FEHR & PEERS

MEMORANDUM

Date: January 28, 2019

To: Alex Stanford

From: Robert Eckols, P.E. and Sara Sageshi

Subject: Parking Demand for Apartment to Hotel Conversion in Palo Alto, California

SJ18-1826

This memorandum discusses the parking demand for the proposed conversion of an apartment building in Palo Alto, California, back to the original hotel use. The six-story "Hotel President" apartment building currently has 75 apartment units on floors 2 through 6 and ground floor retail space. The proposal is to restore the building to its original use as a hotel with 100 guestrooms. The hotel will be primarily accommodations with no large meeting rooms, limited food services, and small gathering areas for hotel guests. The existing building has 11 basement-level parking spaces and hotel guest parking will be valet only using the basement and a nearby off-site parking garage. The ground floor retail space will continue to participate in the Downtown Palo Alto Parking District.

BACKGROUND

The City of Palo Alto Municipal Code shows that all uses (except residential) within the Downtown Parking District are required to provide parking at the rate of one space per 250 square feet of building area. Based on this requirement, the 100-room hotel should provide 168 parking spaces, or 1.68 spaces per room. This parking rate is substantially higher than most industry standards and recent hotel parking data collected in the surrounding communities. This memorandum compares the Downtown Palo Alto Parking District parking requirements for commercial land uses to the following data:

- Institute of Transportation Engineers (ITE) parking rates, and
- Empirical parking rates developed from parking demand data collection at Bay Area hotels.

In addition to these two data sources, information on case studies for two local hotels is provided – one operated by the company that will manage the proposed hotel and the other is located in downtown Palo Alto.

SITE DESCRIPTION

The proposed project will convert the apartment building back to its original hotel use with 100 guestrooms on floors 2 through 6. The ground floor will feature the hotel lobby and retail space. The parking supply for the street level retail uses (9,761 square feet) is satisfied by payments to the Parking Assessment District; therefore, it is not addressed in this memorandum.

As stated previously, the existing building has 11 basement-level parking spaces, which will be increased to 12 spaces, and is within the Downtown Palo Alto Parking District. The hotel will have 30 full time employees spread over three shifts. Since the hotel is primarily for accommodations, the majority of the parking demand will be for guests and there will minimal demand for non-guest parking. The hotel plans to provide valet parking only, utilizing the basement for parking and staging and a nearby off-site parking garage.

PARKING RATES

City of Palo Alto Municipal Code

Based on the City of Palo Alto Municipal Code, the majority of the jurisdiction requires the following parking for hotels, motels, and inns:

- 1 space per guestroom,
- plus the applicable requirement for eating and drinking, banquet, assembly, commercial or other as required for such uses, less up to 75% of the spaces required for guestrooms, upon approval by the director based on a parking study of parking generated by the mix of uses

Based on the description of the hotel, the proposed hotel would need to provide parking at the rate of 1.0 spaces per room, or 100 parking spaces since there are no ancillary uses on the site.

However, in the Downtown District, the City code states that for *all uses (except residential)* parking must be provided at one space per 250 square feet of space. There is no special treatment of hotels,

motels or inns within the Downtown District. Based on the building size (42,102 square feet), the proposed hotel would be required to provide 168 parking spaces, or 1.68 spaces per room.

Institute of Transportation Engineers (ITE) Parking Demand Rates

The Institute of Transportation Engineers publishes the *Parking Generation (4th Edition)* manual that provides data on the peak parking demands for various land uses based on empirical data collected at locations throughout the United States. ITE presents data for three types of hotel uses including:

- Hotel (310) – large hotel with lots of supporting facilities – restaurants, large meeting spaces, banquet rooms, etc.
- All Suites Hotel (311) – larger rooms often with seating areas and small kitchen facilities
- Business Hotel (312) – Modest support services for buffet breakfasts and small meeting spaces.

Based on the description of the hotel, Business Hotel is the land use that best fits the proposed hotel conversion. The ITE parking manual lists an average peak parking demand for Business Hotels of 0.60 spaces per room. The 85th percentile peak demand for all sites surveyed is 0.75 spaces per room. Therefore, a relatively conservative parking demand for a typical Business Hotel would range between 0.60 and 0.75 spaces per room.

Local Survey Data – Mountain View and Palo Alto

While ITE provides parking demand rates base on multiple sites throughout the United States, ITE recommends that collecting local survey data is a more desirable means to account for local conditions and travel behavior. Recently, the City of Mountain View had three hotel parking demand studies prepared as a part of a hotel entitlement in the North Bayshore planning area. The three studies were prepared by three different transportation engineering firms. The firms that prepared the reports were:

- Fehr & Peers
- Hexagon Transportation Consultants
- TJKM

Each firm conducted surveys at the hotels including both weekdays and weekends to determine the peak parking demand. The surveys were conducted in late 2016 and early 2017. **Table 1** shows a comparison of the ITE Business Hotel parking demand rate and surveys of local hotels, as well as

the City of Palo Alto parking requirements. The surveyed hotel parking demand rates fell into a range from 0.42 to 0.80 spaces per room.

