



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: February 9, 2011 REPORT NO: 11-025

ATTENTION: Honorable Council President City Councilmembers

SUBJECT: Parking Meter Utilization Improvement Plan

REFERENCE: Land Use and Housing, March 11, 2009  
City Council, March 30, 2009  
Budget and Finance, October 7, 2009 – Report No. 09-057 Rev.  
Budget and Finance, January 26, 2011

REQUESTED ACTIONS:

1. Adopt an ordinance amending sections of the Municipal Code Chapter 08, Traffic and Vehicles, to establish a target on-street utilization rate of 85 percent to optimize parking; to recover at least a portion of the estimated reasonable costs associated with parking and traffic control and management impacting or impacted by the parking of vehicles within parking meter zones; and to authorize the Mayor (based on recommendations from the affected Community Parking District Advisory Board) to set meter rates between \$0.25 and \$2.50 and to set hours of meter operation within the range of 7 a.m. to 11:00 p.m. Monday through Sunday to achieve the target utilization rate.
2. Adopt an ordinance amending sections of the Municipal Code Chapter 08, Traffic and Vehicles, to ensure payment compliance by users of the multi-space pay stations;
3. Adopt a resolution amending Council Policy 100-18 so that, on an annual basis, all of the costs of administering the Community Parking District (CPD) Program, including the services of a dedicated Traffic Engineer, and the City's Parking Meter Operations costs, shall be applied prior to the calculation and allocation of the 45 percent share of parking meter revenue to the CPD's. Further, that advisory boards to the respective CPD's, shall also be authorized to analyze meter and on-street parking utilization data and make recommendations on meter locations, rates, time limits, hours of operation; and new parking technology; in addition to the activities and improvements already authorized pursuant to this Policy.

STAFF RECOMMENDATION:

Approve all requested actions.

## BACKGROUND:

The Parking Meter Utilization Improvement Plan came out of the Downtown Parking Management Group (DPMG) Pilot program (Pilot), based on the recommendations of the City Manager's Parking Task Force approved by the City Council in 2004.

The goals of the Plan are to:

- Provide tools for better parking management including flexibility in setting rates, time limits, and hours of operation;
- Set a parking meter utilization target rate of 85 percent<sup>1</sup>; and
- Facilitate a community driven process to address neighborhood specific issues.

The Parking Task Force recommendations, as tested in the Pilot, demonstrated that implementing a combination of flexible management strategies and the installation of new meter technology can optimize on-street parking, increase utilization, and as a secondary benefit, increase revenue. Pilot highlights include:

- Doubling of the utilization rate and an 89 percent increase in parking meter revenue (to \$127,537) for on-street parking spaces by adjusting rates and time restrictions alone;
- An additional 12 percent increase in utilization rates and 24 percent increase in parking meter revenue with multi-space pay stations;
- Improved payment convenience and compliance marked by 65 percent credit card payment at multi-space pay stations and a decrease in citation revenue.

The Parking Meter Utilization Improvement Plan ("Plan") will allow for these parking management tools to be used on a wider basis. This would include improving the current citywide average meter utilization rate of 38 percent by authorizing the CPD advisory boards to analyze and make recommendations, which the Mayor may implement, on setting meter rates between \$0.25 and \$2.50 and setting hours of meter operations within the range of 7:00 a.m. to 11:00 p.m. Monday through Sunday (such that meters will still have a core daily operation period of not less than 10 hours Monday through Saturday with the exception of holidays). Council will still retain the authority to review any such changes (including at the request of constituents) and may docket an item to review the changes or to set meter rates and hours of operation.

The Plan was originally presented to the Land Use and Housing (LU&H) Committee on March 11, 2009, where staff was directed to present the Plan to the Community Planners' Chairs (CPC) Committee and return to the full Council.

At the March 30, 2009, City Council meeting staff was directed to conduct more public outreach, and the City Attorney was asked to research the proper use of parking meter revenues related to traffic. The City Attorney then issued a memo on April 29, 2009, on the Use of Parking Meter

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<sup>1</sup> Shoup, D. The High Cost of Free Parking. Washington, D.C.: American Planning Association, 2005, page 297. Metered parking should be priced so as to balance the demand and supply of parking. To ensure easy ingress and egress for parkers and reduce cruising, roughly one in every seven spaces should be vacant which equates to a 15% vacancy rate or an 85% utilization rate.

