, students will be able to:

- work collaboratively as a group with diverse goals and viewpoints,
- think critically about how to balance equity considerations with revenue generation goals in public finance,
- develop a solution to a politically divisive local issue, and
- communicate policy recommendations orally and in writing.

Pedagogical recommendations

Several readings may be assigned ahead of the simulation exercise to provide foundational information on the topic of collaborative decision-making and the use of user fees in public finance. The following reading may be used to introduce students to the process of collaborative decision-making and relevant considerations:

- Ansell, C. and Gash, A. (2008). Collaborative governance in theory and practice. *Journal of Public Administration Research and Theory* 18(4): 543-571.

The article below may be used to familiarize students with basic concepts and considerations relevant to the use of user fees in public finance. This article is written in plain language that is geared towards non-experts:

- Barnett, K. and Greene, R. (2013). The risks of relying on user fees. *Governing* 26(7): 60-62.

For public finance courses where the simulation may be expanded to include more technical considerations (discussed below), students may be asked to complete this exercise once they have become familiar with basic issues surrounding governmental revenue sources (e.g., use of taxation vs. user fees and charges; concepts of horizontal and vertical equity; regressive, progressive, and proportional revenue sources). These concepts are covered in many public finance textbooks; two recommended books that cover these concepts are as follows:

- Mikesell, J. (2018). *Fiscal administration*. Boston, MA: Cengage Learning.
- Slemrod, J. and Bakija, J. (2017). *Taxing ourselves. A citizen's guide to the debate over taxes*. Cambridge, MA: The MIT Press.

The simulation exercise is typically completed in two parts. Students may be asked to read the simulation narrative and answer the questions below prior to participating in the exercise, with a goal of preparing them to have an informed discussion during class time. Confidential information on assigned roles for each student (given in Teaching Note Appendix A) should be distributed to students along with the simulation narrative.

Instructions to students: Keeping the goals of equity, political feasibility, and adequate revenue generation to supplement park maintenance costs in mind, answer the questions below.

1. Should all park visitors be subject to parking fees? Why or why not?

2. Should all park visitors subject to parking fees pay the same fee amount? Why or why not?
3. What is a reasonable amount to charge for visitor parking (i.e., a reasonable hourly rate)?
You may utilize different rates for different visitor groups if desired.
4. Should the fee be charged year-round or only during the busy season (May-October)?
5. Should all parking lots be subject to fees? Why or why not? If not all, which ones?
6. Are fees charged to commercial vehicles adequate? What changes would you recommend, if any?
7. What are some potential unintended consequences that may accompany (a) implementing a parking fee structure for personal vehicles and (b) changing the fee structure charged to commercial vehicles? How might these consequences be minimized or mitigated (if that is possible)?

Additional questions for students in public finance courses:

1. How much revenue should be generated by the parking fees annually? Assume that the fees generated by the pay-to-park fee structure would be split 70/30 between the town (70%) and the parking company that would maintain and enforce the parking system (30%). Justify your decision.
2. Should any surplus funds generated by parking fees (above and beyond what is needed to maintain the park) be placed in the town's general fund or a designated park fund (e.g., a park capital projects or "rainy day" fund)? Explain your rationale.

Part 1:

After reading the simulation narrative, answering the questions above, and familiarizing themselves with their assigned roles, students may work together in groups of seven (as members of the Fort Williams Park Committee) to determine a parking fee structure (i.e., by discussing the

questions posed above and making collective decisions)¹. Each committee may then be asked to write a memo to the Town Council with its proposed parking fee structure and any recommended changes to the current commercial vehicle fee structure. The committees may present their proposals and rationale to the class. This portion of the exercise may be completed in roughly 2-3 hours of class time.

Part 2:

Upon completion of Part 1, students are given the actual recommendations made by the real committee (this information is included in the Teaching Note Appendix B). The class may compare the actual recommendations with their own committee proposals and critique the actual recommendations with regard to the goals of equity, political feasibility, and adequate revenue generation to supplement the costs of park maintenance.

