



Volume 15, Number 10-October 2010

PARKING TODAY ©

www.parkingtoday.com

SFPark to Test Shoup Model

Page 14

Parking, Consultants and, Sigh, *The New York Times*

BY JOHN VAN HORN



WOW, “PARKING” SEEMS to be on everyone’s lips. Our little backstreet industry that affects just about every person on the planet suddenly has become the rage.

It started with the leasing of the city of Chicago’s on-street parking operation. Then cities such as Pittsburgh, Indianapolis, Los Angeles and others saw dollar signs. San Francisco began a much ballyhooed (in the Bay area) new parking program, called *SFpark*, that parallels Professor Don Shoup’s model for municipal parking operations. The story was picked up by a few papers, and found its way onto Page 27 under the obits.

Then it happened. The venerable *New York Times* ran a business-section commentary by a George Mason University economist, Tyler Cowen, and all hell broke loose. Many in the media claim that *The Times* sets the tone for what gets published other places. (I do know that when *PT*’s Blog was mentioned in the “Old Gray Lady,” our hits went from 300 to 1,500 daily for a few days.)

Well, it worked.

Suddenly, the media and the blogosphere were inundated with stories about parking, Shoup, San Francisco and Cowen. It didn’t stop there. A Cato Institute blogger (Senior Fellow Randal O’Toole) took umbrage with both Cowen and Shoup. Lines were drawn in the sand.

UCLA’s Shoup told me that he normally didn’t answer blog postings, but since Cato and O’Toole were so well-known and -respected, he felt it incumbent on him to do so. And he did. Shoup picked up the gauntlet with a 5,000-word broadside sent to O’Toole, and copied to practically everyone.

Parking had gone viral.

Everything is linked online to everything else. Shoup’s mis- sive alone has more than a dozen links to back up documenta- tion, videos and excerpts from his book that started it all: “*The High Cost of Free Parking*.” Economist Cowen and Cato’s O’Toole also link to other references. As Sherlock Holmes would say, “The game is afoot.”

I felt that this offered a great opportunity to get some of the issues concerning the “Shoup model” out in the open and then hear from the originator himself. In this issue of *PT*, we explore the new parking project in San Francisco, pro and con, and offer many opportunities for you to go online and research for your- self. Shoup, Cowen and O’Toole’s writings can be found in our blog (see sidebar page 14).

Which brings me to another subject, near to my heart: Park- ing consultants and their general suspicion and sometimes out- right derision of Don Shoup. Many tell me that he is an academic and has no business trying to shove his theories on the real world. I mean, after all, what the heck does he know about real parking problems? He spends his time in his office on a university cam- pus, publishing so he won’t perish, while the rest of us have to get out there every day and deal with politicians, city planners, finan- cial disasters, and those pesky parkers.

When I talk to my friends in the consulting business, I find that many have not read Shoup’s book; and those who have usu- ally grab onto something and don’t seem able to let go. Case in point: “It simply won’t work. Imagine turning the money gener- ated by parking back into the neighborhoods where it came from. That money has been dedicated to education, and that’s where it’s going. No one is ever going to change that, not in this town.”

I can sympathize with many of the consultants. Most of the conversation going on in the main stream media over the past couple of months has been between economists, pundits (like me) and common blog- gers who couldn’t find a parking space if it appeared in front of their car. The parking professionals who make their living every day having to deal with the vagaries of municipal politics, real-world meetings with businesses, angry citizens, and civic planners with agendas find Shoup’s media persona a little hard to swallow.

On the other hand, Shoup can say what he wants with impunity. No one is going to fire him, or not give him the next contract. There is little downside to what he says or does. And he can bring the weight of academia to his presentations. If it doesn’t work, no big deal. He just goes to his next lecture and adjusts a few notes.

There is one upside to all this: Everyone is talking about parking. People are taking sides. Discussions are going on. Changes are being made. Are they 100% Shoup? Of course not. But tired old ideas are being rethought. It’s a slow process, but it’s beginning to happen.