Funds for Traffic-Related Issues. The City Council also directed staff to present the Plan to the Budget & Finance Committee.

Staff conducted the requested outreach and returned to the Budget & Finance Committee on October 7, 2009. The Committee directed staff back to the full Council and requested that staff prepare a list of appropriate traffic-related expenses.

## DISCUSSION:

### Eligible Expenses

As requested, CPCI staff conducted further research and worked closely with City Attorney staff to develop a list of expense types, consistent with the April 29, 2009 Memorandum and the San Diego Municipal Code Sections 82.08 and 82.09. These expenses are for traffic control and management purposes, including pedestrian and vehicle safety, comfort and convenience, which may affect or be affected by vehicles parking in parking meter zones. Staff also researched expense types that could be considered directly related to parking for inclusion with the list.

Concurrent to this research, the County Grand Jury released a report on May 24, 2010 concerning the management of the Uptown Community Parking District and provided a recommendation that the City analyze the contract between Uptown Partnership, Inc. and determine its impact on the City's general fund revenues. Therefore, staff incorporated the recommended analysis for the Grand Jury response into the process of creating the list of parking and traffic control/management eligible expenses ("list"). As part of this research, staff also determined the need to administratively identify geographic areas to be used in a cost allocation methodology to better facilitate the appropriate application of eligible broad-based traffic related expenses related to the parking meter zones.

The suitability of identifying geographic areas surrounding and encompassing parking meter zones for use in a cost allocation methodology can be demonstrated when considering parking and driving behavior. As a driver is searching for preferred parking, they may seek convenient, time limited, paid parking as close as possible to their destination or they may desire (time) unrestricted or free parking which happens to be further away from the destination. In either case, the search for the individual's preferred parking will generally lead to driving around within the vicinity of the metered blocks (cruising) to locate the desired parking thus generating impacts within that area.

Staff has labeled these geographic areas as "Parking Meter Impact Zones", which are separate and distinct from parking meter zones. In general, these zones encompass the area within a ¼ mile of the parking meters and coincide with areas zoned for commercial, professional, and multi-family uses. However, in certain areas in recognition of natural boundaries or other local features, the distance may be less than ¼ mile. The ¼ mile distance comes from general Planning principles and it is considered to be the distance, in general, which people are willing to walk between locations within a community<sup>2</sup>. In this case we are applying the concept to

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<sup>2</sup> According to the American Planning Association's Planning and Urban Design Standards (2006), "the average adult walks 3.0 to 4.0 feet per second. The speed at which people walk is the critical measure that helps define the

determine how far away someone would park and be willing to walk to a business or facility. The Parking Meter Impact Zones will only be used as an administrative tool for accounting-type purposes to estimate the reasonable costs associated with parking and the regulation, control, and management of traffic which may affect or be affected by the parking of vehicles within parking meter zones, and will not authorize the placement of any parking meters. Furthermore, the use of parking meter revenue for the actual reimbursement of activities associated with parking and traffic regulation, control, and management impacting vehicular parking in parking meter zones would still be analyzed by City staff on a case-by-case basis.

### Parking Meter Technology

In light of the research/analysis and the time elapsed since the original report (Report No. 09-057 Rev.) was prepared, staff also revisited the assumptions relating to the Fiscal Impact section of the report. It had previously been assumed that all of the City's meters would be replaced with newer technology meters over the course of FY 2010 or 2011. A vendor process had been completed for multi-space meters but the Council process to authorize an initial purchase of the Downtown Parking Pilot meters and 80 additional meters resulted in renegotiation of terms and conditions leading to more favorable pricing but a much longer purchase process.

A procurement process to identify a single space meter vendor has not been completed. IPS is the vendor that provided 51 meter mechanisms to be retrofitted to existing housings to allow for a pilot demonstration of their technology. The IPS agreement with the City of Los Angeles has been submitted to Purchasing and Contracting Department for review to determine the suitability of San Diego piggy-backing off the Los Angeles agreement.