As an alternative to the exercise described above, the questions for students (presented above) could be completed as a homework assignment and followed by a class discussion. Students may be asked to answer the questions from the standpoint of one of the committee members, or based on their own opinions about the information presented in the simulation narrative. They may discuss their responses and reasoning in class, and then be given the actual recommendations made by the real committee (see Teaching Note Appendix B) to compare their ideas to the actual recommendations. This discussion may be completed in roughly 1-1.5 hours of class time.

¹ While groups of seven are ideal, the simulation may be completed with fewer players if desired.

Teaching Note Appendix A

The confidential personal information provided below for each committee member should be given to students ahead of the simulation exercise.

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* Confidential *

Charlie Jones, Board Member, Friends of Fort Williams

You have lived in Cape Elizabeth longer than any other committee member and are a longtime Board Member of Friends of Fort Williams. You feel that this seniority and experience gives you an obligation to help the committee move this issue forward in a productive manner and would welcome a leadership or facilitator-type role in this process (even though the committee technically has no formal leader/facilitator). During the committee meeting, you plan to maintain a neutral stance towards the issue of parking fees. You hope to help the members of the committee see both sides of the issue and come to a mutually agreeable decision.

Privately, you think that developing a parking fee structure for personal vehicles is a reasonable idea and would be open to increasing fees charged to tour bus operators entering the park as well. You have increasingly noticed concerning occurrences like garbage being dumped in the portable restroom toilets and in parking lots during peak tourist season and think it makes sense for out-of-town visitors to help offset the costs of addressing these issues. However, you know there are strong feelings about the issue among the committee members and think the most important thing you could do at this point is take an evenhanded leadership role.

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* Confidential *

Pat Ellicott, Retired

You are a bit upset to be put in the position of developing a parking fee structure for Fort Williams Park. Many of your friends who live in nearby communities outside of Cape Elizabeth and regularly use the park have expressed their outrage at the idea of having to pay to visit – particularly fellow retirees on fixed incomes - and you sympathize with this viewpoint. You only moved to Cape Elizabeth from neighboring South Portland last year, but have visited the park for many years with your family and friends (including using the off-leash dog park for daily walks with your beloved pets). As a longtime park visitor, you feel like you have just as much concern and care about what happens at Fort Williams as many longtime residents, despite only having lived in Cape Elizabeth for about a year.

You are committed to keeping parking fees for personal vehicles as low as possible, though you don't mind the idea of increasing fees charged to commercial vehicles entering the park. As the newest member of the committee (having served for under a year), and a relatively recent transplant to Cape Elizabeth, you worry that your views will not carry as much weight as those of the other members of the committee. Nonetheless, you feel as though you must advocate for locals who live outside of Cape Elizabeth and visit the park regularly.

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* Confidential *

Frankie Mason, Owner of Cape Pizza, local pizza restaurant in Cape Elizabeth

You purchased Cape Pizza from its previous owner 8 years ago and are proud to operate a local business that is popular with residents and tourists alike. While you enjoy Fort Williams Park as a destination on your daily jogging route, you feel that its true value lies in its ability to bring tourists into town. Summer and early fall are the busiest times for Cape Pizza. Since the restaurant is located just a couple of miles down the road from the park entrance, it is common for tourists driving personal vehicles to stop in for a meal either before or after visiting the park. You understand the Town Council's desire to offset park expenses, but at the same time are concerned that instituting parking fees will discourage visitors – and fewer visitors to the park could mean fewer visitors to your restaurant.

You would like to keep parking fees as low as possible for both personal vehicles and tour bus operators to ensure the park stays busy, bustling, and popular as ever. Tourism is a major driver of the Maine economy, and you feel that it would be a shame if placing unreasonable fees on public resources, like the park, harmed hardworking local business owners like you. Many of your friends in the local business community feel the same way, and you feel an obligation to be the voice for all local businesses that could be harmed by the new parking fee structure.

