



# White Paper

## On-Street Pay Parking



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## On-Street Pay Parking

*If your City is considering on-street pay parking in selected downtown areas perhaps as part of a new Downtown Strategic Plan. This paper presents educational information about this issue.*

### Why are we considering on-street pay parking?

The answer, in short, is because we want to encourage turnover. "Turnover" is the number of different cars that use a given space during an average day. Turnover is critical to most downtown retail and entertainment businesses, since parking supply is limited. If "long-term parkers" use a parking space in front of a store, fewer short-term customers will have the opportunity to use that space. ("Long-term parkers" are usually employees, residents, or professional business people who do not rely on short-term customers for their business.)



The reason turnover is so important to the health of downtown businesses is the economic value represented by multiple customers using the same parking space. One professional downtown analyst has estimated that a parking space in front of a retail establishment can be worth \$300,000. Here is a quote from Bob Gibbs, of the Gibbs

Planning Group, speaking in general about Downtowns:

The lack of convenient on-street parking generally contributes to the downtown area not being able to compete with the surrounding suburban shopping centers. Lower retail sales, fewer retailers, and weaker property (lease) rates are a function, in part, of the parking issue. Each on-street parking stall can generate up to \$300,000 in annual retail sales. The importance of having stalls available to the shopper cannot be overemphasized.

A common misperception is that cities charge for parking primarily to generate revenue. Revenue is important, because parking expenses have to be paid somehow. However, revenue is not the primary reason to implement on-street pay parking. The primary reason is to encourage turnover. "Pay parking" assigns an economic value to a scarce resource, which encourages people to conserve that scarce resource. It's like water. When water is free, people tend to leave the hose running. When water is metered, people conserve.



## Aren't there other ways to encourage turnover?

Yes, turnover can be encouraged through a combination of timed parking and enforcement. "Timed parking" places a time limit, such as two hours, on a parking space. Enforcement is needed so that if people violate the time limit, there is the possibility of getting a parking ticket. Without enforcement, there would be no incentive for people to move, and the time-limit would not serve its purpose.

There are several disadvantages to timed parking that can be addressed by pay parking. First, timed parking is not flexible. If an individual needs to park for more than the time limit then they are out of luck. Under a pay parking scenario, the customer gets to choose how long they want to park.



Second, timed parking is difficult to enforce. It requires chalking tires, or some other labor-intensive method to determine how long a car uses a space. These methods are inexact, which creates a certain amount of subjectivity in the enforcement process, and this in turn leads to confusion and confrontation between customer and enforcement officer. Plus, people are very ingenious and come up with many ways to subvert the chalking process. They will do things like roll a car back and forth to erase the chalk, roll the car so the chalk mark is underneath the tire, wipe off the chalk, move to an adjacent empty space (which is illegal), or simply deny that they exceeded the time limit, which pits their word against the word of the enforcement officer.

The enforcement process for pay parking is much more scientific and impartial. When a person pays, a meter flag is raised or a receipt is generated, and both methods clearly document when the permissible parking period begins and ends.

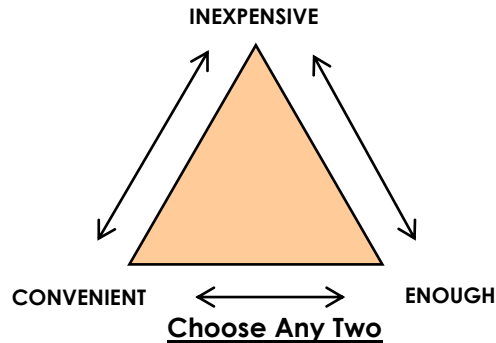
## What about people who "feed the meters"?

In the past, this was a problem. If the cost of parking was inexpensive, some long-term parkers would simply put in money every hour or so in order to keep their car in the same spot all day. To them, the convenience was worth the price. Today we have new technologies that can track pay parking for each car in an area, and can also offer graduated payment scales. For example, the first hour might be very low cost or even free. The second hour would cost more, and each subsequent hour would increase in cost. A graduated pay scale like this will make it prohibitively expensive for long-term parkers to pay for all day parking, while still offering a very economical space to the short-term parker.



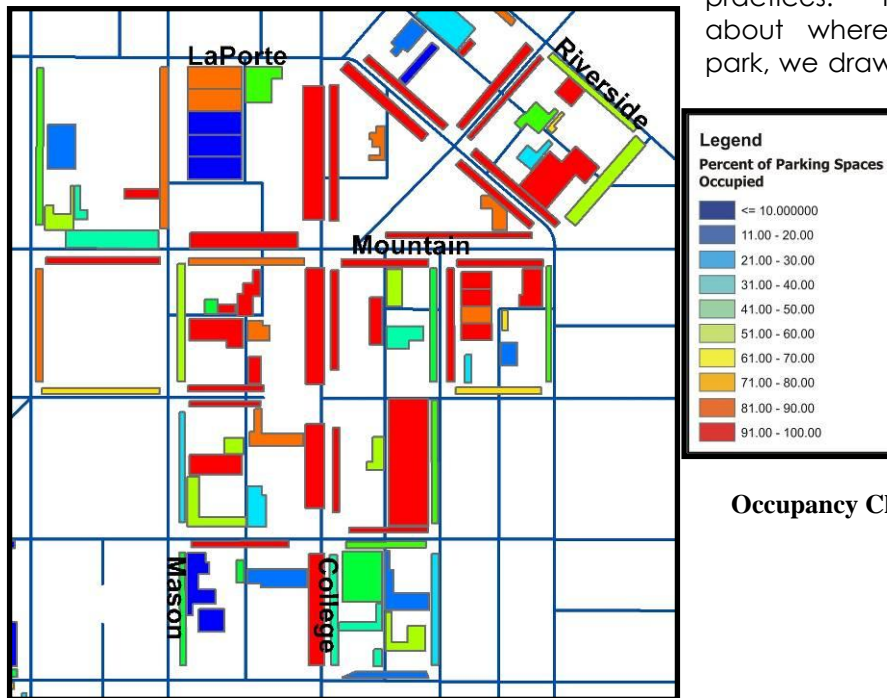
So where are the long-term parkers supposed to park?