In either case, funding has not been identified to cover the cost of replacing all remaining meters. Furthermore, if we assume the use of new technology then the new operating costs primarily related to data transmission and credit card transactions would seem to be higher than had previously been estimated in the analysis.

It also appears that the revenue resulting from being able to pay by credit card was likely overstated. In reviewing the single Pilot results, there appeared to be an 8 percent increase in revenue for the year January 2009 through January 2010 as compared with the year before. The revenue increase is believed to be attributable to drivers using the credit card option and paying for the full amount of time allowed rather than using only their coins on hand and risking a ticket. This result was lower than the 24 percent increase in revenue observed as part of the Downtown multi-space meter pilot.

The merchant banking fees paid by the City for these credit card transactions are likely to be higher than had been previously projected. Analysis by the City Treasurer staff of the banking

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*size of a walkable community or neighborhood." Richard K. Untermyer noted in his book Accommodating the Pedestrian - adapting towns and neighborhoods for walking and bicycling (1984), "Most residents typically walk to destinations that are five minutes from their homes. If the distance is greater, people with access to an automobile are more likely to use it, unless the quality of the walking experience is high or there are constraints on driving such as traffic congestion, limited parking, or parking charges". Combining walking rates and times leads to a general walking distance of ¼ mile or less.*

fees paid for such credit card transactions for both the single and multi-space meters indicates that these banking fees are mostly a function of the volume of transactions rather than the amount of the transaction.

### Parking Meter Data

There are also constraints associated with the meter data. The newer meters allow for more frequent review of data, but the older meters are only audited quarterly and the data has to be downloaded into Excel or a data base application to compile information into a usable format. It is time consuming to extract the meter audit information, to transfer data, to aggregate the information, and to analyze the data.

The Centre City Development Corporation (CCDC), as the parking advisory board for the Downtown community Parking District, has recently been developing and testing a GIS application to make this process faster and easier. The City transferred a file to CCDC who then took the meter data and determined average utilizations by block face and then displayed the utilization rate range on maps as a colored block faces. While the process and resulting map have not been completely vetted, the results indicate that in Downtown almost all block faces are under-utilized and there may only be a handful of blocks where the average utilization exceeds 85 percent. A similar review of the data (without the maps) for Uptown and Mid-City indicates mostly under-utilization. This may be a result of meters being heavily used from lunch time on, but not being used in the early morning, which could skew the results.

Therefore, in absence of more detailed information, the assumption is that meter rates would stay the same or go down. The previous assumptions had included some rate decreases and some rate increases such that the average meter rate would stay the same. Under both scenarios, we assume there would be an increase in the average utilization. But the old assumption likely resulted in overly optimistic revenue projections.

### Staffing

If we assume that none of the meters are upgraded, an additional parking meter technician would be required for the additional coin collection for approximately every 15 percent increase in projected revenue.

Modifying hours to operate meters before 8:00 a.m. or after 6:00 p.m. or on Sundays was not tested in the Pilot; however, preliminary analysis indicates that there are certain entertainment hot spots and other areas where the need to manage parking impacts likely extends outside the current operating hours. If the hours of meter operation are extended past 7:00 p.m., then at a minimum, a shift would need to be added and two (2) additional Parking Meter Operations Technicians along with one (1) Parking Meter Supervisor position (to supervise the parking meter technicians), would need to be added for this later shift. The staff would provide maintenance and repair of meters and enforcement during these non-traditional operating hours.

These extra staffing needs are difficult to quantify since there is such variability in the range of changes that could be recommended by the communities and the areas in which they could be

implemented. Also, changes in work schedules, duties and conditions would be subject to meet and confer. These scenarios were only partially included in the previous cost estimates.

Additionally, in order to provide the necessary staff capability to assist with utilization data analysis and to review recommendations, staff proposes adding one (1) Senior Traffic Engineer. This position would also serve as a resource to the Community Parking Districts and assist with implementation of appropriate activities and improvements. Existing staff in the City Planning and Community Investment Department would continue to provide contracting support to the Community Parking Districts and to the City Parking Advisory Board.

