

## **15 MINUTE FREE ON-STREET PARKING**

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### **EXECUTIVE SUMMARY**

On 2014 January 13, Council directed the Calgary Parking Authority (CPA) to conduct a cost benefit analysis for the provision of 15 minute free parking at all on-street parking locations. Currently, the price of on-street parking is governed by the Council approved Commercial On-Street Parking Policy. As per this policy, parking rates are raised or lowered annually based on occupancy levels.

Based on our research of on-street parking operations, no other City has implemented a free parking option in its fee structure. On that basis, the effects on occupancies, traffic cruising (circling looking for a free space) and business revenue cannot be based on empirical data. On 2011 September 21, a trial of 30 minute free parking was implemented on General Avenue NE in Bridgeland. The effects on key indicators were statistically insignificant. However, the program was very popular with both the public and local businesses.

A sensitivity analysis comparing varying durations of free parking, cut-off period to obtain the free parking, time of day when free parking would be available and estimated revenue loss was conducted. Annual revenue loss ranged from \$17,000 to \$4.6 million depending on the free parking option. In addition to the loss of revenue, another potential issue associated with the provision of free parking could be the traffic congestion levels. It is expected that as motorists search for available parking, the traffic congestion levels on the roadway could increase. Additionally, there is potential for confusion with the public regarding how to obtain the free parking which could result in additional infractions being issued. Lastly, there is concern from the Business Revitalization Zones that customers will rush in and out of the retail establishments in order to take advantage of the free parking and no longer view these neighbourhoods as destinations to walk and enjoy. The benefits associated with the provision of free parking would potentially include fewer parking infractions, less cost for customers and increased turnover to facilitate adjacent business visits.

### **ADMINISTRATION RECOMMENDATION**

That the SPC on Transportation & Transit recommend that Council direct Administration to develop an evaluation criteria in consultation with the business zone organizations to implement this type of short stay zone on block faces that support this type of quick turnover, convenience business and implement a program no later than Q2 2015.

### **RECOMMENDATION OF THE SPC ON TRANSPORTATION AND TRANSIT, DATED 2014 SEPTEMBER 19:**

**That Council file Report TT2014-0641.**

### **PREVIOUS COUNCIL DIRECTION / POLICY**

At the 2013 May 27 Regular Meeting of Council, Council approved the report TT2013-0225 (Commercial On-Street Parking Policy Implementation). This report detailed a policy of how rates would be determined for 27 pricing areas, each with four different daily pricing periods throughout the city. The following motion arising was approved as part of this report:

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MOTION ARISING, Moved by Councillor Chu, Seconded by Councillor Keating, that with respect to Report TT2013-0795, that Council direct the Calgary Parking Authority to conduct a cost benefit analysis to providing 15 minute free street parking and to return to the SPC on Transportation and Transit no later than Q3 2014.

The intent of the Commercial On-Street Parking Policy is to reduce the demand for on-street parking in congested areas and promote parking in areas where demand is lower.

### **BACKGROUND**

Currently, the CPA manages approximately 6,760 paid on-street spaces, where 2,460 spaces are located in the downtown core. The rates range from \$0.25 to \$4.75 per hour during the weekday, with the higher rates being in place in the downtown core where demand is higher. On Saturdays, the rates range from \$1.25 to \$1.50 per hour and on Sundays on-street parking is available free of charge. In order to promote turn-over, the majority of the on-street spaces have a parking time limit of two hours. However, there are some instances where maximum stays are 30 minutes, one hour, or up to three hours..

In an attempt to support businesses in the core, the CPA has implemented various reduced fee parking programs such as the Summer Lunch Special and \$5.00 Fridays. These programs are limited to CPA's parkades where demand is slightly lower in comparison to the on-street spaces.

### **INVESTIGATION: ALTERNATIVES AND ANALYSIS**

#### **General**

The provision of discounted or free parking on-street is not commonly seen in other municipalities. The most likely reasons being a loss of revenue and increased occupancy levels. Typically when occupancy levels are high, there is less available parking and motorists become frustrated and spend additional time searching for parking. This negative experience will often result in customers deciding to forever avoid the congested area. For this reason, there are very few available examples of free parking programs. There are however two local examples; the Bridgeland (General Avenue NE) parking holiday and the short term parking facility at the Calgary International Airport (YYC).

#### **Bridgeland Example**

On 2011 August 30, the General Manager of Transportation authorized a parking control change for General Avenue NE (10 Spaces) in Bridgeland, changing the parking restrictions from two hour maximum paid parking to 30 minutes free with payment required after 30 minutes up to a maximum of one hour.