In answering this question, consider the three characteristics of parking: convenience, cost and supply. In the parking industry, it is widely recognized that any two of these characteristics can readily be achieved, but not all three at the same time.



For example, it is possible to have convenient parking at low cost but there is probably not enough of it. Or, there can be plenty of parking at low cost (outlying parking lots) but it is not very convenient. Finally, there are situations where we have convenient parking with adequate supply (parking structures or permit lots) but the cost to provide this option is higher. These characteristics can and should be used together to promote specific parking policies and practices.

In answering the question about where long-term parkers should park, we draw on a downtown policy that attempts to reserve the most convenient parking for short-term visitors and customers. Thus, long-term parkers are encouraged to park in less convenient spaces, such as outlying locations, or they are asked to pay for their convenience (parking structure or permit lots.)



**Occupancy Chart**

One big problem typical of many downtowns today is that their pricing policies do not support their use policies. Without on-street pay parking the most convenient parking is also the least expensive (free), and therefore the demand there is very high. It is very tempting for long-term parkers to attempt to evade enforcement and park in the most convenient, free spaces.

Consequently, occupancy characteristics (see graphic) reflect intensive parking utilization in the downtown core during peak hours, and turnover rates are lower than they should be. Any occupancy rate above 85% is “effectively full,” thus discouraging new customers from using that area. Downtown businesses in these high-occupancy areas will thrive and flourish if we can provide higher turnover and lower occupancy rates. Conversely, if this situation is not addressed, there will be stagnation and no room for business growth.

### How would pay parking be implemented? Are we talking about meters?

We are not necessarily talking about traditional on-street meters. A careful evaluation of all the technologies should be conducted, but traditional meters do offer some advantages. For example, they are easy to understand and they provide a high level of customer convenience. On the other hand, meters are an older technology that, some might argue, can detract from the streetscape and add to curb-side clutter. Also, meters generally do not have the ability to address other problems, such as “meter feeding” (although some meters that have been manufactured more recently are beginning to address this issue), nor do they offer the customer the flexibility of parking in one place and paying in another.

Other alternatives to consider include modern pay parking machines. These machines take the place of several meters, and can cover up to an entire block face if necessary (usually two machines per block face will offer adequate customer convenience.) These machines can be networked over a large geographical area (say, several square blocks of a downtown area) so that a customer can park in one location and go about their business. Later, if they need more time, they can pay from a different location without having to return to their vehicle.



The pay parking machine can be programmed in a way to track individual vehicles. This feature, when combined with a graduated rate schedule, discourages “meter feeding” by using a cost structure that starts small and escalates based on how long a person wishes to park. Under this type of structure, the first hour could be very inexpensive, or even free. The second hour would cost a little more, and so on, so that by the time a person tries to purchase several hours of parking, they find that it would be much cheaper to use the long-term parking. Thus, an economic incentive is provided to encourage long-term parkers to move away from the more convenient spaces, and leave those spaces for the short-term parkers.

At the same time, on-street pay parking provides flexibility for the parker who may need more than an hour or two. Under our current enforcement system, this flexibility does not exist. People who need to park more than two hours have no on-street options, because the signage and City ordinances prevent them from parking longer than two hours. If the cost structure is “balanced” properly with the demand for parking, people will begin to experience the economic incentive to move right at the two-hour mark, just like they do now. But, if they need three hours and are willing to pay a little extra, they can do so (sometimes lunch runs a little longer than expected.) The goal is to balance the cost structure so that these three-hour stays are the exception, not the rule. Many municipalities have “free on-street / pay off-street” parking policies. These pricing policies are “upside down”. The approach outlined above employs basic economics and convenience-based incentives (and disincentives) to correct this condition in support of the larger objectives of the Downtown

### Will pay parking be implemented everywhere in the downtown area?

Not necessarily. Pay parking is not generally needed everywhere. In fact, pay parking is actually counterproductive when it is put in areas where the demand does not warrant it. Pay parking should be implemented only in those areas with very high demand for a significant part of the day. Again, revenue generation is not the primary motivation behind this concept.

Implementation plans often begin with a “pilot” program, testing pay parking on a trial basis, in a limited area, and assessing the results. If the program works, then community support can be built, and the program expanded. If it does not work, the reasons why will be assessed. The program can then be modified, based on the experience or removed before significant resources are invested in the system.

### Will everybody like pay parking?

Of course not. There are those who are not concerned about turnover, or business vitality, or trying to encourage long-term parkers not to use the most convenient spaces. However, it is the city's responsibility to provide a mix of parking resources and effective parking management options that provide the best solutions for a variety of needs. Ultimately, it is up to the community to decide what policies to implement, and where they should be implemented.