Effect of Transportation Network Companies on Hotel Parking

Transportation Network Companies (TNC), such as Uber and Lyft, are changing how we travel. Hotels are reporting a trend where travelers elect to use TNCs over rental cars when traveling by air. The use of TNCs has a direct impact of reducing hotel parking demand. While the surveys conducted for the City of Mountain View captures some of this behavioral change, TNC use continues to increase and, therefore, it is likely that hotel parking demand may continue to decline.

TABLE 1
ITE AND SURVEYED HOTEL PARKING (SELF PARK)

Palo Alto Municipal Code		Location		Parking Supply
Downtown District		Downtown Palo Alto		1.85 room
Everywhere Else		Palo Alto		1.00 room
Hotel	**Source**	**Location**	**Days Surveyed**	**Parking Demand**
Business Hotel	ITE	Throughout USA	Varies	0.66 – 0.75
Hilton Garden Inn	Fehr & Peers	Mountain View	Wed, Fri, Sat, & Sun	0.68
Hilton Garden Inn	Hexagon	Mountain View	Wed, Fri, Sat, & Sun	0.80
Hotel Strata	TJKM	Mountain View	Mon, Wed, & Sun	0.66
Crestview	TJKM	Mountain View	Mon, Wed, & Sun	0.42
Residence Marriott	TJKM	Palo Alto	Mon, Wed, & Sun	0.65

Notes: Strata has an adjacent freestanding full service restaurant.
Source: Fehr & Peers, 2018.

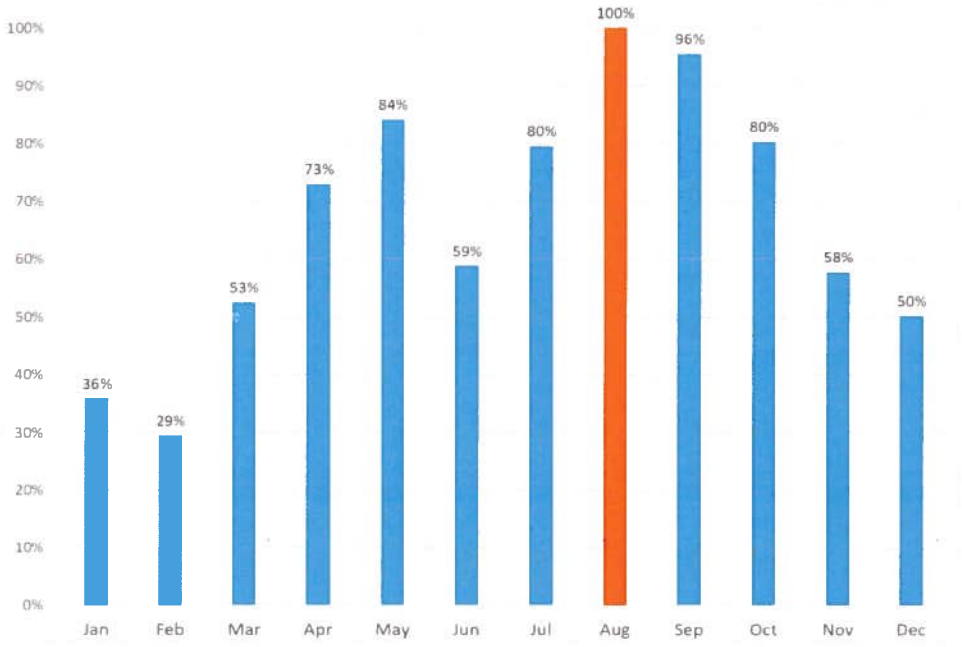
CASE STUDIES

Graduate Hotel – Berkeley California

The proposed hotel project in Palo Alto will be operated by the same company as the Graduate Hotel located in Berkeley, California. The Graduate Hotel – Berkeley has 144 rooms and valet parking for 44 vehicles. The hotel has a restaurant that serves hotel patrons and is open to the public. Fehr & Peers was provided parking data from the Graduate Hotel – Berkeley including the daily valet guest parking demand for the month of August 2018 and monthly parking revenue data for 2017.

The daily charge for valet parking is $35/night. Based on the 2017 parking revenue data, August was the peak month for parking demand. **Figure 1** shows the relative parking demand by month.