A before and after study of the parking along General Avenue NE was undertaken by the Transportation Data group to determine the impact of the new rate structure. To determine turnover rates and the number of vehicles parked on a daily basis, license plate data was collected at 10 minute increments on 2011 September 1 (prior to the change) and 2011 September 27 (after the change). A comparison of revenue and infractions was also conducted the period before and after the pilot project (2010 September 21 to 2010 February 3 and 2011 September 21 to 2012 February 3).

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Table 1-General Avenue NE Study Results

	Parking Length			Total Revenue	Total Transactions	Infractions Issued	# of Parked Vehicles	Turnover Rate
	≤10 min	10–30 min	>30 min					
<b>Before</b>	<b>37%</b>	<b>25%</b>	<b>28%</b>	<b>\$52,848</b>	<b>10,407</b>	<b>130</b>	<b>119</b>	<b>12/day</b>
<b>After</b>	<b>52%</b>	<b>27%</b>	<b>21%</b>	<b>\$30,115</b>	<b>15,615</b>	<b>111</b>	<b>124</b>	<b>12/day</b>

Because a ParkPlus session is mandatory to receive 30 minutes of free parking, transactions went up 50%. Although the number of transactions went up, revenue went down 43% and the duration of stay decreased overall. Compliance improved along General Avenue NE, from 56% from 2010/2011 September to February, to 63% during the time period of the pilot project. Overall, business owners were pleased with the results of the pilot project.

### YYC Comparison

The provision of free parking for a period of time such as 15 minutes or 30 minutes is typically seen in private off-street operations such as airports, where the duration of stay is unpredictable. To avoid revenue loss, the rates are always higher after the free period. For example the Calgary Airport Authority provides 30 minute free parking at some of its facilities and after the free period, parking is available for \$7.00 per half hour to a maximum of \$37.00 per day. However, the rates at the other airport parking facilities are \$4.00 to \$5.00 per half hour with a maximum rate of \$10.95 to \$26.00 per day.

### Sensitivity Analysis

A sensitivity analysis was prepared on four options and four time periods to determine the financial implications associated with the provision of free parking ranging from 10 to 30 minutes (See Table 2-Sensitivity Analysis). As previously noted, the current pricing structure for on-street parking is based on demand. As a result, during a weekday the rate for parking changes throughout four set time periods. Options 2 and 2A are proposed for the late afternoon period (3:30 pm to 6:00 pm) when commuter traffic volume is high and parking demand is low. In the event that Council wishes to pursue 15 minute free parking on-street, the CPA has set out four pricing options, including financial impacts, below to assist with that decision:

Option 1: X minutes of free parking for all on-street transactions (Monday to Friday 9:00 am to 6:00 pm). Example: Whether parking 40 minutes or two hours, the first X minutes will be free of charge and this will apply all day.

Option 1A: Free parking only for on-street transactions ranging from 1 to X minutes (Monday to Friday 9:00 am to 6:00 pm). Example: If parking is free for 15 minutes, then a registered parking session of 15 will be free of charge. However, if 16 minutes is purchased then the customer will be charged for the entire 16 minute session. This option will be available all day.

Option 2: X minutes of free parking for all on-street transactions (Monday to Friday 3:30 pm to 6:00 pm). Is the same as option 1, but only in the late afternoon.

Option 2A: Free parking only for on-street transactions ranging from 1 to X minutes (Monday to Friday 3:30 pm to 6:00 pm). Is the same as option 1A, but only in the late afternoon.

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Table 2-Sensitivity Analysis

Option	X Minutes of Free Parking			
	10	15	20	30
<b>1. All day - stays of any duration</b>				
Revenue Loss	\$1,717,000	\$2,499,000	\$3,239,000	\$4,636,000
Revenue Loss (%)	12.5 %	18.2%	23.6%	33.8%
Number of parking sessions	3,405,000	3,405,000	3,405,000	3,405,000
<b>1A. All day - stays &lt;= X minutes</b>				
Revenue Loss	\$115,000	\$242,000	\$331,000	\$964,500
Revenue Loss (%)	0.8%	1.8%	2.4%	7.0%
Number of parking sessions	175,000	331,000	455,000	922,000
<b>2. Late P.M. - stays of any duration</b>				
Revenue Loss	\$235,000	\$341,000	\$438,000	\$613,000
Revenue Loss (%)	1.7%	2.5%	3.2%	4.5%
Number of parking sessions	485,000	485,000	485,000	485,000
<b>2A. Late P.M. - stays &lt;= X minutes</b>				
Revenue Loss	\$17,000	\$42,000	\$62,000	\$174,000
Revenue Loss (%)	0.1%	0.3%	0.5%	1.3%
Number of parking sessions	28,000	59,000	85,000	171,000