The parking manager who has been pleading for rate increases to help solve parking issues is getting his day in court. Emerging technology that will provide data necessary in rate set- ting is being installed. Garage owners are finding, bit by bit, that they are no longer in competition with low-cost or “free” spaces on the street.

And this is the most exciting part: A city councilman or may- or who hasn’t thought about parking other than to keep its prices low is now rethinking that position. After all, I read it in *The New York Times*. There must be something about this parking thing I should consider.

Continued on Page 8

.....

Another subject: parking consultants and their general suspicion and sometimes outright derision of Don Shoup.

.....

POINT OF VIEW

from Page 6

Here are words I never thought I would write: Thank you, *New York Times*. You gave parking the opening it needed.

I love this one:

“Many people who work in the downtown area and have access to off-street parking refuse to use it because they may have to walk a few additional yards. Instead, every two hours, they run out of their workplace and move their vehicle to another location to avoid a violation. If they ever figured out that all of that running in and out requires a lot more walking than just parking in a lot to start with, maybe they would reconsider their strategy.”

– Larry Brock, Chief of Police, Richmond, KY, writing in *The Richmond Register* newspaper.



PT

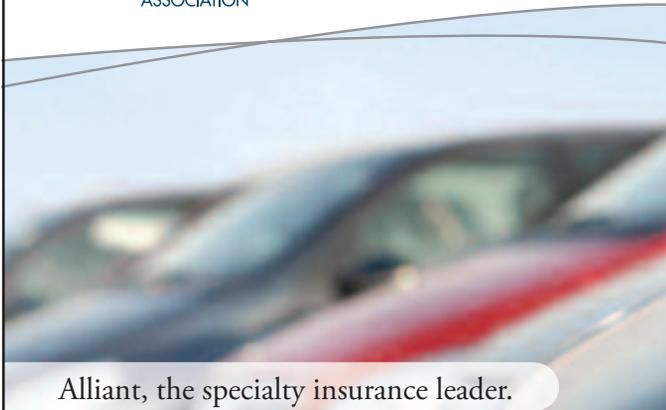
T2 Systems Adds Eight Parking Professionals to Advisory Board

T2 Systems has announced the newest members of its Customer Advisory Board (CAB), saying the eight parking professionals are representative of T2's customer base, including a mix of cities, medical centers and universities of all sizes.

They are Victor Garcia, Alberta Health Services; Melinda Helton, CAPP, Arizona State University; Liliana Rambo, CAPP, City of Houston; Brad McKendry, CU Boulder; Chuck Landis, Duke University; Josh Cantor, George Mason University; Gary Means, CAPP, Lexington & Fayette County Parking Authority; and Shi Brooks, Mississippi State University.

“We are so excited to have this group of experienced parking professionals join our Customer Advisory Board,” said Irena Goloschokin, Executive VP of Strategy and Products. “(The CAB) is key to helping T2 maintain its customer-focused strategy. The continual feedback, honest communications and relationships established with our customers – and those established among our customers – is what makes T2's approach to product development and support so unique in the industry.”

See **PT**
three weeks early
at parkingtoday.com



Alliant, the specialty insurance leader.

Every day your customers depend on you. They leave their cars in your parking garage or with your valet and assume everything will be fine. But things can go wrong. Vehicles disappear from parking garages. Valets crash cars. Pedestrians trip on potholes. And customers file claims.

So who can you depend on? For more than 25 years, Alliant Insurance Services has been offering complete insurance solutions for all types of parking operations. We can help you prevent and manage risks while making sure you have the most appropriate coverage for your business. Contact us today.

Customers depend on you. Who can you depend on?

(866) 805-7275, Ext. 775
www.alliantinsurance.com/parking
kphillips@alliantinsurance.com



San Francisco to be Laboratory for the “Shoup Model”

A BUSINESS-SECTION COMMENTARY IN THE *NEW York Times*, the start of a new parking program in San Francisco, and a very public debate between UCLA Urban Planning professor **Don Shoup** and Senior Fellow **Randal O'Toole** of the Cato Institute have created a perfect storm in the parking industry. PT's Blog has been carrying the story in real-time over the past month. We have seen it go “viral” (see sidebar) on the internet.