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* Confidential *

Leslie Jackson, Director, Museum at Portland Head Light

Your position as Director of the Museum at Portland Head Light is a dream job, which came after years of hard work obtaining a master's degree in history and working as an Assistant Director at another local history museum. You love being in the park each day at the site of Portland Head Light. You feel strongly that this beautiful historic lighthouse is an asset to the community and is the most important attraction at Fort Williams Park. Most of the visitors to the museum are tourists from outside of Maine, and you work hard to make the museum an engaging tourist attraction.

You support the idea of developing a reasonable parking fee structure for personal vehicles and don't mind the idea of raising fees charged to tour bus operators as well. However, you don't want parking fees to be so high as to discourage tourists from visiting the museum. You would like to see the same (relatively low) fee structure for personal vehicles applied to tourists and local visitors alike. Personally, you are hoping that if the town can raise a little more revenue for the park from these fees, the Museum at Portland Head Light would be expected to contribute a bit less to park maintenance (and could then spend more on preserving and enhancing the lighthouse itself).

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* Confidential *

Jackie Stevens, Owner, Coastal Tours

You have built your guided bus tour company from the ground up over the course of more than two decades and are proud to employ a large staff of seasonal employees on a fleet of 30 tour buses. Many of your bus operators and tour guides have been with Coastal Tours since you first started the company, and you consider them to be family. You are comfortable with the idea of developing a parking fee structure for personal vehicles but feel strongly that the fees charged to commercial tour operators (such as yourself) should not be increased. Your company already pays a reasonable fee for each tour bus visit, and adding on to that would in turn require you to charge higher fees to customers on your tours, which could harm your business.

You feel that it is reasonable for individuals driving personal vehicles to pay their fair share towards park maintenance and operational costs. It is high time that tourists in personal vehicles pay a fee to support the park, and local visitors might as well pay something to offset park costs as well. You hope to convince your fellow committee members to institute a relatively high parking fee for tourists, with lower fees for locals, and to leave the fees for commercial tour operators untouched.

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* Confidential *

Chris Sawyer, Public Works Clerk, Town of Cape Elizabeth

You grew up in Cape Elizabeth, enjoying the beach and picnic areas at Fort Williams Park with family and friends on countless occasions. Your position as a Clerk in the Public Works Department is your first job out of college, and you have been in this position for 4 years. You value this work and appreciate the parks and trails managed by the town. You want to see Fort Williams continue to be a treasured asset for local families to enjoy for generations to come. In your work at the town offices you have overheard a great deal of discussion, by residents and government officials alike, debating the pros and cons of implementing parking fees for personal vehicles. You understand that there are strong feelings on both sides of the issue.

Personally, you feel that charging a moderate parking fee to individuals from outside of Cape Elizabeth would be a fair and responsible way to offset the costs of maintaining Fort Williams Park. As a resident and local tax payer, you don't feel that you or your fellow residents should have to pay any more than you already do to maintain the park – in other words, you feel that Cape Elizabeth residents should be exempt from parking fees. You are open to the idea of increasing fees charged to commercial tour operators.

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* Confidential *

Sam Shah, Little League coach

While your day job is Executive Director of a Portland-based charity that is working to alleviate food insecurity in southern Maine, you dedicate a great deal of time to volunteer work as a Little League coach in Cape Elizabeth. As a parent to young children and a children's recreational baseball coach, you often see families from Cape Elizabeth and surrounding

communities utilizing Fort Williams Park for sports practices and visiting the children's garden, playgrounds, and beach. While many families with children on the baseball team are wealthy, you know that some lower-income families struggle to pay their team registration fees. Imposing a parking fee on lower-income families entering the park for Little League practices and games (or even just to visit the playground) could create a major burden and perhaps limit their ability to enter the park. This concern weighs heavily on you.

You understand the need for parking fees but want to figure out a way to place more of the burden on visiting tourists rather than local families (including those in Cape Elizabeth and surrounding towns/cities). You value access to the park more than revenue generation and want to make sure that any fee structure that is created will not harm local families' ability to use the park.

