OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Subject: Hybrid Vehicle Preferred Parking

OVERVIEW

A July 19, 2006 memorandum from Council member Donna Frye to the members of the Natural Resources and Culture (NR&C) Committee proposed a Hybrid Vehicle Preferred Parking program. The proposal recommended that at least 5 percent of all parking spaces at City-owned public parking lots, including Civic Center, Convention Center, QUALCOMM Stadium and PETCO Park, be designated for hybrid vehicles in preferential locations with respect to facility entrances. This proposal was heard by the NR&C Committee on July 26, 2006 and subsequently referred to City staff and the Office of the IBA for further analysis.

FISCAL/POLICY DISCUSSION

Since 1999, hybrid vehicles have become increasingly popular, particularly in recent years as gasoline prices have increased significantly. Just 9,350 hybrid vehicles were sold in calendar year 2000, compared with 205,749 in 2005. The California Department of Motor Vehicles reported that in 2005 there were 52,600 hybrid vehicles registered in California, accounting for approximately 2.9 percent of all new vehicle registrations. San Diego recorded 4,281 hybrid vehicle registrations in 2005, the ninth highest total of all metropolitan areas in the country.

Many researchers believe that the number and percentage of hybrid vehicles purchased relative to total vehicle purchases will continue to increase over the next several years. The U.S. Energy Information Administration projects that by 2025 hybrid vehicles will account for 7 percent of all new vehicles purchased. However, it should be noted that the total number of hybrid vehicles as a percentage of all vehicles in use is still projected to remain low. In 2005, cumulative hybrid sales accounted for just 0.2 percent of all vehicles in use.

Currently, various incentive programs exist to encourage consumers to purchase hybrid vehicles, including access to carpool and express lanes, and federal tax deductions. The City's proposed Hybrid Vehicle Preferred Parking program, if adopted, would become another element of this overall "package" that is offered to consumers, providing greater incentive to purchase hybrid and low emission vehicles. This program would also provide a benefit to those who have already purchased hybrid vehicles.

While these benefits alone make this proposal a valid policy objective, perhaps the most significant benefit of such a program is what it symbolizes. Offering preferred parking for hybrid and low emission vehicles communicates to other jurisdictions and to the public at large that the City of San Diego is concerned about the environmental impacts of climate change, and recognizes the current trend of global warming to be a serious and prevalent issue. Such a program would send the message that San Diego is poised to be a leader in the effort to solve this problem at the local level by dedicating resources and taking proactive steps in an effort to reduce carbon emissions. In time, the greatest impact of offering preferred parking for hybrid vehicles may not be the direct reduction in carbon emissions that results from the program, but rather, how many other jurisdictions join in the effort to combat global warming.

Despite the benefits of such a program, there are real costs to consider. The most prominent issue is that of enforcement. How will these preferred parking spaces be enforced? Will Police and Parking Enforcement Officers, as well as private security and towing companies, need training to be able to recognize hybrid and low emission vehicles? With so many new makes and models of hybrid vehicles emerging on the market, this may prove to be a difficult approach. An alternate approach to enforcement, whereby owners of hybrid vehicles can obtain a sticker or placard to place on their vehicle, may prove to be more economical. However, even this approach would likely involve new positions and training in order to administer the program. It is recommended that the Office of the IBA work with the appropriate City staff to determine the most cost-effective approach to enforcement prior to full-scale implementation.

Another concern is that parking lots may not operate at capacity if too many parking spaces are designated for preferred parking. While the proposal is to designate 5 percent of all parking spaces for hybrid vehicles, the statistics indicate that a relatively small percentage of total vehicles on the road are hybrids. According to the Office for the Study of Automotive Transportation, by 2011 hybrids will account for only 2.11 percent of all vehicles in use. If a disproportionate number of parking spaces are designated for hybrid vehicles, many spaces could go unused. Clearly there is a public detriment to having unused parking spaces, such as greater congestion on City streets as drivers locate alternate parking. However, there is also a financial burden for the parking management companies who operate these facilities, as empty parking spaces mean less revenue.

Finally, there will likely be relatively minor costs associated with painting and signage in order to clearly demarcate the preferred parking spaces.

CONCLUSION

The IBA believes that there are clear benefits to implementing a Hybrid Vehicle Preferred Parking program. However, in light of the potential enforcement costs and the concerns over parking capacity, the IBA recommends consideration of a pilot program, whereby a small percentage of parking spaces would be designated in just a few City-owned parking facilities. For example, a pilot program may opt to designate 1 percent of the parking spaces at the Civic Center Concourse, the World Trade Center, or Mission Bay parking lots for hybrid vehicle parking. Such a pilot program would allow the City to gauge the potential capacity for hybrid vehicle parking in City-owned parking lots, as well as level of enforcement that may be needed in order for the program to be effective.

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