



Parking Services Meter Rate Study



The City of Milwaukee Department of Public Works Parking Services is an integral component of Milwaukee and Southeast Wisconsin's transportation infrastructure. Parking Services provides a range of parking options including on-street parking, downtown public parking structures and neighborhood surface parking lots. Parking Services promotes access to parking by managing occupancy turnover using rates and restrictions, particularly in the city's business districts of Downtown, Third Ward, Brady Street and North Avenue, where turnover supports business access.

Parking Meters

Parking Services operates 7,076 meter spaces with rates and time restrictions based on location. Current meter rates include \$1.50/hour in Downtown and the Third Ward business districts; \$1.00/hour in college districts and \$0.50/hour in outlying districts. Parking restrictions range from 15 minutes to 10 hours. Meter spaces generated \$5.2M in revenue in 2016.

Table One - City of Milwaukee Parking Meter Rates

Current Rates	\$1.50	\$1.00	\$0.50
# of Meters	4,040	693	2,343

Comparison of Meter Rates

In a comparison of 14 Midwest peer cities, Milwaukee's meter rates ranks 10th lowest. Of the 9 cities ranked with higher meter rates than Milwaukee, Chicago has the highest rates of \$6.50 and Minneapolis, St. Paul, Madison and Detroit have rates of \$2.00 or higher. While the rate comparison examines highest and lowest rates, it does not control for differences in parking restrictions.

Milwaukee's meter rates have remained fixed with the last rate increase administered in 2009-2010. As an enterprise fund, Parking Services is responsible for generating revenue to meet operating expenditures, as well as maintain a sustainable transfer to the general fund. In each of the past four years the budget for Parking Services has included a significant withdrawal of approximately \$2M from retained earnings to offset expenditures. Stalled rates for the last 7 years affect the sustainability of the Parking Fund to meet its financial obligations.

Chart One – 2017 Meter Rate Comparison among Midwest Cities

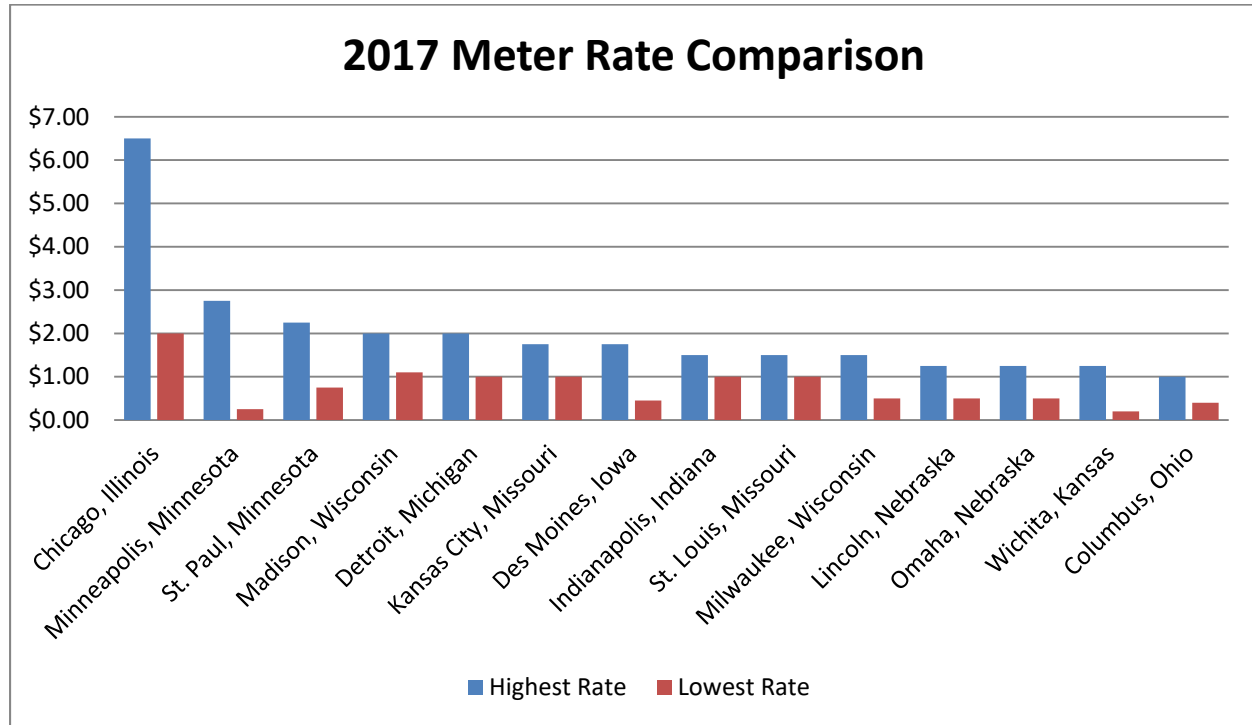


Table Two – High and Low Meter Rates of Comparison Cities

2015 Population	City	Highest Rate	Lowest Rate
2,713,596	Chicago, Illinois	\$6.50	\$2.00
410,939	Minneapolis, Minnesota	\$2.75	\$0.25
300,851	St. Paul, Minnesota	\$2.25	\$0.75
248,951	Madison, Wisconsin	\$2.00	\$1.10
677,116	Detroit, Michigan	\$2.00	\$1.00
475,378	Kansas City, Missouri	\$1.75	\$1.00
210,330	Des Moines, Iowa	\$1.75	\$0.45
853,173	Indianapolis, Indiana	\$1.50	\$1.00
315,685	St. Louis, Missouri	\$1.50	\$1.00
600,155	Milwaukee, Wisconsin	\$1.50	\$0.50
277,348	Lincoln, Nebraska	\$1.25	\$0.50
443,885	Omaha, Nebraska	\$1.25	\$0.50
389,965	Wichita, Kansas	\$1.25	\$0.20
850,106	Columbus, Ohio	\$1.00	\$0.40

3-Tier Approach

A 3-tier approach to restructure meter rates provides responsiveness to parking demand and helps to sustain long-term financial viability of the Parking Fund:

1. Increase hourly meter rates
2. Expand metered parking
3. Transition to demand-responsive meter pricing

1. Increase Hourly Meter Rates

Increasing existing meter rates has the potential to create higher levels of occupancy turnover and generate additional revenues. The last time rates were adjusted was 2009-10.