Figure 1: Graduate Hotel, Berkeley - Monthly Parking Demand 2017



Source: Graduate Hotel Berkeley, Fehr & Peers, 2018

Figure 2 shows the daily parking demand for August 2018. The average weekday guest parking demand was 26 vehicles and the average weekend guest parking demand was 25 vehicles. The peak parking demand was 43 vehicles. The 85th percentile demand was 32 vehicles.

Based on the available data, the average guest parking demand rate was 0.17 spaces per room. The peak guest parking demand rate was 0.30 spaces per room. Even when employee parking is added in, the parking demand would be substantially below the ITE and surveyed parking demands.

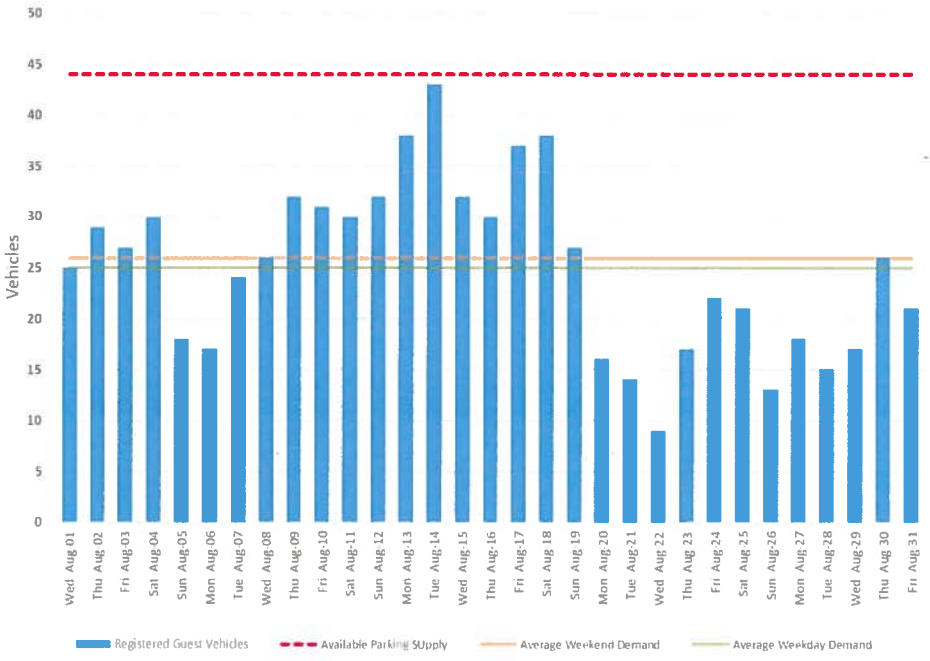
Nobu Hotel Epiphany - Palo Alto

The Nobu Hotel Epiphany is a 86-room hotel located in downtown Palo Alto, California. The hotel has a restaurant that is available to hotel guests and is open to the public. All hotel guest parking is provided via valet parking at a charge of $45/night. Fehr & Peers was provided some general

information on the valet parking demand from the company (All About Parking) that provides the valet service at the hotel. The following information was provided:

- Overnight parking – 5 to 10 vehicles per day
- Short-term parking – 5 to 15 vehicles per day
- Peak days are Wednesday, Thursday & Friday

Figure 2: Graduate Hotel, Berkeley – Daily Parking Demand August 2018



Source: Graduate Hotel Berkeley, Fehr & Peers, 2018

Garden Court Hotel – Palo Alto

The Garden Court Hotel is a 62-room boutique hotel located in downtown Palo Alto, California adjacent to the project site. The Garden Court has a number of on-site amenities including a public restaurant & bar and meeting/banquet facilities. The hotel has 60 on-site valet parking spaces that is available to hotel guests and the public for a cost of $28 per day/night. While the proposed hotel will not provide a public restaurant or meeting/banquet rooms, Fehr & Peers staff made observations of the on-site valet parking demand during the day on November 24th and in the evening of December 12th. These observations showed a very low parking demand during the day of 5 vehicles and in the evening 10 vehicles. Additional discussion on these observations below.

Stanford Park Hotel – Palo Alto

The Stanford Park Hotel is a 162-room hotel located in Menlo Park, California on El Camino Real near the Palo Alto city limits. The hotel has a public restaurant, meeting rooms, and can host events up to 100 guests. The Stanford Park Hotel has 176 parking spaces in a single surface parking lot. The hotel parking is free and guests may self-park or use a valet service during limited hours of the day. One transportation amenity at the hotel, is provision of a car service (pick up/drop off) to locations within 3 miles of the hotel.

Fehr & Peers staff made observations of the on-site parking demand during the day on November 24th and in the evening of December 12th. The peak demand of 77 vehicles was observed mid-day when the restaurant was open. The demand in the evening was 59 vehicles when the restaurant was closed. Additional discussion on these observations below.

