

Shoup made visible

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How Toronto's parking pricing contributes to pollution and congestion, wastes driver's time, and robs Toronto of desperately needed revenue

A friend who lives in East Toronto is testing a new pay-as-you-go parking and insurance meter. He came to visit me last week downtown at College and University for a one-hour meeting. I told him he could park on a side street for \$2 an hour (GreenP municipal street parking) or in the private parking lot under my building for \$8/hr (IMPARK). Guess which parking option he preferred. Figure 1 shows a trace of his trip to visit me.

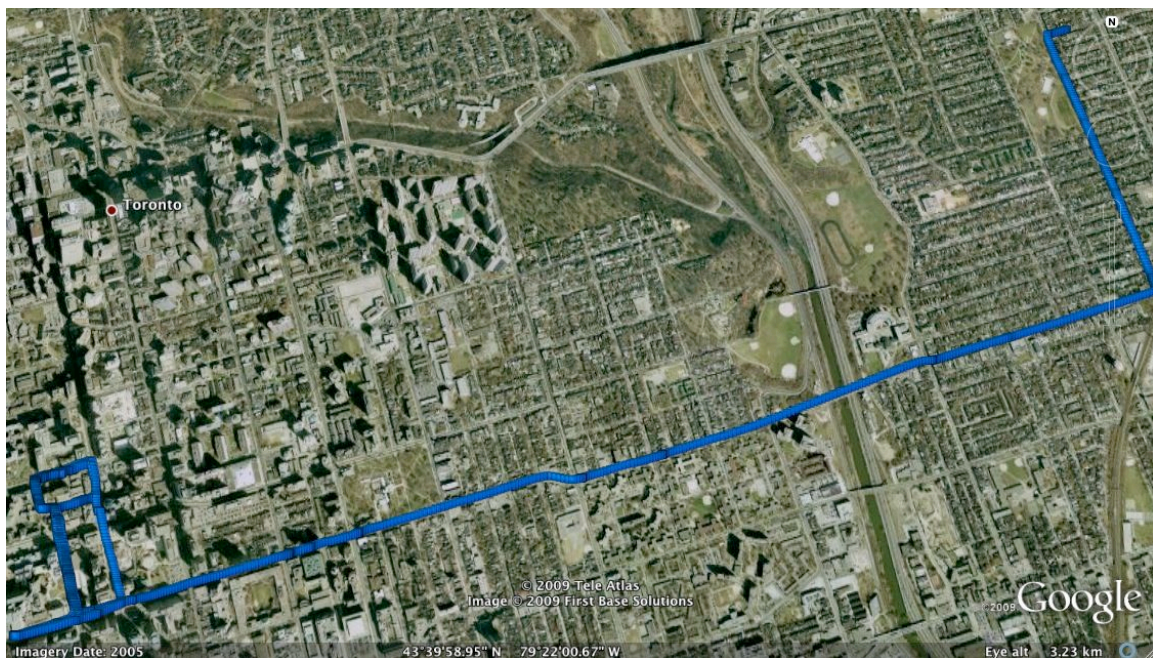
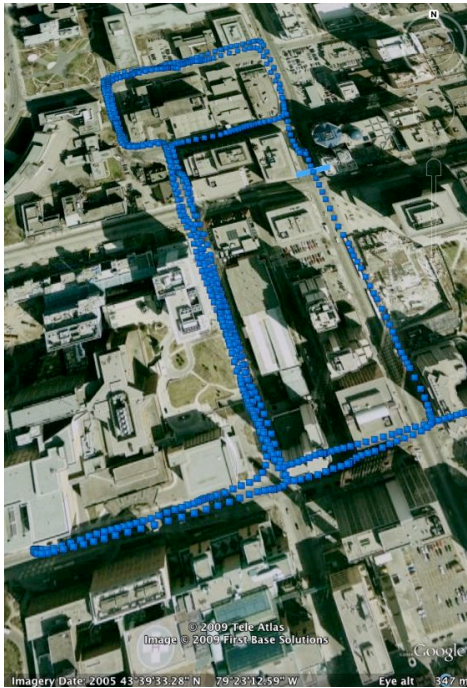


Figure 2 shows a close of up the final 39% of the distance he drove – all of it in fruitless circles to find a way to put his parking money in a City meter. Surely, 39% can't be typical can it? Can short trips engender this much waste? You bet it can. This trip should have been 5km, but was 8.25km.

Even closer, in Figure 3, you can see he cruised the block of Elizabeth between Gerrard Street and College Street four times! Who's at fault here? The carbon-burning, single-occupant vehicle driver trying to save \$6? Or the City he was so eager to give his \$2 to?

Well, let's think it through...

First, consider that my friend spent about 10-12 minutes circling for parking which made him late for our meeting (he ended up in the \$8/hr IMPARK lot). That means that he valued his time at about \$36 per hour since he was only willing to blow off 10 minutes to save \$6. Others value their time less and circle more – you can count on it.