Teaching Note Appendix B

Fort Williams Parking Fee Structure, as proposed by the Fort Williams Park Committee

Parking lots subject to pay-and-display parking

Parking lots subject to pay-and-display parking:		Parking lots not subject to pay-and-display parking:		
<u>Lot name</u>	<u># spaces</u>	<u>Lot Name</u>	<u># spaces</u>	<u>Notes</u>
Central Parking	88	Children's Garden	144	Free & overflow parking
Parade Grounds	76	Picnic Shelter Lawn	160	Special event parking
Picnic Shelter	28	Officers Row Driveway	21	Season pass holders only
Captain Strout Circle	10	Total other parking	325	
Beach Parking	68			
Total pay & display parking	270			

Parking fees and revenue estimate

Assumptions:

- Parking pay stations will operate during the May-October busy season only (6 months)
- All Cape Elizabeth Residents entering the park will pay at least once or purchase a season pass
- Individuals outside of Cape Elizabeth can purchase a "Patrons of Fort Williams Park" (PoFWP) Season Pass
- 5% of Maine Resident visitors outside of Cape Elizabeth will purchase a Season Pass
- Cape Elizabeth Resident and PoFWP Season Pass Holders will visit FWP 10 times per season on average
- A typical visit to the park lasts 2 hours

Proposed parking fees:

Visitor group	Parking fee
Cape Elizabeth resident pass	\$5 annually
PoFWP season pass	\$15 annually
Daily pay-and-display parking <i>2-hour minimum; discounted options for longer stays</i>	\$2 per hour (with 2-hour minimum) \$6 per 4 hours (discounted rate) \$8 per 6 hours (discounted rate) \$10 per full day/maximum

Parking fee revenue estimate¹

Revenue source	Annual visitors ²	Revenue per visitor	Total annual revenue	Cape Elizabeth net revenue (70%)	Parking vendor revenue (30%)
Cape Elizabeth resident pass ²	1,108	\$5	\$5,540	\$3,878	\$1,662
PoFWP season pass ³	499	\$15	\$7,485	\$5,240	\$2,246
Daily pay & display ⁴	260,905	\$4	\$1,043,620	\$730,534	\$313,086
Total	262,512		\$1,056,645	\$739,652	\$316,994

¹ Revenues will be divided 70/30 between the town (70%) and the parking company that will maintain and enforce the parking system (30%).

² Rounded up to nearest whole number.

³ Each pass holder is predicted to visit 10 times/season.

⁴ A typical visit to the park will cost \$4 (\$2 per hour x 2-hour visit).

Commercial vehicle fee structure adopted by the Town Council in November 2018

Commercial vehicle fees 2018

Vehicle category	Maximum capacity	Single visit	Season pass
Vans and limos	14 seats	\$25	\$550
Trolleys	30 seats	N/A	\$1,700
Motorcoaches (buses)	> 30 seats	\$50 / \$40	N/A

Approved fees for 2019

Vehicle category	Maximum capacity	Single visit	Season pass
Vans and limos	14 seats	\$25	\$550
Trolleys	30 seats	N/A	\$3,000
Motorcoaches (buses)	> 30 seats	\$150 / \$140* ^a	N/A

* Motorcoach volume discount triggers at 75 visits.

^a In February 2019, Town Council members responded to tour operator concerns by voting to reduce the motorcoach fees to \$100 per visit, with a volume discount fee of \$90/visit being triggered at 75 visits.

The information presented above is from:

Fort Williams Park Committee. (2018). Pay & Display Subcommittee – Traffic, Fee and Revenue Estimates. Retrieved from

https://www.capeelizabeth.com/government/bds_commissions/standing/fwac/meeting_materials/packets/2018/08-07-2018/7-25-18%20FWP%20Pay%20&%20Display%20.pdf

Town of Cape Elizabeth. (2018). Fees to increase for commercial vehicles visiting Fort Williams Park in 2019. Retrieved from

https://www.capeelizabeth.com/news/2018/fw_commercial_vehicles_3.html

Town of Cape Elizabeth. (2019). Town reduces 2019 fee increase for tour buses visiting Fort Williams Park. Retrieved from

https://www.capeelizabeth.com/news/2019/fw_commercial_vehicles_4.html