### Cost Benefit

A cost/benefit analysis was conducted. The results are shown in Table 3 below:

Table 3-Cost/Benefit Analysis for 15 Minute Free Parking

Cost	Benefit
<ul style="list-style-type: none"> <li>\$17,000 to \$4,636,000 depending on the option selected</li> <li>Potentially greater number of vehicles circulating looking for an on-street space resulting in poor customer experience</li> <li>Potential for all zones to be treated as Loading Zones</li> <li>Likely to increase infractions of public unaware of requirement to begin a parking session</li> <li>Potential confusion with paying public</li> <li>Potential decrease in business sales in BRZs/Downtown due to a "get in and get out" mentality</li> </ul>	<ul style="list-style-type: none"> <li>May decrease parking infractions</li> <li>Less cost for customers</li> <li>May increase turnover</li> <li>May increase parking transactions</li> <li>May decrease parking duration</li> </ul>

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### **Stakeholder Engagement, Research and Communication**

Separate discussions took place with the Executive Directors of the Downtown Business Association and Kensington Business Revitalization Zone (BRZ). Although they both stated that they would personally share their positions with the committee in greater detail, to summarize they both had difficulties understanding the value of having a short period of free parking. They both would like parking programs that get patrons to spend more time in their communities, rather than rush through their visit. In addition, their thought is that there are other initiatives that would provide greater economic benefit to their respective communities (ie. free Saturday parking in December).

### **Strategic Alignment**

The provision of free parking would require a revision to the Council approved Parking Policy Framework which in turn supports the Municipal Development Plan and the Calgary Transportation Plan. The principal of that policy being that parking should be priced to reflect demand and encourage some vacancy as well as use of alternate modes of travel.

### **Social, Environmental, Economic (External)**

#### **Social**

The revenue loss resulting from the 15 minute free program may impact The City's ability to fund certain programs and/or activities.

#### **Environmental**

The provision of free parking on-street may result in higher congestion and emission levels as motorists search for available parking. It also encourages the use of private vehicles for short trips verses parking and visiting multiple destinations.

#### **Economic (External)**

This initiative responds to a segment of business in established areas focused on high-turnover, quick stop types of visits. In those areas, there is the potential for increased business activity due to the elimination of a short term parking fee. There is also a potential for retail establishments in the BRZs to lose business, as parkers adopt a "get in and get out" mentality.

### **Financial Capacity**

#### **Current and Future Operating Budget:**

The CPA contributes 65% of its parking operations net revenue to The City's general fund. Any revenue loss resulting from the implementation of a 15 minute free parking program will proportionately reduce contributions to The City. CPA has consistently contributed funds in excess of its minimum return which is flexible usage across the City.

#### **Current and Future Capital Budget:**

The CPA annually retains 35% of its parking operations net revenue for future capital spending. Any loss of revenue will result in an associated loss of future capital funds.

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### Risk Assessment

It should be noted that as this type of initiative never has been pursued in any other Canadian city, the predicted outcomes are very much speculative.

If approved, commercial delivery trucks may, for convenience, choose to utilize on-street spaces rather than back lanes. This may further increase occupancy. To mitigate this risk, commercial parkers will have to be re-educated on the parking available within public lanes and “No Parking” zones which permits 20 minute and 10 minute parking, respectively for commercial vehicles.

Even when parking during a free period, customers will still have to start a parking session so that CPA Enforcement personnel know how long the vehicle has been parked. This requirement will likely lead to some confusion with the public and a greater number of parking violations in the short term.

### REASON(S) FOR RECOMMENDATION(S):

Administration was asked by Council to provide a cost benefit analysis for the provision of 15 minute free on-street parking in all paid parking zones. As part of the analysis, a series of options have been provided.

It is the recommendation of the Administration that implementation of a 15 minute free parking period across the City would not have an overall benefit. As such, Administration recommends developing an evaluation criterion in consultation with the business zone organizations, to implement this type of short stay zone on block faces that support high turnover convenience businesses and implement a program. There will be a financial impact to CPA revenues; however, in select locations this may help both businesses and patrons.

### ATTACHMENT(S)

None.