Proposed rates include:

Current Rates	\$1.50	\$1.00	\$0.50
Proposed Rates	\$2.00	\$1.25	\$0.75

The proposed meter rates will make Milwaukee consistent with peer cities such as Minneapolis, St. Paul, Madison and Detroit. Based on 2016 parking revenue of \$5.2M, the proposed meter rates would have generated total meter revenue of approximately \$7.1M, a \$1.9M increase. Meter rates are codified by City ordinance and new legislation would be required to change existing rates. The revenue potential based on the proposed rates could mitigate the need to use retained earnings to offset expenditures, which have been budgeted for in each of the past four years.

2. Expand metered parking

Table Three compares core meter operation days/hours in the 14 Midwest peer cities. Milwaukee's meter parking is in effect citywide Monday through Friday 8:00am-6:00pm. Saturday restrictions vary by location with less than 10% requiring payment after 6pm. A limited number of meters, approximately 1%, require payment after 6 p.m. on Friday. All metered parking citywide is free on Sundays and holidays: New Year's Day, Dr. Martin Luther King Jr. Day, Memorial Day, Independence Day (July 4th), Labor Day, Thanksgiving Day and Christmas Day.

Expanding meter parking hours and adding Saturday is designed to improve parking availability and turnover, as well as generate additional revenues.

Table Three – Meter Operation Days/Hours in Comparison Cities

2015 Population	City	Days	Hours (Core)
2,713,596	Chicago, Illinois	Monday-Sunday	8AM-Midnight
410,939	Minneapolis, Minnesota	Monday-Saturday*	8AM-Midnight
300,851	St. Paul, Minnesota	Monday-Saturday**	8AM-10PM
850,106	Columbus, Ohio	Monday-Saturday	6AM-10PM
677,116	Detroit, Michigan	Monday-Saturday	8AM-10PM
853,173	Indianapolis, Indiana	Monday-Saturday	7AM-9PM
443,885	Omaha, Nebraska	Monday-Saturday	9AM-9PM
315,685	St. Louis, Missouri	Monday-Saturday	8AM-7PM
248,951	Madison, Wisconsin	Monday-Saturday	8AM-6PM
277,348	Lincoln, Nebraska	Monday-Saturday	8AM-6PM
475,378	Kansas City, Missouri	Monday-Friday	7AM-6PM
600,155	Milwaukee, Wisconsin	Monday-Friday	8AM-6PM
210,330	Des Moines, Iowa	Monday-Friday	8AM-6PM
389,965	Wichita, Kansas	Monday-Friday	8AM-5PM

* Includes event rates and Sunday in designated areas

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3. Transition to Demand-Responsive Meter Pricing

The Parking industry has embraced demand-based pricing to increase access to on-street parking. In his book, *The High Cost of Free Parking*, Dr. Donald Shoup contends that charging a fair market price for on-street parking strikes a balance between occupancy and vacancy rates with 85% occupancy as an optimal target. A target occupancy rate of 85% translates into one or two available parking spaces per block at any one time. Demand-based pricing is used in San Francisco, New York, Los Angeles, Seattle, Washington D.C., amongst others.

Demand-responsive pricing adjusts meter rates based on occupancy data for a specified geographic area, such as entertainment or business districts, and sets pricing based on parking availability/occupancy. By adjusting prices based on demand, people willing to pay higher meter rates may find parking available closer to their destination. In areas with lower parking occupancy, other strategies can be employed to encourage parking use such as extending or lifting time restrictions when availability is high.

With the transition to smart meters, Parking Services will collect real-time data that can provide pricing strategy options. Meter rates can be adjusted up or down to help achieve the target occupancy rate of 60-80%, per the example below:

- When average occupancy is between 80-100%, the hourly rate will be increased by \$0.25
- When average occupancy is between 60-80%, the hourly rate will not be changed
- When average occupancy is between 30-60%, the hourly rate will be lowered by \$0.25
- When average occupancy is less than 30%, the hourly rate may be further reduced by \$0.25 increments or lifted

Adjustment of rates would be designated at a frequency, such as quarterly, semi-annual and/or event basis to help achieve the target occupancy rate of 60-80% within a defined area and/or price range. Achieving the target occupancy rate will encourage the desired turn over and provide market driven convenience parking, such as increasing rates the closer in proximity to event or activity locations. All designed to provide a variety of options to improve the parking experience. If desired, demand-based pricing could eliminate the current 3 meter rate structure in lieu of a flexible or range rate structure.

Summary

DPW Operations Parking Services recommends the implementation of a 3-tier approach to increasing and expanding meter pricing.

1. Hourly rates would increase from:

\$1.50 to \$2.00

\$1.00 to \$1.25

\$.50 to \$.75

2. Metered parking would be expanded from Monday-Friday from 8AM-6PM to Monday-Saturday from 8AM-9PM.
3. Demand-responsive pricing would be phased in as the new smart meters are installed and data is collected and analyzed.

Legislation could be drafted to implement any or all of these recommendations.

This 3-tier approach is designed to provide “right-size” rates, turnover and flexibility to match market demands for parking availability which supports the economy and vibrancy of the City of Milwaukee.