This has brought the discussion from the pages of trade journals and specialty blogs to the Main Stream Media. *The NY Times*, *Washington Post*, *SF Examiner*, *LA Times* and TV stations nationwide are discussing parking and whether “free” is the way to go.

These two articles give different views of the controversy. Consultant **Patrick Siegman** has worked with the city of San Francisco to put Shoup's parking model into practice on a large scale. Consultant **Peter Guest**, a regular *Parking Today* contributor, has worked with cities worldwide in solving their parking issues. Both have real-world experience. Both bring credentials to the discussion.

For a detailed background on Shoup's theories, and some tough dialogue between him and some detractors, check the links in the sidebar “*Parking Gone Viral*.”

Parking Going Viral

It's every blogger's dream. A posting on your blog gets picked up and referenced far and wide. Suddenly, people are coming to your website, your numbers are off the charts. You have arrived.

Parking has arrived. A few weeks ago, *The New York Times* printed “**Free Parking Comes at a Price**,” a commentary by Tyler Cowen, a Professor of Economics at George Mason University. It caused quite a stir in the elite media.

Since no one reads books but everyone reads *New York Times* and blogs, five years after Shoup's book “**The High Price of Free Parking**” was published, his model suddenly went viral and literally hundreds of bloggers commented, pro and con.

One of the most famous “cons” was from Randal O'Toole, a **Cato Institute** Senior Fellow who works on urban growth, public land and transportation issues. He commented on Cowen's viewpoint in “**Free Markets for Free Parking**,” taking umbrage with much of Shoup's parking model.

Shoup tells PT that he normally doesn't comment on blog postings, but since the Cato Institute and O'Toole are so well-known and -respected, he decided to do so in this case. PT thought this controversy so important that it posted Shoup's entire response to O'Toole on its Blog [here](#).

We suggest you first read Cowen's commentary, then O'Toole's reaction to it, and then Shoup's response to O'Toole. The latter clarifies much that we have seen in the blogosphere about the Shoup parking model. Diehard Shoupistas already know all this, but for the rest of you, it will save you the trouble of reading the book.

If you go online to www.parkingtoday.com and click on our “e” magazine, you will find all the links above “hot.” If not, go directly to: http://parkingtoday.typepad.com/parking_blog/2010/09/don-shoup-strikes-back-.html. All the links are there. –JVH

SFpark Will Create a Better San Francisco

BY PATRICK SIEGMAN

ON A RECENT SUNDAY, I DROPPED by San Francisco's Hayes Valley neighborhood for brunch. The public parking supply, as usual, was an overcrowded mess.

On that beautiful morning, the sidewalks were thronged with shoppers and diners, the sidewalk cafés packed. Curb parking was full, not only on the main drag, but also on the surrounding streets, with more cars double-parked, dumped on sidewalks, and left in front of fire hydrants.



Hayes Street near Octavia Blvd. on Sunday, August 1, 2010, with the privately-operated lot. Note the lot's vacant spaces and the packed curb parking.

The privately operated and perfectly situated parking lot at the heart of the district, however, sat half-empty.

What explains this curious situation? It's not hard to understand. On Sundays, the parking meters are turned off, so curb parking is free. The privately operated lot, however, charges a flat rate of \$10, and the other nearby off-street lots and garages aren't free either.

Unsurprisingly, the result is that curb parking is packed to the gills and a remarkable number of motorists cruise in circles, clogging traffic and polluting the air, in search of the elusive free curb parking space.

With surprising speed, San Francisco's SFpark project (<http://sfpark.org>) is moving to change this. In March and April, the city placed 8,255 parking occupancy sensors on streets in the eight SFpark pilot areas, including Hayes Valley. The wirelessly networked sensors – mostly in metered spaces, but some in nearby unmetered spaces – are now transmitting data on parking space occupancy to the computers of the San Francisco Municipal Transportation Agency (SFMTA).