#### CONCLUSION:

1. Performance-based Pricing – Staff recommends that City Council establish a target utilization rate of 85 percent and authorize the Mayor to set meter rates between \$0.25 and \$2.50 to achieve the target utilization rate based on community input.
2. Flexible Operating Hours – Staff recommends the City Council authorize the Mayor to set hours of meter operations within the range of 7 a.m. to 11:00 p.m. Monday through Sunday (such that meters will still have a core daily operation period of not less than 10 hours Monday through Saturday with the exception of holidays) to achieve the target utilization rate based on community input.
3. Provide for Review of Changes - Council will still retain the authority to review any such changes (including at the request of constituents) and may docket an item to review the changes or to set meter rates and hours of operation.
4. Council Policy 100-18 Modifications – To accommodate the proposed staffing plan including the services of a dedicated Transportation (Traffic) Engineer, on-going costs associated with new technologies, and actual costs of Parking Meter Operations, staff recommends amending Council Policy 100-18 (Community Parking District Policy). Staff also recommends eliminating the 5 percent allocation from the Community Parking District share of parking meter revenue for administrative services and instead subtracting all Parking Meter Operations and Community Parking District program support costs from the total parking meter revenue prior to the calculation of the 45 percent allocation to the Community Parking Districts.

#### FISCAL CONSIDERATIONS:

It is anticipated that improving the utilization of City parking meters would also provide an increase in parking meter revenue. A range of revenue increases may be projected based on varying the assumptions related to the various factors which contribute to parking meter revenue. The timing of possible changes also impacts the projections. Projections previously provided to Council were based on implementing all changes in FY2010. Current projections are predicated on phased-in implementation starting late FY2011. Also, as noted above, additional research into the results of the Pilot for new technology single space meters indicated a smaller increase in

utilization than was observed for the multi-space meters. Factoring in the smaller increase reduces previous revenue projections by almost \$1 million annually.

Based on additional research and analysis of FY2009 and FY2010 meter rates and revenues, if meter rates were lowered to between \$0.50 and \$1.00 an hour in those areas where meters are utilized less than 85 percent then annual meter revenue could increase by around \$0.62 million. The resulting increase in coin deposited would require scheduling additional collections which would require an additional Parking Meter Technician or authorizing overtime by existing staff. Either way, additional annual costs would be incurred in the order of \$80,000 to \$100,000 plus one time sign costs of around \$6,500. Adding the Senior Traffic Engineer would cost around \$165,000 annually. Therefore, the projected net revenue would be approximately \$0.35 million.

There are so few locations at this time that indicate high utilization that it is unlikely that parking rates would be increased and therefore, no revenue is projected from such an option.

Extending the hours of operation of meters until 11:00 p.m. on Thursday, Friday and Saturday nights for the busiest 40+ block faces at the current rate of \$1.25 per hour could possibly generate another \$0.3 million annually. As discussed previously, the addition of a Parking Meter Supervisor would be required along with two Parking Meter Technicians thus increasing the annualized staffing costs to provide supervision for maintenance and enforcement on the affected meters. This cost would likely be around \$300,000 annually plus one-time sign costs of a few thousand dollars. While this option would provide turnover for affected businesses in proximity to these meters, the projected net revenue would be \$0.

If all meters operated for five hours on Sundays at the modified rates assumed in the projections above and at the same average utilization as during Monday through Saturday, then additional annual revenue could be around \$0.65 million. Depending on where the newer multi-space meters recently purchased are deployed in April 2011, it may be possible that the additional coin collection, meter maintenance and enforcement could be provided by the additional staff factored in above, however overtime may be required. The additional costs could be in the order of \$50,000 plus sign costs. This option, when combined with the staffing proposed for the evening hours, could result in net revenue of \$0.6 million.