Second, my friend clearly would have paid anything between \$2.01 and \$7.99 for the hour he needed. So Toronto is throwing that revenue away on many thousands of high-demand parking spots every day. I assert that with proper pricing Toronto would dramatically increase its parking revenue. I wish they would – and start repairing some streets with the money. The arterial nearest where I live is a single pothole interrupted by islands of asphalt.

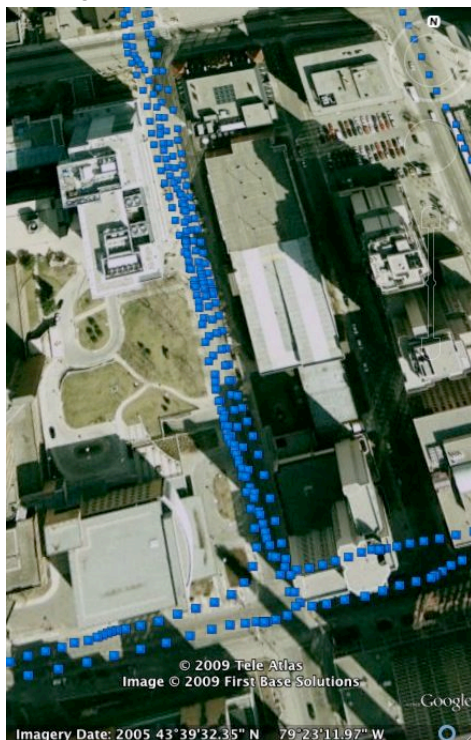
Third, my friend wasted a bit of gas and released a bit of carbon. Even if Global Warming is a crock, this is not something we want to be seen doing.

Fourth, my friend generated some congestion. Circling or parking is the greatest single cause of inner city traffic congestion.

Fifth, the additional congestion made him *and the other cars around him* (congestion begets congestion), burn even more gas, which has

additional Greenhouse Gas and National Security implications (burning gas enriches hostile states).

So my friend wasted 10 minutes and some gas in his losing bid to save \$6. He needlessly contributed a little extra to air pollution and will probably feel even worse reading this. Toronto suffered some additional pollution and congestion while losing a



revenue opportunity of, say, \$4 had correct pricing yielded a spot for my friend. Note that we are not only talking about the increment of pollution and congestion that my friend personally contributed, since his circling activity had secondary spillover effects for other drivers around him.

And this is repeated thousands of times every day. Add to that the “lucky winners” of Toronto’s parking roulette who are paying \$2 instead of \$4 per hour, the city is likely losing upwards of \$250,000 per week-day or somewhere between \$60 - \$100 million per year. If such pricing encouraged a portion of these bargain-hunter parkers not to bring their vehicle into the city, but to use some other modality, that would only be an additional benefit. How many people would leave their car home to save \$4 (\$2 incremental fee per hour for 2 hours)? Likely 5-10% of the street parkers. And most of them would find another way to transact their business.

Far from a virtuous circle, under-priced parking in a congested city illustrates how the seemingly innocuous actions of many single individuals can add up to large negative outcomes. The cumulative size of revenue loss to our city, the unnecessary environmental impact to a City that lays claim to green leadership, and the direct contribution to the daily grind of congestion beg to be addressed. I assert that Toronto could dramatically improve inner-city traffic flow and reduce emission volumes by increasing its parking charges to the Shoup-optimum of 15% vacancy. Considering the spread between the cost of off-street parking and underpriced on-street parking, the City could easily double its parking revenues – at least in the downtown core.

One irony in all this is that parking metering was not originally designed to raise revenue for cities, although it is doing that now. It was designed to be sure that retail employees did not take the best spots in front of the store, thereby discouraging shoppers. But that purpose only remains appropriate in some places and at some times, and as soon as low-priced street parking is available near storefronts it fills up thereby defeating its own purpose.

Setting a proper parking price, i.e., more than \$2 on a street next to an \$8/hr lot would free up spaces for short-term visitors, making those visitors happy, saving time, saving fuel, reducing congestion, reducing pollution and swelling city coffers. Correct pricing of street parking leaves almost everyone a winner especially the City and its property tax-payers.

Wait you say, what about those people who circle and get a \$2 space and therefore are more likely able to visit a shopping area in Toronto to transact business. Isn't that good? Not so much. Each such lucky person in the parking lottery pays a price for the uncertainty, the circling, the extra gas, the extra walk, and the lateness and the rush. Each one contributes to congestion and pollution, as the majority of them are "entitled" to park their SOV at the lowest price. Underpriced parking carries a small, transient benefit to individuals who happen to be lucky on a particular day, but it carries a large societal detriment to all of us each day, every day.

Any Mayor in any city in any country on our planet can green his city while contributing to its coffers. No program to raise tens of millions for a city could be saner – and its way, way better than increasing property taxes.

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