The occupancy sensors, provided by Streetline Inc. (www.streetlinenetworks.com), are well-tested, having been

Continued on Page 16

Is this the Future for Municipal Parking?

BY PETER GUEST

JUST LIKE EVERY OTHER CITY IN THE world, San Francisco has a parking problem. The pricing mechanisms are crude and, the city says, too much traffic is generated by people looking for a parking slot.

In a bold experiment aimed at trying to deal with the problems they perceive, city officials have come up with an initiative called SFpark, which will introduce a demand-responsive parking regime that aims to even out parking availability and so reduce search times and so reduce greenhouse gases.

The city has about 25,000 metered spaces, about 250,000 free street spaces and about 105,000 paid places in off-street parking facilities. In total, there are just over 380,000 or so places where a car can be parked.

The problem, as the city sees it, is that some streets are over-subscribed, with drivers circulating to find a space while other streets have spaces to spare. Presumably, the observed behavior is because those drivers who are circulating want to use a space close to their destination, rather than have the inconvenience of walking from a more distant but available slot.

Funded mainly by the federal government, the SFpark project will use technology to adjust charges according to demand and use pricing to redirect drivers away from the hot spots.

Current charges are set between \$1 and \$3.50 an hour on a neighborhood basis. This means that in any given neighborhood where all the streets have the same rate, the most popular slots will be full with cars circling looking for a space while a block over there will be spaces to spare.

The new high-tech plan will be tested in a limited area and then rolled out across San Francisco. The city will install some 8,300 detectors in eight city neighbourhoods. Each is wireless and self-contained, and will send back occupancy information to a central hub. Detectors also will be placed in three control areas to allow comparisons.

The central data hub will provide information to the public on meter availability so that, in theory, drivers can check where spaces are available before leaving home, and by better planning, they can reduce parking search times and hence achieve one of the key stated benefits of the plan. The technology is completed by new single and multi-space meters that will allow payment by cash and credit and debit cards.

The philosophy of the SFpark experiment is simple. The detectors will measure the demand in each street and the charge at the meters will be adjusted automatically in response to the demand, with the stated ambition of keeping about 20% of the spaces free. Again, this has the objective of making it easy to find a space even in busy areas and so reducing search times and the concomitant pollution.

The charges will be adjusted within a new range that has a minimum charge of 25 cents/hour and could go up as high as \$6, nearly twice the current highest charge. That could go even higher for special events such as baseball games. The plan is that the charge will be altered in 50-cent steps and re-aligned no more

Continued on Page 16

SFpark Will Create a Better San Francisco

from Page 15

deployed along a one-mile stretch of the San Francisco waterfront in a pilot project that began in 2005, as well in installations now operating in Los Angeles and Sausalito, CA.

The sensors are being paired with wirelessly networked single-space and multi-space parking meters, which accept credit and debit cards as well as coins. The meter installations began in July, with 190 curb parking spaces in Hayes Valley getting upgraded meters. By December, nearly 5,100 spaces will be regulated by the new networked meters.

The occupancy sensors allow the city's parking managers to observe, on a continuous basis, parking occupancy on each block. The networked meters allow managers to easily adjust parking rates and hours of operation at each meter, simply by reprogramming the meters from a central computer.

As described at length in the project's planning documents and on its website, SFpark will "use demand-responsive pricing to manage parking demand towards availability targets."¹ Prices will *not* be set on an area-wide basis.

Instead, according to SFMTA documents, "prices will be adjusted up or down in increments of \$0.25/hour every four to six weeks for a certain geographical unit (whether block-to-block, two-block units, or other appropriate area) using availability data from parking sensors."²

The new prices also will "emphasize 'time-of-day' pricing because it is expected to have a greater impact than strict 'length of stay' pricing," the SFMTA reports.³

Overall, the agency says, "SFpark seeks to create a driver experience in which drivers either (a) go directly to a parking garage with available spaces; or (b) are able, most of the time, to find an on-street parking space as near to their destination as possible, preferably within a block or two of their destination."⁴

It's not hard to predict what will happen in Hayes Valley in the coming months, if the city proceeds as planned. On Sunday, the prices for curb parking will go up, from \$0 per hour now to a rate that is competitive with the \$10 flat rate charged at the prime off-street lot. Prices will very likely be highest on prime blocks of the main street (Hayes), and lower on outlying blocks.