Finally, if all of the non-new technology meters are updated and either replaced with multi-space pay stations or the existing meter housings are retrofitted with new technology single space meter mechanisms then we would expect to see an increase in revenue from the increased use of the credit card payment option. In the Downtown Pilot, there was a 24 percent increase in revenue associated with the introduction of the credit card payment option as part of the introduction of the new meters. In the new technology single space meter Pilot, revenue increased on average by 8 percent with the credit card payment option. Using the more conservative estimate of 8 percent and overlaying that on the other assumptions identified above then annual revenue could increase by \$0.6 million. On the expense side, additional banking costs associated with the credit card usage and the overall additional meter operation expenses could be more than \$1.0 million dollars annually. Once warranty costs start to be incurred that would be an additional expense of \$0.2 million annually. There would likely be costs savings in

staffing from the reduced collections of coin from the meters and the reduced maintenance, however, the timing of this would lag the installation of new or retrofitted meters. The expense of purchasing the meters and/or mechanisms would also be a consideration since the estimated cost is \$3.3 million. The Community Parking District's advisory boards have budgeted funds towards the cost of future replacement or upgrades of meters but the entire cost has not been budgeted nor has the City identified funding for any share it might be expected to cover.

In summary, the projected net impact to the City Budget resulting from the implementation of these recommendations, except the new or upgraded meters, is likely a net increase in Parking Meter Revenue of up to \$0.95 million on an annual basis with changes being phased in over Fiscal Year 2012.

Most of the additional revenue would accrue to the City if the amendment to the Council Policy is also passed which would allow the Parking Meter Operations and Community Parking District program support costs to be subtracted prior to the sharing of revenues. The Community Parking Districts would likely see no change in their share.

It is important to note that there are limitations on the use of parking meter revenues and these revenues are not necessarily available for general use. However, it is estimated that total General Fund expenditures for expenses which are consistent with the use limitations for parking meter revenue currently meet or exceed the total parking meter revenue projected. As such, the additional parking meter revenue would replace general purpose monies being expended on eligible parking meter and traffic management and control expenses and thereby making these general purpose monies available for other uses.

**PREVIOUS COUNCIL and/or COMMITTEE ACTION:**

The Parking Meter Utilization Improvement Plan was previously considered by the City Council on March 30, 2009. At that time the item was returned to the Mayor with instructions to conduct additional public outreach and resubmit the item to the City Council's Budget and Finance Committee at a later date. The item was re-submitted to the Budget and Finance Committee on October 7, 2009 at which time the committee moved to forward the item to City Council and approve the staff recommendation. On January 26, 2011 the Budget and Finance Committee directed staff to proceed to the full City Council.

**COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:**

City staff provided information on the proposed changes for Parking Meter Utilization Improvement to the Downtown, Uptown, and Mid-City parking groups for the Community Parking Districts during December 2008 and January 2009. All of these groups approved the recommendations. The Uptown Planners, the Hillcrest Business Association, and the Hillcrest Town Council opposed the Plan. Also, in January 2009, the Parking Advisory Board, with citywide representation from the Council Districts, the BID Council, the Community Planning Committee, and the Community Parking Districts, approved the Parking Meter Utilization Improvement changes.

**KEY STAKEHOLDERS AND PROJECTED IMPACTS:**



The key stakeholders are the business owners, property owners, and residents in Downtown, Mid-City, and Uptown. There are just a few meters in other areas such as Mission Bay and Logan Heights. Within Downtown, the key stakeholders are the Downtown Residents Group, Cortez Residents, Gaslamp Quarter Association, Downtown San Diego Partnership, Centre City Advisory Committee, San Diego Padres, Little Italy, East Village, and the Centre City Development Corporation. Other stakeholders, who may be impacted by changes in staff support and enforcement technologies/strategies include the business owners, property owners, and residents in the other Community Parking Districts of La Jolla, Old Town, and Pacific Beach, as well as the rest of the City.

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William Anderson  
CP&CI Department Director

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Jay M. Goldstone  
Chief Operating Officer

Attachments:

1. Report No. 09-057 Rev.
2. City Attorney Memo dated April 29, 2009
3. City Attorney Memo dated September 30, 2010
4. Eligible Parking Meter Expenses List