

Meter Rate Adjustment Subcommittee

Downtown Meter District

July 15, 2015

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Presentation / Discussion



- Overview: June 23 subcommittee action
- Research on price options & effects
- Primary Action
 - Recommended meter rate adjustment
- Secondary Actions
 - Additional operations adjustments

June 23, 2015 meeting overview

Key Findings from Technical Analysis

- Parking occupancy is considerably higher than it was in 2008.
- Current parking occupancy exceeds optimal levels for several hours each day
- Last meter rate increase was in 2009.
- Price changes at SmartPark (hourly rates have increased twice since 2009 on-street rate increase)
- Hourly rates between On-street & SmartPark are out of balance
- Fare changes at TriMet (3 times since 2009)

June 23, 2015 meeting overview

Subcommittee Action

Do current conditions support a meter rate increase?

Yes	6	✓
No	1	
Abstain	2	

Subcommittee voted in support of a meter rate increase with a two-thirds majority.

Subcommittee Topics

Topic	Authority	Subcommittee Role
Primary Action		
Amount for Meter Rate Adjustment	Council	Recommendation to Council
Potential Supplemental Actions		
Adjustments to time limits to better meet customer & visitor needs	PBOT	Recommendation to staff & Council
SmartPark price changes to open up capacity for customers	PBOT	Recommendation to staff & Council
Public information program in conjunction with a rate increase	PBOT	Recommendation to staff & Council

Taking these actions in conjunction with a meter rate increase can improve overall operations & customer service.

Meter Rate Increases for Consideration

Hourly increase	Resulting hourly rate	Qualitative Evaluation
\$0.20	\$1.80	<ul style="list-style-type: none">• 13% increase• Too small to affect parking behavior?• Still lower than some SmartPark hourly rates
\$0.40	\$2.00	<ul style="list-style-type: none">• 25% increase• Comparable to TriMet single fare increase in same time period• <u>On par with SmartPark rate (4th hour)</u>
\$0.60	\$2.20	<ul style="list-style-type: none">• 35% increase• Exceeds hourly rate for SmartPark for all hours
Other?	---	-----

Staff recommendation - \$0.40 increase

Research guidance on pricing

How does a change in price impact the quantity demanded?

Price elasticity of demand (PED) shows the relationship between price and quantity demanded and provides a precise calculation of the effect of a change in price on quantity demanded.

$$\text{PED} = \frac{\% \text{ change in } Q}{\% \text{ change in } P}$$

Note: We expect to see a negative number; almost always, we will see Q decline in response to a price increase

Research guidance on pricing

Location	Year	PED
Dublin	2009	-0.29
Seattle	2013	-0.37 to -0.80
San Francisco	2013	-0.40
Several U.S.	2015	-0.1 to -0.40 -0.3 for downtowns

Findings

- Magnitude is less than 1, meaning it is “inelastic”, not price sensitive
 - A 1% increase in price leads to a fall in quantity demanded, but less than 1%
- Estimates range from -0.10 to -0.80
- Seattle study showed a range, with variability by location & time of day
- Recent aggregated data indicate -0.1 to -0.4, with -0.30 typical for downtowns

Research guidance on pricing

Estimated pricing impacts on Portland parking demand

PED = -0.30; Base price = \$1.60; Base occupancy = 90%

Rate Increase	New price	% Rate change	%Change in Occupancy	Estimated occupancy
\$0.20	\$1.80	12.5%	-3.9%	86%
\$0.40	\$2.00	25.0%	-7.5%	83%
\$0.60	\$2.20	37.5%	-11.4%	80%

Conclusions

- The price adjustments being considered are within the right range.
- A change of \$ 0.20 may not achieve the desired occupancy ratio

Research guidance on pricing

Other factors to consider

- Variability by time of day
- Variability by location
- Demand will likely grow over time

Other economic principles at play

- Cross elasticity of demand – price and availability of options is a big factor
- Derived demand – people aren't coming downtown to park
- Negative externalities of added trips
- Transaction costs of time spent searching for parking

Meter Rates in other Cities

- Boise, Las Vegas, Denver – \$1.00
- Tampa, Milwaukie, Nashville, Denver – \$1.50
- Wash DC – \$2.00
- Los Angeles – \$4.00
- **Vancouver BC – C\$1 to C\$6
- **Seattle – \$1.00 to \$4.00
- **San Francisco – \$0.25 to \$6.00
- Toronto, ON – C\$1.00 to C\$4.00

Note the large range in cities with variable prices

City	Meter Rate 2015**	Population 2013
Boise	\$1.00	214,237
Tampa	\$1.50	352,957
Milwaukie	\$1.50	599,164
Las Vegas	\$1.00	603,488
Vancouver, BC*	C\$1.00 to C\$6.00	603,502
Portland	\$1.60	609,456
Nashville	\$1.50	634,464
Washington DC	\$2.00	646,449
Denver	\$1.00	649,495
Seattle*	\$1.00 to \$4.00	652,405
San Francisco*	\$0.25 to \$6.00	837,442
Dallas	\$1.50	1,257,676
San Diego	\$1.25	1,355,896
Phoenix	\$1.50	1,513,367
Houston	\$1.50	2,195,914
Toronto, ON	C\$1.00 to C\$4.00	2,620,000
Chicago	\$2.00 to \$6.50	2,718,782
Los Angeles	\$4.00	3,884,307
New York	\$1.00 to \$5.00	8,405,837

Primary Subcommittee Action

What price change does the subcommittee wish to recommend to Council?

☐ \$0.20 (\$1.80)

☒ \$0.40 (\$2.00) 

☐ \$0.60 (\$2.20)

☐ Other

Support for \$0.40 Increase:

- On par with SmartPark rate (4th hour)
- Comparable to TriMet single fare increase in same time period
- PED indicates that target occupancy would be reached
- Within range of other comparable cities

Secondary Considerations

Issue

Duration of stay data show that most customers stay for approximately 1.5 hours, with 17-18% in 1-hour & 90-minute spaces overstaying their time limits.

Question

Does the subcommittee wish to recommend that Council direct staff to adjust the time limits of on-street meters in Downtown?

Secondary Considerations

Issue

The Old Town SmartPark garage is primarily serving commuter parkers; a small fraction of parkers are customers of downtown businesses.

Question

Does the subcommittee wish to recommend that Council direct staff to adjust the daily rate at the Old Town SmartPark garage to open up capacity for customer parking?

Secondary Considerations

Issue

Subcommittee discussion raised concerns that increasing the cost of parking may contribute to negative perceptions of the business and retail environment in downtown.

Question

Does the subcommittee wish to recommend that a public information/education program be conducted as part of the roll-out of increased meter rates ?