Parking demand patterns are actually fairly predictable and recurring. On Sunday in Hayes Valley, for example, demand on many blocks is higher at 11 a.m., when restaurants are open, than at 6 a.m. So, in keeping with SFpark's plan to emphasize time-of-day pricing, on those blocks, Sunday rates will very likely be higher for the hour from 11 a.m. to noon than the hour from 6 to 7 a.m.

What will happen? Some demand will shift from the curb to the \$10 flat rate private lot; some will shift to other underused off-street garages nearby. Curb parking shortages will largely disappear; circling the block will mostly stop. And those of us with economics degrees who have waited a long time for basic market economics to be applied to traffic engineering problems will smile, and go happily to brunch.

¹ San Francisco Municipal Transportation Agency. SFpark Updated Scope of Work – Parking Pilot Projects Urban Partnership Program, August 6, 2008, page 9.

² Ibid.

³ Ibid.

⁴ Ibid.

Patrick Siegman is a Principal with Nelson\Nygaard Consulting Associates (www.nelsonnygaard.com). Trained originally as an economist, he has led the development of parking plans for numerous cities.

Is this the Future for Municipal Parking?

from Page 15

frequently than once a month.

American parking doyen Donald Shoup seems to be convinced that this is the way forward. The UCLA urban planning professor is quoted by the San Francisco Municipal Transportation Agency (SFMTA) as saying:

"It's very appropriate for the federal government to sponsor this research, because every city on Earth can learn from it. You can't manage what you can't measure, and that better management will have a whole cascade of benefits."

Although San Francisco promotes this project as a trial that will run for two years and then be evaluated, that doesn't seem to be the whole story. After the trial period, officials plan to roll out the project citywide, rather suggesting that the outcome has already been decided and the trial and evaluation are nothing much more than formalities.

Do I think this plan will work? I don't know, and I am prepared to be completely open-minded about it. However, I do have some quite serious concerns.

First, the technology of occupancy sensors is clear and well understood; however, have they ever been tested in use? I am not aware of any proven technology of this type, and by that I mean installed in city streets in real working conditions, not limited tests by the company trying to sell them. I hope they work and do all that is expected of them, but what is Plan B if the batteries don't last or if the street sweeper starts pulling them off the road after three weeks?

Second, the plan to change parking rates no more frequently than once a month doesn't make sense. Parking demands change hour by hour. Street A is busy in the middle of the day, and Street B is busy in the evening because of the restaurants. If the rate is set on the basis of some sort of overall picture, they both get a high charge, which will be completely wrong some of the time.

Perhaps it is the intention to set rates that vary through the day, but nothing in what has been published suggests this. Certainly, the proposal that the rate would change "no more than once a month" and the proposal to have "match day" surcharges would appear to be mutually exclusive.

I am just a little concerned that this is a \$20 million-plus project that is replacing what could be achieved by a competent parking professional with a few hours' observation and a willingness to adopt a more flexible approach to charging than setting a "one size fits all" neighborhood rate.

Finally, there seems to be a poisoned chalice in some of the preliminary research. SFMTA says that "surveys show that drivers in San Francisco are more interested in parking availability and convenience than in the price of parking." If this is true – and I have no reason to doubt it – then a project based on using charges to drive parkers away from the spaces they consider "convenient" would seem unlikely to have a happy outcome.

I will watch the progress of SFpark with interest, and I hope that it will prove me unnecessarily pessimistic.

Peter Guest is Parking Today's correspondent in the UK. He can be reached at Peter@parkingtoday.com.

PT