

DATE ISSUED: May 30, 2003

REPORT NO. 03-117

ATTENTION: Honorable Mayor and City Council
Docket of June 10, 2003

SUBJECT: Parking Meter Rate Structure

REFERENCE: None.

SUMMARY

Issue – Should the City Council Increase Parking Meter Rates?

Manager’s Recommendation – Authorize an increase in Parking Meter Rates.

Other Recommendation – None

Fiscal Impact – This recommendation will result in a net revenue increase to the General Fund of \$2,629,594.

BACKGROUND

In accordance with San Diego Municipal Code 86.11, ***Parking Meter Zones and Rates - Authority***, the City Council may by ordinance establish and define parking meter zones and parking meter rates under the authority of Section 22508 of the California Vehicle Code. The Council established the current hourly parking rate in August, 1992 at “one dollar (\$1.00) per hour, or twenty five cents (\$0.25) for each 15 minute interval or part thereof.” This represented an increase of \$0.25 over the previous parking meter rate. Parking meter zones establish the period of legal parking times with regulated time limits of one (1) or two (2) hour periods. In

FY 2002, parking meter revenues derived from parking rates totaled \$5,214,767. These revenues are currently distributed by formula with 55% allocated to the City General Fund and 45% to the Business Improvement Districts.

Parking meters are installed or removed at the direction of the Transportation Department's Traffic Engineering Division in response to requests from the business community as well as due to construction and redevelopment projects. As a result, the number of active parking meters located at street sites throughout the City varies from year to year. Parking meters may be temporarily removed to facilitate the construction process or permanently removed when site development reduces on-street parking spaces. In the last two years, the inventory of active on-street meters was reduced by a net of 181 parking meters from 5,026 in FY 2000 to 4,845 in FY 2002.

DISCUSSION

The parking meter rate structure has not been reviewed in over 10 years. An increase in parking meter rates is needed to partially offset the growing maintenance and operational costs associated with providing metered on-street parking spaces, parking cards, and related enforcement costs. Currently, the Parking Meter Operation costs the City \$570,079 annually. The acquisition costs involved with the popular parking meter cards have increased to \$40,000 per year. Additionally, Parking Enforcement operations, which largely involve enforcing parking meter regulations and parking zones, cost the City \$3,885,912 annually.

A consultant to the Parking Meter Districts, Mr. Alan Hoffman of the Mission Group, indicated in a recent presentation that parking meter revenues will increase when parking meter rates follow economic/market trends. His proposal involves establishing higher parking meter rates where there is a strong, consistent demand at existing parking meters.

It is recommended that consideration be given to the establishment of higher parking meter rates in areas of the City where there is a proven strong demand for on-street parking. Variable parking meter rates are used in a number of cities, such as Los Angeles, San Francisco, Chicago, and Dallas to address the market demands by the public for on-street parking spaces. The parking meter rates in Los Angeles range between \$0.25 to \$2.00 per hour. In San Francisco, the rates range from \$0.25 to \$1.50 per hour. San Francisco is currently requesting an across-the-board rate increase of \$0.50 per hour.

It is the City Manager's recommendation to update the current hourly rate from \$1.00 per hour to variable hourly rates up to \$1.60 per hour or \$0.40 per 15 minutes. A parking meter rate of \$1.60 per hour is recommended in high demand areas. Parking meters in high demand areas are located in the following business districts: Downtown, Little Italy, and Mission Hills/Hillcrest. Potentially, these commercial areas can support higher meter rates due to demand. These areas fall within the Parking Management's meter collection routes 1, 2, 3, 4, 5, and 8 (which are referred to in this report as Rate Zone A). This zone encompasses a total of 3,355 parking meters. In FY 2002, the meter revenue collected at these meters totaled \$4,217,501. As indicated in

Table 1, this higher rate of \$1.60 would result in a projected net revenue increase of \$2,530,501 based on actual FY 2002 revenues.

A parking meter rate of \$1.20 per hour is recommended for the remaining 1,490 meters located in collection routes 6,7, and 9 (Rate Zone B.) The revenue increase which is projected to result at this rate is \$199,453, which is based on FY 2002 actual revenues of \$997,266. The total net revenue increase for the recommended variable parking meter rate structure of \$1.20 and \$1.60 less first-year implementation costs of \$100,000 is \$2,629,954.

TABLE 1
Revenues Resulting from a Variable Parking Meter Rate Structure of \$1.20 and \$1.60

PARKING METER RATES	NO. OF PARKING METERS	ACTUAL FY 2002 REVENUES	REVENUES BASED UPON RATE INCREASES	PROJECTED REVENUES
Rate Zone A (\$1.60/hr)	3,355	\$ 4,217,501	\$ 2,530,501	\$ 6,748,002
Rate Zone B (\$1.20/ hr)	1,490	\$ 997,266	\$ 199,453	\$ 1,196,719
Implementation Costs			(\$ 100,000)	(\$ 100,000)
TOTAL	4,845	\$ 5,214,767	\$ 2,629,954	\$ 7,844,721

It is the City Manager’s recommendation that distribution of parking meter revenues to the Business Improvement Districts be frozen at the current level. Therefore, revenues distributed to the Districts will be calculated based upon the one dollar (\$1.00) per hour rate with the additional revenue (consisting of \$0.60 per hour from Rate Zone A and \$0.20 per hour from Rate Zone B) retained by the General Fund to support transportation related activities and other General Fund needs.

CONCLUSION

The City Manager’s recommendation provides for a variable parking meter rate structure of \$1.20 and \$1.60 per hour based upon market demand for metered parking spaces and limits the 45 % revenue distribution to the Business Improvement Districts to the current level of \$1.00 per hour. This proposed parking meter rate schedule will result in an estimated net revenue gain to the City General Fund of \$2,629,954 with projected parking meter revenues totaling \$7,844,721. Table 2 shows the proposed variable parking meter rates associated with collection routes/areas in Rate Zones A and B.

TABLE 2
Proposed Parking Rates by Collection Routes/Area

COLLECTION ROUTE/AREA	PROPOSED PARKING METER RATE
1. Downtown West (Zone A)	\$ 1.60
2. Downtown/Central/Gaslamp (Zone A)	\$ 1.60
3. Hillcrest (Zone A)	\$ 1.60
4. Downtown/South/Central (Zone A)	\$ 1.60
5. Park West - South (Zone A)	\$ 1.60
6. Downtown S/E Logan (Zone B)	\$ 1.20
7. Park West - North (Zone B)	\$ 1.20
8. Harbor West (Zone A)	\$ 1.60
9. University Heights/ESD (Zone B)	\$ 1.20

ALTERNATIVES

1. Retain the existing parking meter rate structure.
2. Consider alternative meter rates.

Respectfully submitted,

Approved by,

D. Cruz Gonzalez, Director
Transportation Department

George I. Loveland
Senior Deputy City Manager

LOVELAND/MR