De Anza Hotel – San Jose

The Hotel De Anza is a 100-room hotel located in downtown San Jose, California. The hotel has a public restaurant, meeting rooms, and a ballroom for events. The Hotel De Anza only provides valet parking for hotel guests. Events use public parking surrounding the hotel. The valet services have approximately 50 parking spaces. Twelve spaces are located adjacent to the building and there are 37 reserved spaces in a public parking structure located approximately three blocks (1,200 feet) from the hotel lobby. The spaces located next to the building are used for drop off and pick up of vehicles and long-term vehicle parking occurs in the parking structure. The hotel charges $36 per night/day. Guests can also use the valet parking for visitors at a cost of $12 per hour with a maximum of $36.

Fehr & Peers staff made observations of the on-site parking demand during the day and evening on December 13th. The peak demand occurred in the evening when a total of 26 vehicles was observed in both parking areas. Additional discussion on these observations below.

Case Study Discussion

Table 2 summarizes the information collected by Fehr & Peers on the five case study hotels that are either located in or near Palo Alto or have similar operational characteristics to the propose hotel conversion project. Four of the hotels provide valet parking for hotel guests with no self-park option. The Stanford Park Hotel provides free parking and allows self-park. The valet parking operations presented challenges for extensive surveys; therefore, data was collected by observations, available financial data, and contact with operators.

Some of the conclusions drawn from **Table 2** are:

- Valet parking rates ranged from $28 to $45 per day/night
- Valet parking spaces is provided at 0.97 spaces per room to 0.31 spaces per room
- Valet parking demand ranged between 0.39 spaces per room to 0.19 spaces per room (the November/December data was adjusted to the peak month June, July, August)

The data for the Stanford Park Hotel was very consistent with the data summarized in **Table 1** for other local self-park hotels with free parking and located outside downtown areas where there is access to a wide number of amenities including restaurants and bars.

Table 2
Hotel Case Study Information Summary

	Hotel / Location Observed[1]	Rooms	Operation	Charge Rate	Parking Supply		Occupied Parking Spaces Rate vehicles per guest room			Maximum Surveyed or Estimated	Seasonal Adjustment[6] Dec = 0.67
					Spaces	Spaces/Room	Noon	Afternoon	Evening		
1	Garden Court Palo Alto, CA	62	Valet	$28 / night $15 / event	60	0.97	5	4	10	0.16	0.24
							0.08	0.06	0.16		
2	Stanford Park[2] Menlo Park, CA	162	Self-Park or Valet	Free	176	1.09	77	69	59	0.48	0.71
							0.48	0.43	0.36		
3	De Anza Hotel[3] San Jose, CA	100	Valet	$36 / night $12 / hour	49	0.49	14	17	26	0.26	0.39
							0.14	0.17	0.26		
	Financial Data[4]						**Average**	**85th %-tile**	**Peak Day**		
4	Graduate Hotel Berkeley, CA	144	Valet	$35 / night	44	0.31	25	32	43	0.30	NA
							0.17	0.22	0.30		
	Valet Estimates[5]							**Short-term**	**Overnight**		
5	Epiphany Palo Alto, CA	86	Valet	$45 / night	40	0.47		15	10	0.17	NA
								0.17	0.12		

1 - Observations made by Fehr & Peers staff on Wednesday, November 28th; Wednesday, December 12th; or Thursday, December 13th.

2 - Public restaurant on hotel property may account for mid-day peak. Typically, evening is the highest parking demand for hotels.

3 - Valet parking is for hotel guests. Restaurant and event parking utilizes surrounding public garages.

4 – Analysis based on financial data using total daily parking receipts for the month of August 2018, assumes all vehicles parked at one time.

5 -Typical daily parking minimums and maximums provided by valet operator at hotel.

6 – Seasonal adjustment for November/December counts take from the ULI Shared Parking analysis methodology.

CONCLUSIONS

- Due to the limited land use categories included in the City of Palo Alto's Downtown Parking District, the hotel use is considered a commercial use and is required to provide 168 parking spaces for 100 rooms (1.68 spaces per room).

- This required parking supply is substantially higher than the actual parking demand expected based on industry standards and locally surveyed parking demands for hotels. A more appropriate rate based on available surveyed data (presented in Table 1) would be in the range of 0.60 to 0.75 spaces per room, or 60 to 75 spaces.

- Our review of hotels located in downtowns with valet only parking shows that the parking demand and associated supply would lower the demand at locally surveyed hotels that offer free, self-park services. Therefore, for the Hotel President's proposed valet parking operation, a more appropriate rate based on the case study information (presented in **Table 2**) would be in the range of 0.30 to 0.40 spaces per room, or 30 to 40 spaces.